

AUDIT COMMITTEE

**Thursday, 24 September
2020**

5.00 pm

Virtual Meeting Via Zoom

Membership:	Councillors Geoff Ellis (Chair), Laura McWilliams (Vice-Chair), Thomas Dyer, Gary Hewson, Jackie Kirk, Rebecca Longbottom and Bill Mara
Substitute member(s):	Councillors Pat Vaughan
Independent Member:	Jane Nellist
Officers attending:	Paul Berry, Sally Brooks, Joanne Crookes, Democratic Services, Jaclyn Gibson, John Scott and Colleen Warren

VIRTUAL MEETING

To join this meeting please click on the link below:

<https://zoom.us/j/96867848140?pwd=aVZpRnJiZkNsSFdjYVZZbnc4Q0wwQT09>

Passcode: 241848

Alternatively, please join by phone by calling:

0330 088 5830

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A G E N D A

SECTION A	Page(s)
1. Confirmation of Minutes - 27 August 2020	3 - 8
2. Declarations of Interest	
Please note that, in accordance with the Members' Code of Conduct, when declaring interests members must disclose the existence and nature of the interest, and whether it is a disclosable pecuniary interest (DPI) or personal and/or pecuniary.	
3. Information Management Update	9 - 14
4. Annual Complaints Summary Report 2019-2020	15 - 20

5. Internal Audit Plan 2020-21	21 - 50
6. Internal Audit Progress Report	51 - 64
7. Internal Audit Recommendation Follow Up	65 - 76
8. Fraud and Error Annual Report 2019/20	77 - 100
9. Whistleblowing Policy and Guidance	101 - 112
10. Audit Committee Work Programme 2020-2021	113 - 118

Present:	Councillor Geoff Ellis (<i>in the Chair</i>)
Councillors:	Laura McWilliams, Thomas Dyer, Gary Hewson, Jackie Kirk, Alan Briggs and Rebecca Longbottom
Independent Member:	Jane Nellist
Apologies for Absence:	Councillor Bill Mara, Berry and Heather Grover

55. Confirmation of Minutes - 23 July 2020

RESOLVED that the minutes of the meeting held on 27 August 2020 be confirmed.

56. Declarations of Interest

No declarations of interest were received.

57. Annual Governance Statement 2019/20

John Scott, Audit Manager:

- a. presented a report to inform Audit Committee that the Annual Governance Statement (AGS) for 2019/20 had been signed off by the Leader and Chief Executive as at 17 August 2020, detailed at Appendix A
- b. highlighted that following thorough investigation the Senior Officer Group had found evidence of three significant governance issues to report in the AGS, one carried forward from 2018/19 and two further issues identified as a result of the COVID-19 pandemic
- c. detailed the three significant governance issues identified as follows:
 - **The Disaster Recovery plan in place for IT arrangements is not sufficiently aligned with the Business Continuity plans that are currently in place for restoring key services in terms of IT needs.** This issue has been carried forward from 2018/19 and whilst now well on the way to completion, remains as a significant issue until fully completed. (C/F from 2018/19)
 - **Review of impact of Coronavirus on the council's service delivery and embedding new ways of working for staff and elected members.** Some changes to governance arrangements have been inevitable as an impact of the pandemic on the council and this review will ensure good governance moving forwards.
 - **Vision 2025 needs to be re-profiled and communicated to a wider audience in the light of COVID-19.** The strategy was adopted in February 2020 but there was no formal public launch due to COVID-19. The council's response to the pandemic was to proactively divert resources to tackle the emergency and all projects and programmes that could be paused/had not already commenced were stopped in a planned way. Tackling the emergency situation and resulting recovery

phase has been a long process due to the prevalence of COVID-9 nationally and there is now a need to review Vision 2025 in light of COVID-19, re-profile the commitments in the strategy and then communicate it widely. This process started in late August 2020.

