

# Internal Audit Progress Report



**West Lindsey District Council**  
**December 2019**



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This report has been prepared solely for the use of Members and Management of West Lindsey District Council. Details may be made available to specified external organisations, including external auditors, but otherwise the report should not be used or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.

The matters raised in this report are only those that came to our attention during the course of our work – there may be weaknesses in governance, risk management and the system of internal control that we are not aware of because they did not form part of our work programme, were excluded from the scope of individual audit engagements or were not brought to our attention. The opinion is based solely the work undertaken as part of the agreed internal audit plan.

# Introduction

The purpose of this report is to:

- Provide details of the audit work during the period September – November 2019
- Advise on progress with the 2019/20 plan
- Raise any other matters that may be relevant to the Audit Committee role

## Key Messages

During the period we have completed two pieces of audit work.

## Assurances

The following audit work has been completed and a final report issued:

- Key Controls – Financial Resilience – High Assurance
- Assurance Mapping

Note: The assurance expressed is at the time of issue of the report but before the full implementation of the agreed management action plan. The definitions for each level are shown in Appendix 1.



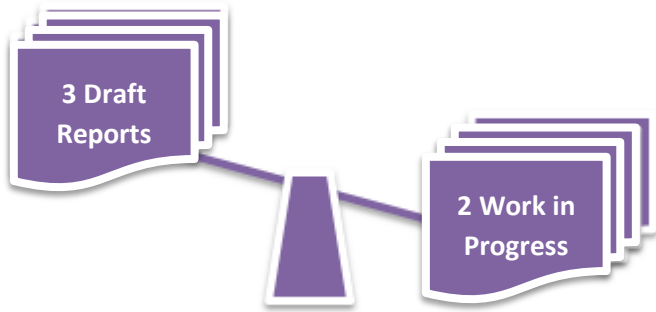
# High and Substantial Assurance

## Key Controls – Financial Resilience - High

Our review has provided high assurance opinion that the council has a comprehensive system for assessing, governing, monitoring and reporting its financial resilience.

We found that there are plans, strategies, programmes and policies in place, which go into greater detail regarding Council's medium to long-term financial stability and goals. Overall there is a well-established process for monitoring and reporting the financial position of the Council to management and members.

There are no significant improvements to be made but we would suggest that going forward the Council schedules regular reviews of the financial resilience indicators it uses to determine that they are still the most relevant and appropriate.



## **Audits reports at draft**

We have three audits at draft report stage:

- Vulnerable Communities
- ICT – Members’ Devices
- Corporate Plan and Golden Thread

These will be reported to the committee in detail once finalised.

## **Work in Progress**

We have the following 2019/20 audit’s in progress

- ICT – Email Security
- Project and Programmes Management





Internal Audit's performance is measured against a range of indicators. The statistics below show our performance on key indicators year to date.

## Performance on Key Indicators

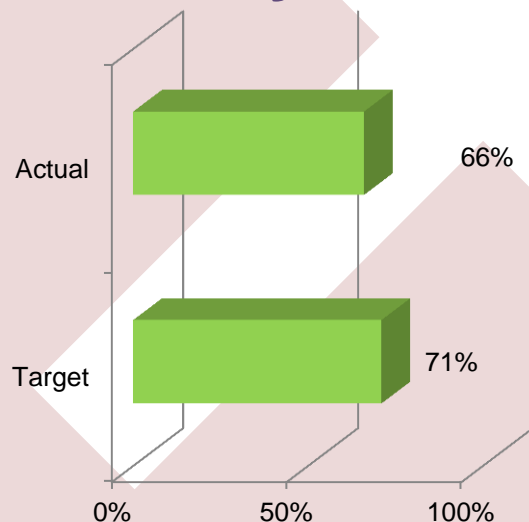
# 100%

Rated our service Good to Excellent

# High achievement of Audit KPI's to date



## Delivery of Plan





# Other Matters of Interest

A summary of matters that will be of particular interest to Audit Committee Members

## CIPFA Financial Management Code 2019

CIPFA have updated their financial management code for UK Local Authorities to acknowledge the pressures of a tightening fiscal landscape.

The Financial Management Code (FM Code) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code therefore for the first time sets the standards of financial management for local authorities.

