



GA.12 16/17

**Governance & Audit
Committee**

26 July 2016

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Subject: Internal Audit Quarter 1 Progress Report 2016/17

Report by:

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Purpose / Summary:

The report gives members an update of
progress, by the Audit partner, against the
2016/17 annual programmes agreed by the
Audit Committee in March 2016.

RECOMMENDATION(S):

- 1) **Members consider the content of the report and identify any actions required.**

IMPLICATIONS

Legal: None directly arising from the report

Financial: FIN REF 56/17 None directly arises from the report.

Staffing: None.

Equality and Diversity including Human Rights:

NB: A full impact assessment **HAS TO BE** attached if the report relates to any new or revised policy or revision to service delivery/introduction of new services.

None arising from this report

Risk Assessment: N/A

Climate Related Risks and Opportunities: None arising from this report

Background Papers: No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

Call in and Urgency:

Is the decision one to which Rule 14 of the Scrutiny Procedure Rules apply?

Yes

No

X

Key Decision:

Yes

No

X



Internal Audit Q1 Progress Report 2016/17



Date: 08th July 2016

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Introduction

1. The purpose of this report is to:
 - Advise of progress made with the 2016/17 Audit Plan
 - Provide details of the audit work undertaken during the period
 - Provide details of the current position with agreed management actions in respect of previously issued reports
 - Raise any other matters that may be relevant to the West Lindsey Audit Committee role

Key Messages

2. We have been working with management to complete and sign off the final audit reports from the 2015/16 plan. Audits completed since the last progress report include:
 - Key Control Testing on Payroll, Treasury Management, Bank Reconciliation, Creditors and Debtors.
 - Contract Management follow up review
 - Land Property & Estate Management
 - Choice Based Lettings.
3. Work on the 2016/17 plan is detailed below.
 - 15% in progress
 - 20% agreed and scheduled during quarter 2
 - 47% agreed and scheduled during quarters 3 and 4
 - 18% potential audit areas to be agreed and scheduled
4. 2016/17 Audits in progress include:

Audit	Status
Commercial Consultancy review	Draft report stage
Key Policies and Procedures	Fieldwork in progress
Development Management Consultancy review	Draft terms of reference to be agreed by the Corporate Leadership Team.
Transformation review	

	Draft terms of reference to be agreed by the Corporate Leadership Team
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Full details of the progress made against the Plan can be found in Appendix 3.

Internal Audit Work Completed

5. Since the last progress report the following audit work has been completed and a final report issued:

High Assurance	Substantial Assurance	Limited Assurance	Low Assurance
Key Controls – Payroll.	Key Controls – Bank Reconciliation.	Choice Based Lettings.	
Key Controls – Treasury Management.	Key Controls – Creditors.		
	Key Controls – Debtors.		
	Contract Management Follow Up.		
	Land Property & Estate Management.		

Note: The Governance & Audit Committee should note that the assurance expressed is at the time of issue of the report but before the full implementation of the agreed management action plan.

6. There were seven audits with High or Substantial Assurance:

Key Controls Payroll – High Assurance

The Payroll System is a fundamental financial system. We have undertaken an Internal Audit review to give you independent assurance about the effectiveness of key controls and the exposure to risk any control weaknesses may cause.

There are robust systems and processes in place to manage the Payroll system. From our sample tested we found that there are robust controls on system access and separation of duties within the Payroll system.

Payroll data had been accurately input and updated and timesheets and overtime claims are authorised and correctly actioned.

Key Controls Treasury Management – High Assurance

In the current economic climate the management of the Council's cash flow and the safe investment of any surplus funds is a critical activity.

Testing verified that there are effective Treasury Management systems and processes in place. Testing of key controls did not highlight any major issues or risks. Treasury management monitoring processes are well developed and provide assurance that investment decisions are made in compliance with agreed policy.

There is an approved and up to date Treasury Management strategy which is supported by good governance arrangements in place to monitor all investments and returns on investments.

All tested investments have been made in accordance with the approved counter party schedule.

Key Control Bank Reconciliation - Substantial Assurance

We have undertaken an Internal Audit review of the Bank Reconciliation processes to provide independent assurance that bank reconciliation arrangements are in place and that they are being managed and maintained appropriately.

Our review found that systems and processes operating in relation to Bank Reconciliation are adequately managed.

There are detailed working papers retained for each reconciliation and completed reconciliations are reviewed by a senior officer.