- d. reported that Corporate Management Team (CMT) would continue to monitor as part of quarterly performance monitoring those issues of lesser concern, previously referred to as 'ones to watch' to ensure they retained high visibility, to be monitored at very senior level at a minimum once a quarter and included in the quarterly Dashboard Report to Leadership
- e. invited members' questions and comments.

Question: With regards to the development of activities to support the city and High Street, were there any examples of what had been done so far?

Response: Simon Walter's Directorate were undertaking some work as part of the Lincoln Town's fund for getting businesses back open again. Also, as part of Vision 2025 there were a range of projects in the pipeline such as knocking the TIC building down at the Cornhill.

Question: Did the Audit team work to the definition of sustainability?

Response: Officers were unable to give a detailed explanation on this however work on Climate Change had been outlined in Vision 2025.

Question: With regards to disaster recovery, what work was still yet to be done?

Response: A storage site was being set up at Hamilton House. The project was initially underway but storage space held it up. The IT recovery plan was being updated in a couple of weeks.

RESOLVED that the contents of the Final Annual Governance Statement with a view to monitoring progress on the significant issue identified over the coming year 2020/21 be agreed.

58. External Audit Progress Report

Jaclyn Gibson, Chief Finance Officer:

- a. presented the External Audit progress report to provide Audit Committee with an update on progress in delivering responsibilities of the external auditors
- a. referred to the External Audit progress report attached at Appendix A covering the following areas:
 - Accounts Timetable
 - Covid-19 Financial Reporting Issues
 - Audit Progress
 - Mazars response to the pandemic and working with the Council
- b. requested that members note the contents of the report and the attached appendix
- c. invited member's questions and comments.

Question: How has it been this year with regards to the Audit accounts?

Response: It was too early to tell at the moment and the work was postponed until August due to Covid-19. The report alluded to two additional testing's at a required fee however the fee was yet to be confirmed and officers would know more as it progressed.

Mark Surrige, External Auditor, provided a brief update on the affects that Covid-19 had in respect of the Valuation of Land and Buildings and changes to the Pension Fund Asset and Liabilities. Due to this he confirmed that a further update would be provided in September and the completion of the accounts would not be until the revised date that was set in November.

RESOLVED that the contents of the report and the attached appendix be noted.

59. Statement of Accounts 2019/20

Colleen Warren, Financial Services Manager:

- a. presented the Statement of Accounts for the financial year ended 31 March 2020, together with a short summary of the key issues reflected in the statutory financial statements for scrutiny as detailed at Appendix A to her report
- b. reported that the Statement of Accounts for 2019/20 provided a comprehensive picture of the Council's financial circumstances and were compiled to demonstrate probity and stewardship of public funds
- c. reported that the Council was normally statutorily required to publish its Statement of Accounts for 2019/20 with an audit opinion and certificate by no later than 31 July 2020, however, following the COVID-19 pandemic the statutory dates were relaxed with publication of the accounts required by 31 August and an audit opinion and certificate required by 30 November 2020
- d. highlighted the Statement of Accounts for 2019/20, at the time of writing this report were still subject to conclusion of the external audit by the Councils external auditors Mazars. and that Mazars would attend the Committee to provide an update on audit progress
- e. reported that any further changes required to the Statement of Accounts, arising from the conclusion of the external audit would be agreed by the Council's Chief Finance Officer and reported back to the Chair of Audit Committee, and would be included in the Statement of Accounts to be submitted to Executive and Council for final approval.
- f. reported that the Council must make the Statement of Accounts available for public inspection for 30 working days, following notification from the Council's external auditors, this ran from 1 September 2020 until 15 September 2020 and during this period the external auditor would be available to answer questions
- g. reported that the Council was required to provide a documented annual review of the effectiveness of its governance arrangements which sat alongside the Statement of Accounts, known as the Annual Governance

Statement, the overall level of assurance provided in 2019/20 was substantial and was in line with the Council's Code of Corporate Governance

