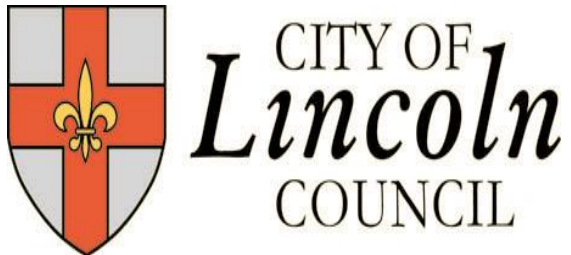


Combined Assurance Status Report

Draft



March 2019

What we do best...

Innovative assurance services

Specialists at internal audit

Comprehensive risk management

Experts in countering fraud

...and what sets us apart

Unrivalled best value to our customers

Existing strong regional public sector partnership

Auditors with the knowledge and expertise to get the job done

Already working extensively with the not-for-profit and third sector



Combined Assurance Status Report

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Combined Assurance Status Report

Introduction

This is the sixth combined assurance report for the Council.

By grouping the different sources of assurance in a single model we provide the basis for Senior Management and the Audit Committee to gain a better understanding of their organisations assurance status and needs.

We do this by coordinating assurance arrangements – providing some structure – this is the Assurance Map.

We have well established Assurance Maps that help us to focus our work plans on the make or break risks that affect the successful delivery of services and strategic objectives. The Map also recognises the importance of critical business systems that support successful delivery and ‘protect the business’ – the due diligence activities.

The Map gives an overview of assurance provided across the whole organisation – not just those from Internal Audit – making it possible to identify where assurances are present, their source, and where there are potential assurance ‘unknowns or gaps’.

The Map is an invaluable tool for senior managers, providing a snapshot of assurance at any point of time. This report explores those assurances in more detail.

We gathered and analysed assurance information in a control environment that:

- takes what we have been told on trust, and
- encourages accountability with those responsible for managing the service.

Scope

We gathered information on:

- **Critical systems** – those areas identified by senior management as having a significant impact on the successful delivery of our priorities or whose failure could result in significant damage to our reputation, financial loss or impact on people.
- **Risks** – found on our strategic risk register, operational risk registers or associated with major new business strategy / change.
- **Projects** – supporting corporate priorities / activities.
- **Partnerships** – partnerships that play a key role in successful delivery of services
- **Corporate Governance**



Combined Assurance Status Report

Methodology

To ensure our combined assurance model shows assurances across the entire Council, not just those from Internal Audit, we leverage assurance information from your 'business as usual' operations. Using the '3 lines of assurance' concept:



Our approach includes a critical review or assessment on the level of confidence the Council can have on its service

delivery arrangements, management of risks, operation of controls and performance.

We did this by:

- Speaking to senior and operational managers who have the day to day responsibility for managing and controlling their service activities.
- Working with corporate functions and using other third party inspections to provide information on performance, successful delivery and organisational learning.
- Using the outcome of Internal Audit work to provide independent insight and assurance opinions.
- Considering other information and business intelligence that feed into and has potential to impact on assurance.

We used a Red (low assurance), Amber (medium assurance) and Green (high assurance) rating to help us assess the level of assurance confidence in place.

The overall assurance opinion is based on the assessment and judgement of senior management. Internal audit has helped co-ordinate these and provided some challenge **but** as accountability rests with the Senior Manager we used their overall assurance opinion.



Key Messages

We identified 95 critical services / systems, 82 projects and 10 Strategic risks

Out of the total of 187 areas;

- 141 have Green assurance (75%)
- 45 have Amber assurance (24%)
- 1 has Red assurance (1%)

In 2017/18 we identified 78 critical services/systems, 127 projects and 7 Strategic risks. Some existing service areas have been split into further sub-areas for 18-19.