The FM Code is based on a series of principles supported by specific standards which are considered necessary to provide the strong foundation to:

- Financially manage the short, medium and long-term finances of a local authority
- Manage financial resilience to meet unforeseen demands on services
- Manage unexpected shocks in their financial circumstances.

Each local authority (and those bodies designated to apply the FM Code) must demonstrate that the requirements of the code are being satisfied. Demonstrating this compliance with the FM Code is a collective responsibility of elected members, the chief finance officer (CFO) and their professional colleagues in the leadership team.

**High**

Our critical review or assessment on the activity gives us a high level of confidence on service delivery arrangements, management of risks, and the operation of controls and / or performance.

The risk of the activity not achieving its objectives or outcomes is low. Controls have been evaluated as adequate, appropriate and are operating effectively.

**Substantial**

Our critical review or assessment on the activity gives us a substantial level of confidence (assurance) on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are some improvements needed in the application of controls to manage risks. However, the controls have been evaluated as adequate, appropriate and operating sufficiently so that the risk of the activity not achieving its objectives is medium to low.

**Limited**

Our critical review or assessment on the activity gives us a limited level of confidence (assurance) on service delivery arrangements, management of risks, and operation of controls and / or performance.

The controls to manage the key risks were found not always to be operating or are inadequate. Therefore, the controls evaluated are unlikely to give a reasonable level of confidence (assurance) that the risks are being managed effectively. It is unlikely that the activity will achieve its objectives.

**Low**

Our critical review or assessment on the activity identified significant concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are either gaps in the control framework managing the key risks or the controls have been evaluated as not adequate, appropriate or are not being effectively operated. Therefore the risk of the activity not achieving its objectives is high.



### Outstanding Audit Recommendations at 30<sup>th</sup> November 2019

Activity	Issue Date	Assurance	Total recs	Recs Imp	Priority of Overdue Recommendations			Recs not due
					High	Medium	Low	
There are no outstanding actions.								
<b>Total</b>								

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
Members Devices with NKDC	Joint review with NKDC to review the training and security of members devices.	Q1 Apr - June 2019	June 2019		Draft Report
Internal P3M3 Project management review support	To support the Council in its review of project and programme management systems against the best practice and standards of the P3M3 maturity model.	Q1 Apr - June 2019	Aug 2019		Work In Progress
Vulnerable Communities	Review the Council's strategic and operational approach and management to address vulnerable communities in the district.	Q1 Apr – June 2019	June 2019		Draft Report
New Depot Project Support	Support the Council on project work to consider the future for the waste depot.	Q1 Apr – June 2019	May 2019		Complete
Housing Benefits Subsidy	Test a sample of benefit cases to on behalf of the external auditor Mazars to provide assurance on the subsidy claimed by the Council.	Q2 July – Sept 2019	May 2019	July 2019	Final Report Substantial
Delivery of the Corporate Plan and the “Golden Thread” concept.	Review the “Golden Thread” concept that links service delivery to Corporate plans to ensure services understand how their work supports corporate aims.	Q2 July – Sept 2019	Aug 2019		Draft Report

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
ICT – Email Security	Review of email security arrangements following ending of GSX email arrangements	Q3 Oct – Dec 2019			Work in Progress
Programme and Project Management	Provide assurance that the Council’s Programme and Project management systems are understood by services and complied with.	Q3 Oct – Dec 2019			Work in Progress – fieldwork completed
Key Controls – Financial Resilience	Provide assurance that the Council has clear process and controls in place to manage financial resilience.	Q3 Oct – Dec 2019			Final Report High
Combined Assurance	Document the Council’s critical areas to provide an assurance rating to inform the audit plan and report to management and members.	Q3 Oct – Dec 2019			Complete
ICT Cyber Security Joint with NK	Review cyber security controls against best practice and national standards.	Q4 Jan – Mar 2020			
Good Governance follow up	Follow up on the 2018/19 report and recommendations to provide continued assurance on Good Governance and Culture.	Q4 Jan – Mar 2020			

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
Key Controls – areas to be agreed	Carry out key control testing on critical Council services.	Q4 Jan – March 2020			
Audit Follow Up work – Planning Enforcement & Food Safety & Environmental Protection.	Follow up 2018/19 limited assurance areas to provide assurance that improvements have been implemented.	Q4 Jan – March 2020			