There was one area where processes could be strengthened and this was in ensuring reconciliations are regularly completed and reviewed by management.

Key Controls Creditors - Substantial Assurance

Creditors are a fundamental financial system for the Authority. It enables accurate and authorised payments to be correctly made for goods and services within an agreed timescale. We have examined the process to ensure the objectives of the system are met.

We identified that there is restricted system access and user access is periodically reviewed. Authorisation controls are in place and operating with regard to payment processing

We identified two findings from our review including, a lack of segregation of duties when raising and authorising purchase orders. Supporting documentation to verify changes to supplier database is not always retained.

Key Controls Debtors - Substantial Assurance

We have undertaken an Internal Audit review of the Debtors system, to give you independent assurance that there are effective systems in place for prompt accurate raising of debtor invoices and that all income received is correctly accounted for.

We found that there are effective processes and controls to manage the debtor function and minimise the risk of fraud. Areas of good practice identified include the adequate segregation of duties, restricted access to the debtors system and prompt daily raising of debtor invoices.

Aged debt is monitored and reviewed and the appropriate authority is obtained for amounts written-off.

We also found the following areas where controls could be improved including ensuring there is authorisation of debtor invoice amendments / cancellations and that system audit report identifying all invoice amendments and cancellations are regularly produced.

Contract Management Follow up – Substantial Assurance

We carried out an Internal Audit follow up review of Contract Management. A recent Audit completed in June 2015 gave a Major Improvement Needed assurance rating on the systems and controls in place to monitor and manage contracts.

The follow up review aimed to give you independent assurance that effective contract management and monitoring arrangements are now in place to support the effective delivery of contract services.

There has been significant progress made since the last audit review and the Council now has improved awareness and monitoring of its contracts. The Council's contract management system Firefly is now populated with contract details including key support documents and dates. The contract officer maintains an overview of the system and reports to management when contracts are coming to their end or are ready for renewal.

Previous management actions from the last review have all been implemented or are in development.

We found one instance where a procurement exercise for a new ICT system had been started and had been carried out with minimal consultation of in house expertise or Procurement Lincs support. The procurement had to be stopped and reviewed as it could have led to an unsafe outcome.

Land Property & Estate Management – Substantial Assurance

The last internal audit in Assets and Estate Management gave a low level of assurance on the processes and controls in place to manage the Council's Assets.

Our follow up review found that the service has significantly improved since the last review. The introduction of asset software has greatly enhanced the understanding and availability of information on assets. Policies have been completed and there is a clear link between the Council's commercial and corporate plans and the asset sections strategy and policies.

There are governance structures in place and regular performance reporting through the Progress & Delivery process. The Council's portfolio is effectively managed with performance reporting on income and void targets. Actual income and voids for 2015/16 has surpassed the yearly base line target.

Previous audit findings have been implemented or superseded by new processes and policies.

We did identify some areas where progress and success could be undermined and the key issue is staff resource. This was highlighted in the 2014 audit report and the section continues to have a reduced level of resource due to staff leaving.

The Council has recognised this and plans are being developed to address staff resource and the structure of the property service.

Other areas where processes can be strengthened are around ensuring performance targets provide effective management oversight and maintaining focus on the corporate landlord approach.

Audits in Progress / Draft Report

7. The following audits are in progress or at draft report stage:

Traded Services

The purpose of this audit is to provide assurance on the Council's approach to development and management of traded services ventures. Our review focused on the strategy and governance structures in place to approve and monitor new Traded Service Ventures.

We have had the closure meeting and are waiting for the management response.

Incident Management

We have completed a review of Incident Management to provide assurance that ICT incidents are promptly identified, recorded and investigated in accordance with the Councils agreed incident management process, and that sufficient and appropriate actions are taken to ensure the ongoing security of the Councils infrastructure and data.

The review focussed on events that could lead to loss of, or disruption to, the Council's operations, services or functions. Incident management is the process of limiting the potential disruption caused by such an event, followed by a return to business as usual.

We have completed the closure meeting and this report now requires final review and approval from the Corporate Leadership Team.

Commercial Plan Consultancy

This review sought to provide advice to the Council on its Commercial Strategy and its management and governance for delivering commercial projects.

There is no assurance opinion as it is a consultancy and advice piece of work. We plan to follow this review up with a further audit at the end of the financial 2016/17 year which will provide an assurance opinion on progress and delivery.

This review is at the draft report stage.