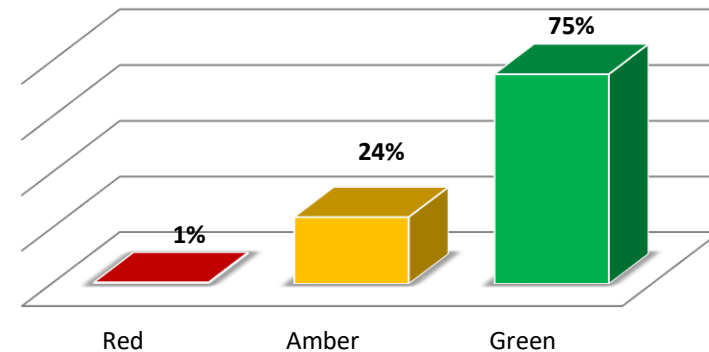
Overall percentage assurance ratings have changed compared to 2017/18 – the shift has been from Green to Amber. This has been partly affected by project assurance and the change in the number of critical areas. We have ensured that in the total figures above there is no double counting between critical services, risks and projects.

The Red and Amber areas have had their audit risk scores increased accordingly and have been considered for the 2019/20 Audit Plan.

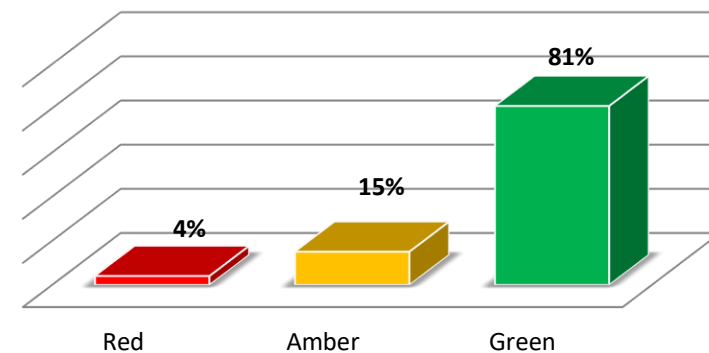
The Red and Amber areas will be considered for inclusion in the Annual Governance Statement.

More detail on critical systems, projects and risks is included within the report.

Overall Assurance Status 2018/19



Overall Assurance Status 2017/18





Combined Assurance Status Report

Suggested next steps.....

This is a positive report and plans are in place to manage any mitigate any Amber or Red assurances.

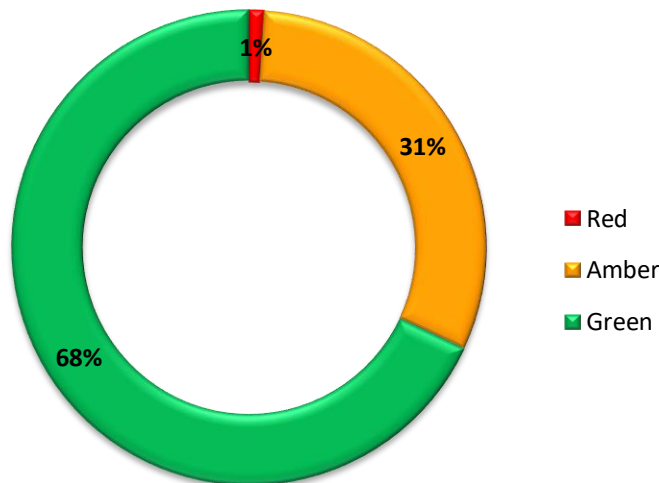


Critical Systems

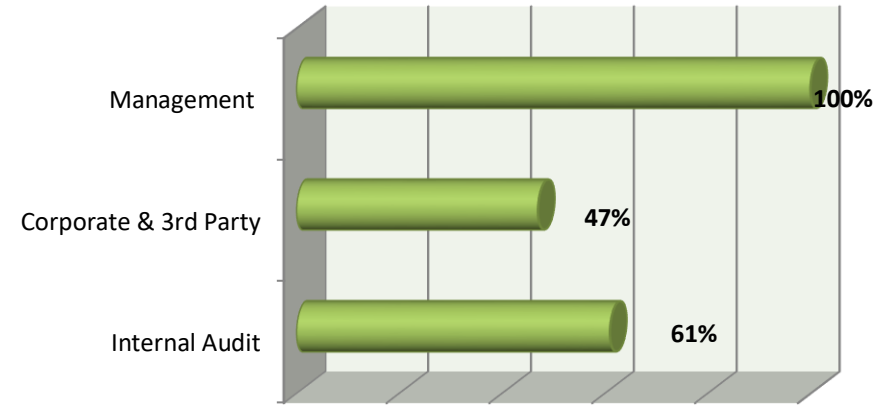
95 critical services / systems were identified and of these management considered 65 (68%) to be Green, 29 (37%) to be Amber and 2 (2%) to be Red.