- h. noted, that in relation to IT Disaster Recovery there remained one action outstanding from 2018/19, and this would be regularly reported by management to Audit Committee.
 - i. added that in respect of 2019/20 there were two additional significant issues identified, the Review of the Impact of Coronavirus on the Councils service delivery and embedding new ways of working and Vision 2025 that need to be re-profiled and communicated to a wider audience in the light of COVID-19, these also would be regularly reported by management to Audit Committee
- (g) presented the following aspects of the Statement of Accounts:
- Comprehensive Income and Expenditure Statement;
 - Balance Sheet;
 - General Balances;
 - Earmarked Reserves;
 - Liquidity;
 - Debtors;
 - Creditors;
 - Non-Current Assets;
 - Pensions;
 - Officer Remuneration;
 - Borrowing;
 - Investments.
- (h) invited members' questions and comments.

Members commented on paragraphs 2.5 and 7.1 of the report as well as the recommendation. This was agreed by officers to be amended accordingly.

RESOLVED that:

1. The dates at paragraph 2.5 of the report be amended to reflect the consultation period
2. The risk implications be amended by officers to reflect the effects of Covid-19/credit and market risk
3. The recommendation be amended to "the Audit Committee are invited to scrutinise the statement of accounts"
4. The report be brought back to Audit Committee in November
5. The Statement of Accounts be recommended to Council for approval on a date to be confirmed, with any further changes to the Statement of Accounts arising from the conclusion of the external audit being delegated to the Chief Finance Officer who would report any such changes to the Chair of Audit Committee.

60. Audit Committee Work Programme 2020/21

John Scott, Audit Manager:

- a) presented a report to inform members of Audit Committee on the work programme for 2020/21 as detailed at Appendix A
- b) advised that the frequency of meetings had been reviewed and revised to take into account impacts relating to the pandemic and was considered appropriate for 2020/21.

RESOLVED that the contents of the Audit Committee work programme 2020/21 be noted.

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SUBJECT: INFORMATION MANAGEMENT UPDATE

DIRECTORATE: CHIEF EXECUTIVE AND TOWN CLERK

REPORT AUTHOR: SALLY BROOKS, DATA PROTECTION OFFICER (DPO)

1. Purpose of Report

- 1.1. To update the committee on Information management progress. This includes monitoring of the council's compliance with data protection legislation including the General Data Protection Regulation (GDPR) and the Data Protection Act 2018 (DPA).

2. Background of Reporting

- 2.1. Reports are submitted on a bi-annual basis given the work completed in implementation of the GDPR in May 2018 and compliance becoming business as usual for the council. Due to the coronavirus pandemic a report has not been provided since September 2019.
- 2.2. In March the Information Commissioner's Office (ICO) confirmed that delays on data protection requests were understandable during the pandemic when resources were focused elsewhere on the response and that they would take this into account in any enforcement action.
- 2.3. Information management resources have been utilised in the governance arrangements surrounding the increased sharing of data required in the response to the pandemic, whilst continuing to ensure data protection compliance.

3. Audit Report and Recommendations

- 3.1 Audit completed a report on Information management and the GDPR in June 19 and gave the council 'substantial assurance' for its Information management and Information governance arrangements.
- 3.2 Good practice identified in the Audit included:-
- Keys roles in the Information management framework are being fulfilled.
 - The council has a full range of Information management policies approved in 2018.
 - The council's website contains comprehensive data protection and privacy notice information. City People (the council's intranet for staff and members) and Netconsent (policy presentation software) hold the policies

(enabling them to be readily available) and there is internal communication when it is required.

- The data breach notification process works well. Data breaches do occur and all are investigated to determine the cause, contain the loss and identify improvements.
- Progress is monitored by the Information Governance Board and Audit Committee.