Key Policies and Procedures

The purpose of the review is to identify the key policies and procedures and provide assurance to the Council that these are up to date and accurate. Also that policy and procedure support effective working and align to corporate plans, aims and objectives.

This review is in progress.

Development Management

The aim of this consultancy review is to provide advice around the effectiveness of policies, culture, performance, plans and governance systems in place to support the successful delivery of a sustainable Development Management Service.

This consultancy review forms part of the Phase 1 of our planned work in this area. Phase 2 will be conducted later in 2016/17 and will focus on providing assurance that implemented actions have supported the required improvements and outcomes for the service.

The draft audit terms of reference are on the Corporate Leadership Team meeting agenda for review and approval.

Transformation – Learning & Partnerships

The Corporate Leadership Team has provided feedback and insight into the key areas to cover for this review. While assurance on the overall Transformation process will continue to be provided from management oversight, performance information and internal reviews this audit will cover the following Transformation areas.

Corporate learning from customer comments, complaints and compliments. Review how the Council understands and uses customer feedback to improve services and culture.

Review partnership arrangements around commissioning and understanding the client / provider role. The review will include the Joint Planning Unit and Choice Based Lettings services.

Further meetings to be arranged to draft and agree the audit terms of reference.

Other Significant Work

8. Other audit work undertaken during the period and planned:

Governance Training Workshop

We will be undertaking a Governance training and awareness Workshop with the Senior Leadership Team during July 2016.

The aim of the workshop is to highlight the importance of good governance and through discussion and reviews of key supporting documents obtain management feedback on how to maintain and improve the governance structure.

Annual Internal Audit Plan 2016/17

We have agreed the 2016/17 West Lindsey Internal Audit plan. This has been shared with the Senior Leadership Team to support wider communication of the plan and to improve awareness and understanding with Team managers

Performance Information

9. Our current performance against targets for 2016/17 is shown below.

Performance Indicator	Annual Target	Profiled Target	Actual
Percentage of plan completed.	100% (revised plan)	15%	8%*
Percentage of key financial systems completed.	100%	0%	0%
Percentage of recommendations agreed.	100%	0%	0%
Percentage of recommendations due implemented.	100% or escalated	100% or escalated	None due
Timescales: Draft report issued within 10 working days of completing audit.	100%	100%	100% 1 of 1
Final report issued within 5 working days of CLT agreement.	100%	100%	None Issued
Period taken to complete audit –within 2 months from fieldwork commencing to the issue of the draft report.	80%	80%	100% 1 of 1
Client Feedback on Audit (average)	Good to excellent	Good to excellent	N/A

* Indicator based on the number of days spent against the total number of days within the plan.

Outstanding Recommendations

10. Each quarter we follow up our audit report recommendations and track the implementation of agreed management action. For the latest report run to the end of June 2016 there were 18 outstanding actions, including 4 High priority actions.

Full details of outstanding recommendations are shown in Appendix 4.

Other Matters of Interest

Grant Thornton Report – Reforging Local Government (Summary findings from the fifth year of financial health and governance reviews at English local authorities) - published December 2015

This report provides some insight from research undertaken by Grant Thornton into the financial resilience of Councils to meet required savings by 2020.

- Their research suggests that:
- the majority of councils will continue to weather the financial storm but to do so will now require difficult decisions to be made about services
- most councils project significant funding gaps over the next three to five years but the lack of detailed plans to address these deficits in the medium-term represents a key risk
- Whitehall needs to go further and faster in allowing localities to drive growth and public service reform including proper fiscal devolution that supports businesses and communities
- local government needs a deeper understanding of its local partners to deliver the transformational changes that are needed and to do more to break down silos
- elected members have an increasingly important role in ensuring good governance is not just about compliance with regulations but also about effective management of change and risk
- Councils need to improve the level of consultation with the public when prioritising services and to make sure that their views help shape council development plans.

The full report can be found at the following link

<http://www.grantthornton.co.uk/insights/reforging-local-government/>

CIPFA.SOLACE: Delivering Good Governance in Local Government (2016 Edition) – publication date April 2016

It is crucial that leaders and chief executives keep their governance arrangements up to date and relevant. To assist them, the Framework defines the principles that should underpin the governance of each local government organisation. It provides a structure to help individual authorities with their approach to governance

To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub principles contained in this Framework. It should therefore develop and maintain a local code of governance/governance arrangements reflecting the principles set out. Whatever form of arrangements are in place, authorities should test their governance structures and partnerships against the Framework's principles.