In the previous assurance map 73% were Green, 24% Amber and 2% Red. The shift has been from Green to Amber.

Internal Audit provided assurance on 61% of areas (within the last 3 years plus current year).



Who Provides Your Assurance



Corporate and third party - it should be noted that some services are not monitored by a V2020 theme group and do not have current performance information logged within IMPS.



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Chief Executives Directorate

There are no Red assurance areas.

Amber assurance areas – continuing from previous year;

Human Resources

- Sickness absence levels are reducing and it is close to being Green assurance.
- People Strategy – Leadership Development and Core Competencies action plan is not yet in place. *CMT are proposing a number of extended CMT sessions over the next few months to map out what the Lincoln Leader/Manager looks, once this has been done then leadership development will follow this core competency criteria.*
- Corporate training & development (further work required linked to People Strategy) – *as above*

Efficiency Targets (Including Commercialism & Asset Rationalisation)

18/19 targets achieved but significant savings required in 19/20.

Corporate Asset Management/Facilities Management

No stock condition survey for a number of years. An Asset Management Plan would help to prioritise expenditure. An updated AMP (Asset management plan) is needed

Business Continuity

Good progress made on IT DR / BC actions but still some to deliver. No longer a significant issue on the AGS.

Workbased Learning / Apprentice scheme

Funding uncertainties remain in relation to training provider rules

Partnership management

Register developed but some outstanding actions to complete.

Counter Fraud (prevention & detection)

Lack of resources - could be more proactive, unable to undertake all projects however the ones completed have been successful

Housing Benefits Subsidy claim

The 2017/18 claim is qualified but has minimal adjustments. Claims have been qualified for a number of years.

Financial Regulations & management

Some updating is required and some service areas need improvement to address historic practices.

Amber assurance areas – NEW;

Values & Culture (linked to HR People Strategy)

Linked to work on the People Strategy in this area around staff engagement and staff charter which is still to be rolled out
There is a series of recommendations coming out of the Local



Combined Assurance Status Report

Government Ethical Standards review, which we are working through for members and officers.

Accountancy closedown

Challenging targets for 18/19 accounts due to staff shortages.

All other key services and critical systems received Green assurance;

- Legal
- Scrutiny
- Electoral Services
- Democratic Services
- Civic and International Partnerships (Twining)
- Payroll
- Procurement
- Finance
- Treasury Management
- Insurance
- Debtors
- Creditors
- Risk Management
- Audit
- Small Business Support
- Property Services
- Revenues - Shared Service
- Revenues- NNDR
- Revenues-Ctax

- Revenues-Recovery
- Benefits/CTS (Note: The number of customers awaiting assessment (HB/CTS) is increasing)
- Corporate Governance (Code)
- Programme / Project Management
- Customer Services
- Performance management
- Social Policy (Anti-Poverty / Community Cohesion)
- Business Development and ICT
- Equality and Diversity
- Member Development



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Communities and Environment Directorate

There are no Red assurance areas.

Amber assurance areas – continuing from previous year;

Building Control

Delivering a good service, but income below target. Review of fee levels.

Strategic Waste management

A Joint Municipal Waste Strategy has been approved, however contamination levels in recycling are still an issue. The Governments Waste & Resources Act may place additional demands.

Corporate Health & Safety

A development plan is in place but some timescales have been extended.