3.3 Audit made a number of recommendations for improvements with those outstanding at the last report before committee being;

- The IG/GDPR Action Plan to be replaced by an IG Risk Register. Consider whether the IG Strategy 2017/19 is to be reviewed and updated.
- Present a summary of the annual Information Asset Owner (managers/team leader) checklist issues to the IG Board and the SIRO.
- Highlight and communicate lack of uptake of Data Protection Impact Assessment (DPIA's) with IG Board.
- Raise profile of Records Management work to be done with IG Board.

The above recommendations have now been completed and further work planned.

3.4 Information management requires continuous resource to ensure compliance with data protection laws is business as usual for the council.

This includes;

- monitoring training, reviewing procedures/processes, guidance, policies, contracts, privacy notices and sharing agreements,
- processing data protection requests which have increased and become more complex following the GDPR,
- conducting urgent reactive and remedial work such as data breach management, which is subject to strict time limits (72 hours for reports to the ICO),
- increased data protection queries from staff due to the success of the GDPR awareness programme.

3.5 In 2019 there was a significant 172% increase in data protection requests likely due to an increase in public awareness of individual's data rights following implementation of the GDPR.

4. Contracts

4.1 The council has taken a risk based approach to the contracts review project to ensure all contracts with the council's suppliers processing personal data on its behalf include the GDPR clauses. This has been a resource intensive process. Major contacts have now been covered off, as well as contracts where

processors contacted the council, contracts considered high risk as processing sensitive or large amounts of personal data and all new/renewed contracts now include the clauses.

- 4.2 A comprehensive list of contracts was compiled and contract managers were contacted to indicate where personal or sensitive data was being shared to prioritise contracts for amendment. This has resulted in declared existing high risk contracts being identified and covered off. Contracts continue to be reviewed on a case by case basis.

5. Training

- 5.1 Data protection training is a legal requirement under the GDPR and the ICO recommends that this is renewed at least every 2 years and preferably annually for an organisation such as the council. The council renew training annually.
- 5.2 In March 2019 the council had a completion rate for data protection training of 89%.
- 5.3 All new starters receive data protection training on induction. Staff without access to systems and who do not normally handle personal data complete a low risk form.
- 5.4 Training for this year was renewed and issued late December 19. System reports from this month show that 86% of staff have completed this year's e-learning training to date.
- 5.5 Currently 100% is not achievable as the system includes staff on long term leave, councillors who have separate face to face training and recent leavers. Work is being planned to rectify this.

6. Policies

- 6.1 The Information management policies were due for general review in June. The policies are currently in the process of being reviewed although there has been a delay due to the pandemic. The council has also drafted a separate policy for special category, criminal offence data and sensitive law enforcement processing. These policies will be submitted for formal approval by policy scrutiny and executive committee following review.

7. Implementation of Office 365

- 7.1 At the end of June all email accounts were migrated and upgraded to Microsoft Office 365. This will make improvements to information management and conducting complex automated email searches of data for information requests. Relevant staff are due to receive training on this shortly. Information Requests will continue to be resource intensive however as results still need to be considered manually page by page for exempt information to be redacted before disclosure.

8. Increased Home Working

- 8.1 As a result of the coronavirus pandemic more staff have been working from home. This has presented new data protection challenges. Staff were issued with communications containing data protection advice relating to home working and the council's usual policies and procedures have remained applicable. The council have not seen a significant increase in data breaches during this time.

9. Brexit

- 9.1 Following the end of the transitional period the GDPR will be brought into UK law as the 'UK GDPR', but there may be further developments about particular issues such as UK-EU transfers. Unless the EU Commission makes an adequacy decision the UK will become a third country in terms of EU GDPR and transfers into the UK from EEA suppliers to the council will need to be subject to sufficient safeguards such as standard contract clauses. The council have already carried out some preparations identifying applicable processing which is limited. Depending on the outcome of Brexit talks this will need to be monitored and further planning may be required.

10. Annual Governance Statement (AGS)

- 10.1 The AGS status for Information Governance was downgraded from Red to Amber due to progress made in the implementation of the GDPR. IG has since been removed from the AGS although remains to be 'watching item' to be monitored by High Performing Services group.