Local authorities are required to prepare a governance statement in order to report publicly on the extent to which they comply with their own code of governance on an annual basis, including how they have monitored and evaluated the effectiveness of

their governance arrangements in the year, and on any planned changes in the coming period. The process of preparing the governance statement should itself add value to the effectiveness of the governance and internal control framework.

This edition of the Framework applies to annual governance statements prepared for the financial year 2016/17 onwards.

CIPFA – Public Sector Internal Audit Standards. Update April 2016

These standards, which are based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector.

The Standards have been revised from 1 April 2016 to incorporate the Mission of Internal Audit and Core Principles for the Professional Practice of Internal Auditing.

A complete copy of the standards can be located at the following web address:

<http://www.cipfa.org/policy-and-guidance/standards/public-sector-internal-audit-standards>

Appendix 1 – Assurance Definitions¹

<p>High Assurance</p>	<p>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.</p> <p>The risk of the activity not achieving its objectives or outcomes is low. Controls have been evaluated as adequate, appropriate and are operating effectively.</p>
<p>Substantial Assurance</p>	<p>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.</p> <p>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.</p>
<p>Limited Assurance</p>	<p>Our critical review or assessment on the activity gives us a limited level of confidence on service delivery arrangements, management of risks, and operation of controls and / or performance.</p> <p>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.</p>
<p>Low Assurance</p>	<p>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.</p> <p>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.</p>

¹ These definitions are used as a means of measuring or judging the results and impact of matters identified in the audit. The assurance opinion is based on information and evidence which came to our attention during the audit. Our work cannot provide absolute assurance that material errors, loss or fraud do not exist.

Appendix 2 – Executive summary of Low and Limited Assurance reports

Choice Based Lettings

Introduction and Scope

We have completed an internal audit review of the Choice Based Lettings scheme at West Lindsey District Council (WLDC). The review concentrated on the WLDC processes for running the scheme and sought to provide assurance on in house processes and systems and on the customer experience of using the system.

In 2012 WLDC joined City of Lincoln, North Kesteven District Councils and Acis Group to form Lincs Home finder. The scheme covers all applications for housing, letting of Council properties and nominations to Registered Social Landlords across the partnership area.

The purpose of the Scheme is to make the process of registering for an affordable home as simple as possible and to give people greater choice in selecting where and in what property type and tenure they wish to live. The Scheme has been designed to be easy to use, provide the highest level of customer service and enable people to make the best choice for their needs from the full range of housing options available to them.

All Partners have signed up to this Scheme and should be committed to working together to deliver high quality housing services. All Partners operate a single Allocations Policy and a single Housing Register. The properties and housing options service should be accessible through the same methods. This means that applicants will be able to submit an application to one Partner and be able to bid for and be considered for properties across the three areas.

Management raised some concerns with this area during the year and requested an audit review, as part of a wider overall review of the Housing Register and the Choice based Lettings process.

The review focussed on the following possible risk areas –

- There are ineffective systems in place for WLDC to monitor and manage the Home Finder Choice Based Lettings Scheme,
- There is insufficient staff capacity and capability to effectively manage the scheme,
- Registered Social Housing Landlords do not all apply the system consistently and correctly.
- Inadequate formal Partnership arrangements in place to ensure WLDC can report and manage issues and risks with the scheme to the partnership board.

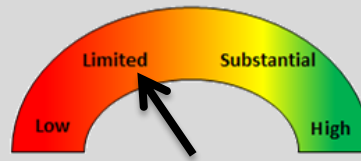
Our audit included a review of formal performance measures, monitoring and governance for the process as well as specific areas where assurance was sought:

1. Decisions are made in line with the agreed Policy
2. The nominations process is working in line with agreed policy and agreements.

Executive Summary

Assurance Opinion

Limited Assurance



The Choice Based Lettings system is currently not providing an effective reliable service for affordable housing for applicants in West Lindsey.

We found there are three main areas which are not working effectively to support the process for applicants. Some of these areas are outside of the Council immediate control as they relate to partnerships and partnership working. There are however actions and improvements that the Council can take to develop management of these.