Other public health

Strategic role - still trying to persuade Lincolnshire Public Health to set up a strategic health partnership (non-statutory)

Private Sector Housing

Disabled Facilities Grants - a review of resource allocation within the team and new procurement arrangements should improve performance still further

Empty Homes – good progress being made, mainly in Sincil Bank area, but further work is needed to achieve target and progress compulsory purchase orders (CPO's).
HMO licensing (new regulations) is not progressing as quickly as expected – software improvements are being made and further engagement with landlords is in progress
Rogue landlords project – successful high profile cases and now working to achieve all targets for project completion date which could be extended due to additional funding

Central Market

Income budget won't be achieved due to redevelopment works in the area.

Drill Hall

Financial pressures

Non-operational land

Additional funding may be required if areas are reclassified under the Local Plan.

Amber assurance areas – NEW;

Boultham Park restoration

Project successfully delivered - the contract final account is work in progress



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All other key services and critical systems received Green assurance;

- Planning (Development Management)
- Planning (Joint Strategic Planning)
- Planning (Heritage)
- CCTV
- Parks & Open Spaces & Allotments
- Street Cleansing
- Grounds Maintenance
- Waste collection and recycling
- Public Conveniences
- Car Parks (Note: car park utilisation not at target)
- Bus Station
- Environmental Protection
- Pollution Control
- Food safety
- Public Protection
- Licensing
- Community Centres
- Leisure Centres
- Bereavement Services



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Housing and Investment Directorate

There is one Red assurance area - continuing from the previous year;

Choice Based Lettings / Housing Allocations

Some delay registering applications, improvement plan in place. Staffing levels have been an issue for some time. New build properties have caused extra pressure.

Amber assurance areas – continuing from previous year;

Data Protection / Information Management

This remains a complex area and work is ongoing. Good progress although it is still a significant issue on the AGS and is being monitored by the Audit committee.

Housing Business Support

Rechargeable repairs project not completed - waiting for further information on debtors/recovery; SLA with recovery pending
IT and data management - Servitor upgrade to complete and mobile working improvements
Complaints – target not being achieved although being examined

Safety Assurance

Work is required on the asbestos database to improve efficiency (not a risk to operatives / contractors).

Housing Repairs Service – (IT service)

Operation of phones / handheld devices is impacting delivery.

Amber assurance areas – NEW;

Homelessness (was previously Red)

Much improved and statutorily compliant - some action points to complete. Recently agreed new performance targets

ICT

The separate ICT assurance map shows a mix of green and amber assurances. Areas of current focus include ICT strategy, policy review, IT risk register and infrastructure. Cyber security stocktake report received from the LGA and an action plan is being developed.

All other key services and critical systems received Green assurance;

- Tenancy Management / ASB / Resident Involvement
- Void management
- Rent collection
- Housing Needs (Sheltered / supported)
- Housing Solutions - Lincare/Control Centre
- Safeguarding
- Housing Repair Services (Day to day maintenance, Aids and adaptations)



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- Housing Investment / Decent Homes / Contracts / Capital Programme / Asset management / Inspection / Gas servicing
- Housing Strategy and Enabling
- Regeneration – Sincil Bank



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Major Developments Directorate

There are no Red assurance areas.

Amber assurance areas – continuing from previous year;

Western Growth Corridor

Scheme is progressing but with such a large project there are risk areas to manage moving forward.

Amber assurance areas – NEW;

Markets Redevelopment & City Square

Progress is slower than originally planned although this was necessary and therefore slowed down

New Build Housing

New Homes strategy needs to be developed. Once completed will require a delivery programme including a procurement strategy

All other key services and critical systems received Green assurance;