11. Strategic Priorities

11.1 High performing services

This work ensures that staff are high performing in their collection and processing of customer's data. It also assists to ensure that the council is trusted to deliver the services, and ensures compliance.

12. Organisational Impacts

12.1 Finance (including whole life costs where applicable)

There are no financial implications arising from this report as the resources will come from existing budgets.

12.2 Legal Implications including Procurement Rules

There are no legal implications arising out of this report.

12.3 Equality, Diversity and Human Rights

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination
- Advance equality of opportunity
- Foster good relations between different people when carrying out their activities

There is no impact arising from this report regarding these issues.

13. Recommendation

13.1 To note the content of the report and provide any comment.

Is this a key decision? No

Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

How many appendices does the report contain? None or insert number

List of Background Papers: None

Lead Officer: Data Protection Officer

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AUDIT COMMITTEE

24 SEPTEMBER 2020

SUBJECT: ANNUAL COMPLAINTS SUMMARY REPORT 2019-2020
DIRECTORATE: CHIEF EXECUTIVE AND TOWN CLERK
LEAD OFFICER: JOANNE CROOKES, CUSTOMER SERVICES MANAGER

1. Purpose of Report

- 1.1 To present an annual complaints report including reference to the Annual Review of Local Authority Complaints issued by the Local Government and Social Care Ombudsman (LGSCO) and detail of the decisions of the Housing Ombudsman.
- 1.2 To report on the overall number of complaints received by the Council on a Directorate basis for the full year 2019-2020, including response times and the percentage of complaints which are upheld.

2. Background

- 2.1 The council's complaints procedure includes two levels in response to formal complaints. Once the complaint has been considered and responded to by two separate officers the complainant is advised that if they are not satisfied with the final response, they can seek redress from the LGSCO. The LGSCO will investigate both the merits of the complaint and the way that the council dealt with it.
- 2.2 Complaints relating to the landlord function of the council, as a provider of social housing, are escalated to the Housing Ombudsman Service (HOS). The HOS have introduced the role of "designated persons" (i.e. members of parliament, local councillors and designated tenant panels) into the complaints process. Therefore, specific landlord related complaints have an additional layer in the complaints process.
- 2.3 There is no published time target for the handling of complaints. However, resolution times are recorded and reported to Departmental Management Teams (DMTs). Staff are encouraged to seek solutions at the first point of contact or otherwise resolve the issue at the earliest opportunity. This helps to prevent simple complaints escalating.

3. Internal Formal Complaints

- 3.1 The number of complaints received over the year has increased slightly, on the back of several years where the number was reducing, but the total is still relatively low. Please see the figures in the table below at 3.3
- 3.2 There has been a slight decrease in the amount of time it is taking officers to

respond to complaints over the previous year. The average response time over all four directorates is 7.4 days. This remains well within the Local Government and Social Care Ombudsman (LGSCO) guidelines. In their published best practice guidance for the public on how to complain, it indicates that local authorities should reply to customers within a reasonable time which should normally be within 12 weeks.

3.3

Year	Number of complaints	Average response time
2015-2016	378	6.0 days
2016-2017	368	7.0 days
2017-2018	361	6.2 days
2018-2019	291	7.6 days
2019-2020	338	7.4 days

4 Breakdown of Complaints

4.1 Of the 338 complaints received for 2019-2020 the broad categories they relate to are set out in the table below. The figures for the previous 2 years are included for comparative purposes.