Working with Acis

Acis own around 95% of the WLDC properties that come up for rent through the Choice Based Lettings system. There are several long running issues in partnership working with Acis including:

- Not complying with the schemes terms and conditions
- Ineffective use of the system for recording applicants details
- Not meeting the 75% target for letting Acis properties through the scheme

The Wider Partnership

The partnership consists of the City of Lincoln, North Kesteven, West Lindsey Councils and Acis. There are detailed Terms of Reference document setting out the role of the partnership, However at the time of the audit;

- The partnership has only met twice in the last twelve months and therefore cannot fulfil its role of providing operational and strategic leadership
- Acis have not attended a meeting for over a year
- The steering group is not structured to support effective partnership working
- Long running IT system issues have not been effectively managed and resolved by the partnership.

Performance at West Lindsey

We found a dedicated knowledgeable team working at WLDC who try to provide an effective service to applicants, within the current partnership arrangements. The team has expressed frustration in issue resolution and in effect being powerless to address issues. We found the following issues which the Council can address to strengthen the arrangements:

- There has been a lack of formalised performance monitoring within the service which could have supported management overview in addressing issues
- Better assurance could be provided on the accuracy of applicant's claims through an internal process of sample checking cases.

- The contract with the partnership to provide IT systems support requires review and clearer understanding from the Council on what it is paying for and receiving
- There is an agreement to charge Acis for system use but this has not taken place yet. The Council should also consider whether a refund on contract charges could be sought from the provider Civica.

There have been multiple staff changes in the management of this section over the last two years and this has had an effect on the Council being able to address the above issues. Many of the issues are tied into partnership working where the Council cannot on its own resolve ineffective processes for the Choice Based lettings systems.

However the Council could have been more active during this time in reviewing the situation with Acis and the wider partnership. At the time of the audit the Council had already started to take action and was taking steps to resolve issues and provide a more effective process for its applicants.

The attached action plan seeks to support the Council in its wider review of achieving improvements to the scheme, partnership working and outcomes for district applicants.

Direction of Travel

 Improving

The service working with senior management was taking decisive action to start to address some of the long running issues with the service.

The relationship and working agreements with Acis were being examined with a new positive outlook to addressing issues which are not supporting the process.

The effectiveness of the partnership was also being looked at with a view to improving the outcomes from this group.

There are advantages to working in partnerships with other local authorities and in sharing the costs of running a Choice based Lettings system to assist residents in renting affordable properties. The Council has also been mindful in retaining working relationships with partners and especially with Acis throughout the period of the partnership.

However while maintaining this relationship the actual outcomes and benefits of the partnership have not been realised.

Working with Acis

Acis have not fully complied with the obligations in the agreement both in terms of the partnership and the housing stock transfer agreement. There is a history of non-compliance with completing the processes for housing applicants, for refusing applicants properties when they have successfully registered and bid for them and not achieving the agreed target of letting 75% of their properties through this agreement.

Internal investigations by the section showed that actual figures were 58% for 2014/15 and 54% for 2015/16.

An informal approach to issues resolution has been applied over a number of years but this has not resulted in the changes required by the Council to be able to offer a satisfactory letting service to applicants.

The Wider Partnership

The Home Finder partnership of West Lindsey, Acis, North Kesteven and the City of Lincoln has faltered and has not provided robust strategic leadership to support the effective delivery of outcomes.

Meetings of the group have all but stopped, minute taking and record keeping are sporadic. Acis have not attended for over a year and the group is not structured or lead in a way that would give assurance issues and decisions can be resolved or made.

There is a detailed agreement in place which covers the terms of reference for a steering group and an operational group but this bears no resemblance to the actual workings and attendance of the group.

IT System and Contract Issues

The Partnership agreement contains a generic IT contract with Civica, who provide the IT for the Choice based Lettings system. The lead on this is the City of Lincoln who was already working with Civica when the partnership was started.

It was assumed that West Lindsey were part of a contract agreed by all the partners to run the Home Finder process and use Civica Choice Based Lettings system hosted through the City of Lincoln Council. However once original contract details were requested from City Council it was suggested that there was no contract and only an agreement in place.

This requires further investigation by the Council as if a contract is in place the Council needs to understand the details, timescales and costs involved to ensure understanding and compliance with Contract Procedure Rules.

If there is no contract this may affect any future decisions on continued partnership work and use of Choice Based Lettings systems of which there are several different versions available.

West Lindsey and the other partners have experienced long running issues with the reliability of the current system used. It directly effects applicants when trying to view and bid on properties. It generates manual workarounds for the team and increased unnecessary customer contact due to the unreliability of access to the system.