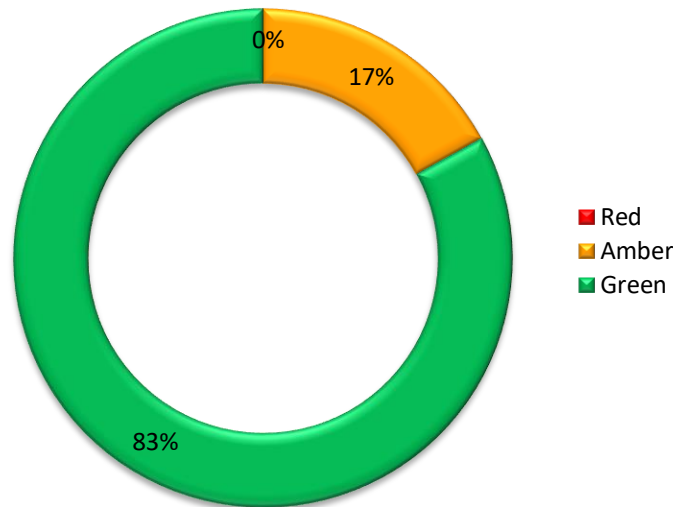
- Growth (Regeneration strategy & delivery)
- Investments & supporting development (large business enquiries, local business support, promotion of the city)

- Transport Hub
- City Centre Masterplan
- Vision 2020 Programme

- Infrastructure (smart cities, improving road & rail links)
- Sustainable urban extensions
- Leisure village



Projects



Overall Comments

The Council has 70 projects linked to the Vision 2020 (V2020) themes and a further 12 Transformation (TOFS) projects.

These are periodically reported to Committee and management provide a “RAG” management (governance) assurance rating

In total there are 82 projects; currently 68 (83%) are Green and 14 (17%) are Amber assurance. There are no Red assurance.

In comparison, project assurance in 2017/18 was; 85% Green, 11% Amber and 4% Red.

Amber assurance projects are;

- Boutham Park restoration (V2020) – final account to complete
- Birchwood Leisure Centre (V2020) – final account sign off when defects completed. TOFS savings progress slower than expected
- Improve biodiversity (V2020) – project needs scoping
- PSICA scheme (V2020) – scheme/ milestones to be developed



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- Provide a central hub of support for young people through the Network (V2020) – outcomes being reassessed
- Maintaining support for people moving to Universal Credit (V2020) – uncertainty over future arrangements
- Delivery of Spa Road Development (V2020) – awaiting funding decision
- Social Impact Bond project supporting rough sleepers (V2020) – cash flow concerns
- Lead on the Western Growth Corridor development (V2020) – some key issues to resolve
- Communication Strategy (V2020) – progress slower than expected
- Sickness levels & sickness management (V2020) – some actions still to complete
- Purchase order review (V2020) – lack of progress due to resource issues
- Christmas Market sponsorship (TOFS) - progress slower than expected
- Financial Services restructure (TOFS) – progress slower than expected

Project Management / Monitoring

In March 2018 CLT / AD Group replaced SPIT as the body responsible for reviewing Housing Investment and General Investment Programmes expenditure and receiving project information by exception.

The Lincoln Project Management Model has been updated to reflect these and other changes and formal training has been delivered.

A post implementation review of the operation of these new arrangements will be undertaken in early 2019/20.

Section 106 Group

The Section 106 group is responsible for the monitoring of the Council's S106 agreements and ensures that monies received are used for the correct purpose and spent by the critical expenditure date. The Group provides annual updates to the Performance Scrutiny committee.



Combined Assurance Status Report

Partnerships

Work is still required to develop and embed a partnership governance framework.

Internal Audit will undertake some work in this area in 2018/19

There is a partnership register and there is also a membership of Outside bodies register.

Partnership governance is the responsibility of the respective service manager / Assistant Director to ensure that the Partnership guidance document (recently updated) is followed. The GDPR project is also being used to ensure partnership agreements/contracts are in place.

Partnership risk registers are being reviewed by CMT.



Risks

Strategic Risks

The Council has 10 Strategic Risks – 2 are assessed as Red and 8 as Amber. The Red risks are;

Deliver a sustainable Medium term Financial Strategy

Failure to mitigate against the implications for the Council following the outcome of Brexit

All risks are being actively managed in accordance with the Risk Management Framework.