4.2

Service area or responsibility	2017-2018	2018-2019	2019-2020
Responsive repairs	71	43	96
Tenancy issues	51	35	63
Council Tax / NNDR	30	26	36
Housing Solutions	41	46	34
Housing Investment	41	26	20
Parking	23	25	18
Community Services	17	19	13
Benefits	9	9	12
Events	6	10	9
PPASB service	6	4	8
Planning and building control	13	7	7
Recreation and Leisure	6	7	7
Environmental Health	4	3	5
Democratic Services	2	3	3
Major developments	5	9	2
Private Housing	5	2	2

Customer Services	5	8		2
Licensing	1	0		1
Market and Cornhill area	1	3		0
Bus Station	16	3		0
Legal Services	4	3		0
Finance	3	0		0
Bereavement Services	1	0		0
Total complaints	361	291		338

- 4.3 Upheld complaints: Of the 338 complaints responded to in 2019-2020, 40% (134) were upheld. This is a small increase on the percentage upheld in the previous year which was 34%. In instances where a complaint is upheld customers are offered an explanation and an apology. Additionally, the officer upholding the complaint completes a feedback form for the directorate complaint monitoring officer outlining lessons learned, training needs and any recommended changes to procedures.
- 4.4 The lessons learned are reported through each DMT by the Directorate monitoring officer. DMT are therefore fully aware of the complaints received and where any changes to procedure are required or potential policy developments are needed these are discussed and taken forward as appropriate.

5. Local Government and Social Care Ombudsman Annual Review Report

- 5.1 The LGSCO Advice team provides comprehensive information and advice to both the public and local authorities on complaints. It also produces an annual review of local government complaints which includes an overview of trends, followed by statistical tables detailing the numbers of complaints received from each local authority area broken down into general service areas.
- 5.2 The second data set details the number of decisions made and the outcome of those complaints which the LGSCO has undertaken to investigate fully. In terms of outcome the only data published is whether the investigation has led to the complaint being upheld or not upheld. Details of the complaints themselves, the decision and any recommendations are now only available in the form of individual published decisions as they are released throughout the year.
- 5.3 In the year to 31 March 2020 the LGSCO made decisions on 14 new complaints about City of Lincoln Council services. This represents an increase on the previous year, which saw only 11 complaints moving to the Ombudsman stage.

The general service areas of these were as follows:

Service Area	2018- 2019	2019-2020
Environmental Services	4	4
Housing	3	4
Revenues and Benefits	2	4
Corporate Services	1	1
Highways and Transport	0	1
Planning and Development	1	0
Totals	11	14

- 5.4 Three of these complaints were referred back for local resolution: These had not been through our own complaints procedure and we had therefore not had the opportunity to investigate or resolve the complaint before the customer involved a third party in the issue. In effect they are not LGSCO complaints.
- 5.5 Four of the complaints were closed after initial enquiries: These complaints are where the Ombudsman has decided that it could not or should not investigate the complaint; usually because the complaint is outside LGSCO's jurisdiction and they cannot lawfully investigate it. The early assessment of a complaint may also show there was little injustice to a complainant that would need an LGSCO investigation of the matter, or that an investigation could not achieve anything, either because there was no fault, or the outcome a complainant wants is not one that the LGSCO could achieve, for example overturning a court order.
- 5.6 In three cases there was advice given: These are cases where the LGSCO would not look at a complaint because they had previously looked at the same complaint from the complainant, or another complaint handling organisation or advice agency was best placed to help them.
- 5.7 Four complaints were deemed appropriate for the jurisdiction of the LGSCO and were investigated. This compares with three investigations undertaken in the previous year.
- 5.8 Of the investigated complaints none were upheld. This is reported as an "Uphold rate" of 0%.

6. Housing Ombudsman Service Complaints

- 6.1 Tenancy related complaints i.e. those which are classed as a landlord function, are now referred to The Housing Ombudsman Service (HOS), rather than being dealt with by the LGSCO.
- 6.2 In 2019-2020 there were no complaints investigated by the HOS, this compares to 3 in the previous year.

7. Complaint Trends

- 7.1 In the full year to 31 March 2020 there has been a small increase in the number of complaints received compared to the previous year, however they still number less than the 3 years before that.