Again the Council needs to fully understand the implications and costs of continuing with the current provider or making alternative arrangements in relation to whether it is tied in to a contract or not.

The Housing management team were aware of the issues and problems in the service and specifically requested an audit of this area. As a way of supporting the improvement plan and actions they were already taking to address issues. At an early stage of the review the team in combination with senior management started to take decisive steps to address the issues highlighted in this report.

As part of our review we carried out some mystery shopping on the section and we were able to provide positive feedback to management that staff had followed procedures and provided an excellent service to our callers.

We would like to thank the whole team for their time and effort in supporting the review.

Management Response

WLDC Choice Based Lettings 2015/16 Management Response

We welcome the findings of this audit report for a key customer facing area for the Council. The findings have confirmed and increased both the visibility and profile of some of the issues experienced by the service whilst also supporting the development of a coordinated response across the areas for improvement. We are happy to work towards implementing the findings.

The recognition of the knowledge, capability and professionalism of the staff within the service is highlighted during the audit and we regard this as a key benefit to the service. The inclusion of the mystery shopping exercise sought to provide an honest and open insight into the service received by our customers and we welcome the assurance received in this area.

At the time of the audit, the service had already formalised its response to the challenges it had been experiencing in relation to the Choice Based Letting Scheme. The service had requested the audit as a tool to assist with the resolution of some long standing and complex issues.

Prior to the audit, the service had initiated the following:

- Engaged legal services to review LSVT agreement
- Developed strategic relationship with Acis
- Tracking nominations rate

- Acis had attended C&I committee in October 2015 to provide overview of progress and local priorities to members
- Formal requests to software provider around stability and performance issues

The remainder of this management response sets out the work to date and planned work in relation to the key areas identified within the audit. Whilst a number of these are outside of the direct control of the Council, the service has taken the decision to take on a leadership role to ensure solutions are progressed in these key areas.

Working with Acis

Acis have been in existence since the Large Scale Voluntary Transfer of the WLDC housing stock in 1999 and the relationship is governed by the original LSVT Agreement. The allocations arrangements have been revised since the original Agreement was put in place, and the Lincs Homefinder Choice Based Lettings Scheme is the overriding allocations policy for both WLDC and Acis.

Effective and meaningful engagement with Acis is taking place at both an operational and strategic level. Supported by case evidence, a partnership improvement plan has been developed which has been mutually agreed and is currently being implemented. The key areas of this plan include training, ensuring contractual and policy compliance, transparency and robust policy application, improved performance and building an improved strategic relationship. It is hoped that an improved strategic relationship with Acis will enable more joint working and provide opportunities for innovation and efficiencies.

Prior to the audit, work had already begun to revise the Council's stock transfer agreement due to legislative changes, service and policy changes, personnel and team structure changes and to ensure that both parties are working to an agreement that is up to date, meaningful and legally compliant. Several schedules within the LSVT agreement are currently under review and will be replaced. Significant additions to the revised document include the CBL allocations scheme, safeguarding requirements and a new section on governance and performance monitoring. There will also be a supplementary document to cover operational arrangements between the partners, which will give more specific detail on responsibilities, timescales and processes, and will be agreed by both partners.

A joint training session was held on 25th February 2016 for Acis and West Lindsey District Council staff, to act as a refresher session around specific IT utilisation and policy issues. This also provided an opportunity to build a positive relationship between operational and strategic staff from both partners. This session was very well received and is already generating more positive engagement between the teams and it is hoped that this will contribute towards improved performance and mutual understanding.

More formal performance monitoring measures and systems between the partners are also to be implemented.

The Wider CBL Partnership

The current CBL service has been in place since 2012 and is delivered through a partnership comprising City of Lincoln, North Kesteven District and West Lindsey

District Councils, along with Acis as WLDC's LSVT partner, with CoL acting as lead partner. The IT function is delivered by Civica, through the CBL partnership, which includes a web-based customer interface, however there have been ongoing system stability and performance issues from implementation.

WLDC are now taking a leading role within the CBL partnership and working towards addressing some of the longstanding issues including the governance arrangements and software problems. A recent system upgrade proposal from the provider is under review by WLDC following concerns around the potential costs and benefits of the work, which forms the first stage of this work.

WLDC will review the existing partnership arrangements, and associated benefits and limitations, and discuss options for the future at a senior level across all partner organisations, with any recommendations for change actioned and implemented through the relevant governance processes both internally and within the partnership.