Amber strategic risks are:

- Engaging with the Council's strategic partners, council staff and stakeholders to deliver against the Council's Vision 2020.
- To ensure compliance with statutory duties and appropriate governance arrangements are in place

- Deliver the Towards Financial Sustainability Programme whilst ensuring the resilience of the Council
- Protect the authority's Vision 2020 due to changing structures in local government and impact on size, scale and scope of the Council
- Meet the emerging changes required in the Council's culture, behaviour and skills to support the delivery of the council's Vision 2020 and the transformational journey to a one-Council approach.
- Ensure sufficient levels of resilience and capacity exist in order to deliver key strategic projects
- Decline in the economic prosperity in the City Centre
- Failure to deliver key strategic projects i.e.
 - WGC
 - New build project
 - Crematorium
 - Dewint Court

The Council has an active approach to risk management and regularly reviews its key strategic risks. Strategic risks are managed through CMT and are reported through the Performance Scrutiny Committee / Executive. Each risk is managed by a senior manager or group.



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Strategic Risks have a management assurance which reflects how well the risk is being managed rather than the risk score;

- 8 strategic risks have Green management assurance (substantial assurance)
- 2 strategic risks (decline in the economic prosperity of the City Centre / brexit) have Amber management assurance (Limited assurance)

Overall, risks are clearly identified and well managed by the Council.

Operational Risks

There are four operational (Directorate) risk registers.

Managers identify operational risks and these are managed through similar processes to Strategic Risks.

There is one Red risk;

- Chief Executives - **Capacity** of service areas to respond to requirements of ongoing service delivery and support to the Towards Financial Sustainability Programme, whilst acknowledging impact of the

Programme on the Services themselves (*Substantial / Green assurance*)

All risks are being actively managed in accordance with the Risk Management Framework. Operational risk registers are reviewed quarterly; some updating on Operational risk registers is required.

Fraud Risks

A Strategic Fraud Risk register is maintained and periodically refreshed by Internal Audit.

The latest version shows that;

- There are no Red fraud risks
- There are 9 Amber fraud risks;
 - IT / Data (misuse of data, manipulation of data, data theft, cyber fraud, etc)
 - Insurance (false claims)
 - Council Tax (single person discounts, exemptions, avoidance of liability)
 - Council Tax Support Scheme
 - Housing Benefit
 - Housing
 - Elections



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- Partnerships & outside bodies
- Identity fraud

The Council works well with partners to deliver some areas together which have had a significant impact (for example single person discount).

There are a range of mitigation actions and linked projects to most of these fraud risk areas.



Combined Assurance Status Report

Corporate Governance

Our Combined Assurance model focuses on assurance against critical systems, projects, risks and partnerships. This helps the organisation to understand corporately where it's performing well and where improvements are required. Many of the Council's critical services and systems underpin a sound corporate governance framework. In this section we set out how the Council has approached corporate governance, complied with guidance and obtained assurance on its significant governance issues.

The Council needs to ensure that it meets the highest standards and that governance arrangements are not only sound but are seen to be sound. It is crucial that leaders and chief executives keep their governance arrangements up to date and relevant. Council's should develop a local a local Governance Code which reflects the "delivering good governance in local government; framework (CIPFA/SOLACE 2016)" (the framework)

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. Whatever form of arrangements are in place, authorities should therefore test their governance structures and partnerships against the principles contained in the Framework.

A formal local code is in place

A self-assessment is undertaken to demonstrate that governance structures comply with the principles contained in the framework. An Annual Governance Statement is developed based on a review of governance arrangements and any significant issues are regularly reviewed by Audit Committee.

There is currently one significant governance issue;

- Information Management (currently Amber Assurance)

It is worth noting that within the critical services section above there are some areas that are part of the Corporate Governance framework which have a current Amber assurance.

- Data Protection / Information Management
- HR Training & Development
- TOFS (Towards financial sustainability)
- ICT
- Counter Fraud

End of report



Combined Assurance Status Report