- 7.2 Complaints about Repairs and the Housing Repairs Team have increased significantly in the last 12 months. They are our most common complaint. Last year the number of complaints about repairs was 43 which was a reduction on the previous year, however the reduction has not been maintained.
- 7.3 Complaints about Tenancy Services have also increased, from 35 to 63. There does not appear to be a theme to these complaints. Complaints about housing allocations and investment programmes have decreased.
- 7.4 Other areas which have seen small increases include Public Protection and Anti-Social Behaviour (PPASB), Council Tax and Benefits, but the numbers remain small and do not reveal any major issues.
- 7.5 There have been decreases in complaints about Parking, Customer Services, major developments and private housing.

8. Compliments

- 8.1 On a more positive note, despite the current challenges and pressures, the council continues to receive several compliments from the public. These tend to acknowledge the professionalism of staff and occur across all service areas. Residents often take the time to appreciate the care and consideration demonstrated by our staff.

9. Organisational Impacts

- 9.1 Strategic Priority: High Performing Services
- 9.2 Finance – There are no direct financial implications arising from this report
- 9.3 Legal – There are no direct legal implications arising from this report
- 9.4 Equality and diversity – All complaints forms include an equality monitoring form and form part of the corporate monitoring of access to our services
- 9.5 Community engagement and communications. We welcome feedback from customers and clearly promote the Complaints procedure on our website and in our public buildings

10. Recommendation

To consider and comment on the complaints report for 2019-2020

Is this a key decision?	No
Do the exempt information categories apply?	No
Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?	No
How many appendices does the report contain?	None
List of Background Papers:	None

Lead Officer: Joanne Crookes
Telephone 01533 873407

SUBJECT: INTERNAL AUDIT PLAN – 2020/21

DIRECTORATE: CHIEF EXECUTIVE AND TOWN CLERK

REPORT AUTHOR: JOHN SCOTT, AUDIT MANAGER

1. Purpose of Report

1.1 The Internal Audit Section works to an annual plan which is agreed by the Audit Committee and Senior Management.

2. Background

2.1 The plan has been developed using a combination of:

- the Council’s Combined Assurance Model
- an assessment of risk - based on the significance and sensitivity of key activities
- consultation with Senior Management
- issues raised by the Audit Committee

3. Internal Audit Plan 2020/21

3.1 Using the Combined Assurance Model helps streamline and avoid duplication of effort where assurances can be drawn from other sources. The Combined Assurance Model provides coverage of all areas – not just those from Internal Audit.

3.2 Our planning work takes into account the relative risks of the activity. We take account of combined assurance outcomes. We also undertake cyclical work on due diligence areas particularly around financial and governance systems.

3.3 Internal Audit continues to have the right to conduct its own assurance activity freely and independently to meet its role and remit – even if there appears to be a good level management or alternative assurance in place.

3.4 Attached is the revised Draft Internal Audit Plan for 2020/21– Appendix A

3.5 We have consulted with management over the Draft Audit Plan.

3.6 The Internal Audit Plan should focus on the key risks facing the Council and is adequate to support the Head of Audit opinion. The plan should achieve a balance between setting out the planned work for the year and retaining flexibility to changing risks and priorities during the year. This is undertaken through a regular review of any changing activity and risks. The audit resources are sufficient and compare adequately with others. We use external auditors / consultants as required to fill any gaps - mainly ICT security specialists.

3.7 The Internal Audit Plan, together with our combined assurance work, enables us to provide an annual internal report and opinion around governance, risk and control.

4 Impact of Covid-19

4.1 We have revised the audit plan to take account of resources available for the remainder of 20/21 commencing 1st September 2020. Between April and August 2020, audit resources were re-prioritised to respond to the COVID pandemic.

The revised plan focuses on core financial audits and other key areas, including COVID assurance, to enable internal audit to provide an annual opinion on the governance, risk and control environment at the year end. As part of the accounts and audit regulations the Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes.

4.2 The revised plan retains key financial system audits, and a reduced level of Directorate audits which should mean that teams are not significantly impacted.