Performance at West Lindsey

The Council is currently implementing a revised performance and delivery framework which captures both internal assurance and monitoring of external nominations performance. This will feed into the corporate performance monitoring arrangements.

There are recommendations made within the audit report which relate to things outside of the direct control of the Council. We have engaged Legal Services to assist with progressing these actions.

Appendix 3 – Internal Audit Plan & Schedule 2015/16

Audit Area	Assurance	Scope to GCLT	Estimated Start Date	Status	Closure meeting	Agreed by GCLT	Notes
Housing Benefit Subsidy	Test a sample of benefit cases to confirm accuracy of benefits processing and that subsidy claimed for benefits is correct. Work carried out for KPMG to provide the DWP with assurance.	N/A	Jun / July 2016	Await KPMG start date. Resources allocated.			
Combined Assurance	Annual review of identified critical service areas to document and map the three lines of assurance opinion.	N/A		Sept / Oct start			
Commercial Plan Consultancy Pt 1	Consultancy review to provide advice and support on the governance and management structures in place to support the Council's Commercial Plan objectives.	March 2016	April 2016	Draft Report	01.07.2016		In progress
Commercial Plan Pt 2	Audit the systems, processes and delivery of commercial projects.	Dec 2016	Jan 2017	Not due			
Development Management Consultancy Pt 1	Phase 1, consultancy to provide advice and support on the management of improvement plans to support the long term development of the service.	May 2016	June 2016	Terms of Reference awaiting GCLT agreement	Not booked		In progress
Development Management Pt 2	Phase 2, provide assurance that improvements plans and changes have led to better outcomes and a sustainable Development Management service.	Dec2016	Jan 2017	Not due			
Key Policies & Procedures	Up to date policies and procedures	June 2016	June 2016	Fieldwork			In progress

	play a key part in management assurance. We will confirm that key policies are up to date, understood and followed.			in progress			
Progress & Delivery	Provide assurance on the Progress and Delivery reporting process. Reviewing accuracy and relevance of key performance measures used in reporting.	20 TH July	31 st July	Not due			
Growth Programme	Review and provide assurance on the governance and effectiveness of the Council's Growth plans and agenda.	20 th Oct 2016	Nov 2016	Not due			
Risk Management	Provide assurance on the Councils strategic and service level risk management systems.	5 th Sept 16	01 st Oct 16	Not due			
Project & Programme Management	Review the governance and management oversight of key projects to confirm that they are effectively managed to deliver on time, within budget and deliver critical success factors (benefits). We will select a sample of projects to confirm compliance with approved codes of practice.	19 th Sept 2016	31 st Oct 2016	Not due			
Key Control Testing	Review key finance system and test key controls. Coverage to be agreed	Jan 2017	Feb 2017	Not due			
Service Transformation	To review two key areas of business transformation, corporate learning from customer feedback and Partnership arrangements. Understanding commissioning,	June 2016	To be agreed	Developing the terms of reference			

Audit Lincolnshire – Internal Audit Report

	client and provider roles. Review to include the Joint Planning Unit and Choice Based Lettings Home finder partnership.						
ICT Audit – To be agreed	Areas of coverage to be agreed.	Q4	To be agreed	Not started			
Audit Follow Up Work –Incident Management 2 days	Management request to follow up and ensure recommendations are implemented.	Q4	To be agreed	Not started			
Consultancy & Emerging Risks		To be agreed					

Appendix 4 – Outstanding Recommendations as at 30th June 2016

Activity	Issue Date	Assurance	Total Recs	Recs implemented	Priority of Recommendations o/s		
					High	Medium	Not yet due
Change Programme	Nov 2012	Substantial	11	10		1	
Infrastructure	Aug 2013	Limited	15	14	1		
Mobile Devices	May 2015	Substantial	6	5		1	
Strategic Economic Development	Dec 2014	Substantial	5	4		1	
Housing & Planning Enforcement	Nov 2015	Substantial	5		2	3	
Tablet Security	Feb 2016	Substantial	10	7		3	
Effective Decision Making	Aug 2015	Substantial	7	6		1	
Key Controls Debtors	June 2016	Substantial	4	4			
Grants Given	Feb 2016	Substantial	9	6		3	
Local Land Charges	June 2016	Low	11	8	1	1	1
Contract Management Follow Up	June 2016	Substantial	2	2			
Land, Property & Estates	June 2016	Substantial	6	1			5
Overall Total			91	67	4	14	6