4.3 The audits being postponed are:

- Scrutiny Function
- Elections
- MTFS - Covered under COVID-19 Audit
- Housing Void Management
- Housing Repairs - New System of Responsive Repairs Project
- Housing Investment - Management of Risk of Sub-Contractors
- Housing Strategy
- Planning Heritage - High Streets Heritage Action Zone (HAZ) project
- Disabled Facilities Grant
- Visitor Information- Integration of the Visitor Information Service
- Bereavement services - redevelopment project
- Identity Fraud
- Project/Programme Management– Vision 2025

4.4 Internal audit has altered its coverage to address the risks presented by the COVID-19 health and financial crisis and take account of reduced audit capacity.

Internal audit will continue to employ its combined assurance methodology to assess risks and issues across the whole organisation including COVID risks.

Internal audit has adapted to a remote workplace environment, and audits will take place remotely where required.

Internal audit continues to emphasise its commitment to quality and conformance.

The impacts from the pandemic will likely last well into 2021. Internal audit is assessing the risks and planning audit coverage for the current year and 2021.

5. Strategic Priorities

5.1 High Performing Services

The Internal Audit Service and Plan contributes to the Council's strategic priorities, by helping to manage risk and achieve its objectives.

6. Organisational Impacts

6.1 Finance (including whole life costs where applicable)

As part of the budget review undertaken to identify resources to be used to offset the financial pressures the council is facing due to Covid, the audit budget has been reduced by £9,000. This saving has been identified from within staffing budgets due a vacant post in the Audit Team.

6.2 Legal Implications including Procurement Rules

The Accounts and Audit Regulations require a local authority to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.

7. Recommendation

7.1 Audit Committee is asked to agree the draft plan, identifying any amendments which it considers appropriate.

Is this a key decision?	No
Do the exempt information categories apply?	No
Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?	No
How many appendices does the report contain?	One
List of Background Papers:	None

Lead Officer:

John Scott, Audit Manager
Telephone (01522) 873321

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Appendix A

For all your assurance needs

City of Lincoln Council

Revised Internal Audit Plan 2020/21



What we do best

Innovative assurance services

Specialists at internal audit

Comprehensive risk management

Experts in countering fraud

26

..... 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

Contents



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27
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	Page
Introduction	1
Internal Audit Strategy	1
Draft Internal Audit Plan	3
Working Protocol & Performance	6
Quality Assurance Framework	7
Staffing and Fees	8
Appendices	
Appendix A – Draft Internal Audit Plan	9
Appendix B – Auditable Areas	16



Introduction

1. Internal Audit is a statutory service required under the Account and Audit Regulations 2015¹. We provide independent assurance designed to add value and improve how the Council operates. We help the Council achieve its priorities and objectives by bringing a systematic, disciplined approach to evaluate and improve the management of risk, control and governance processes of the Council.
2. This report sets out the revised Internal Audit plan taking account of Covid-19. We have revised the audit plan to take account of resources available for the remainder of 20/21 commencing 1st September 2020. Between April and August 2020, audit resources were re-prioritised to respond to the COVID pandemic. The revised plan focuses on core financial audits and other key areas, including COVID assurance, to enable internal audit to provide an annual opinion on the governance, risk and control environment at the year end. Where changes have been made to the plan these are indicated on the Plan Annex.
3. Our work is carried out in conformance with the UK Public Sector Internal Audit Standards. These require that the scope of Internal Audit covers the whole range of the Council activities – seeking to provide an annual internal audit opinion on the governance, risk and internal control environment of the Council which has been established to:
 - Achieve strategic objectives
 - Ensure effective and efficient operational systems and programmes.
 - Safeguard assets and interests of all kinds (including risks that relate to work it undertakes through partnerships)
 - Ensure the reliability and integrity of financial and operational information.

- Ensure economic, efficient and effective use of council resources.
- Ensure compliance with established policies, procedures, laws, regulations and contracts.

Our Internal Audit Strategy

4. It is important that the Internal Audit function focusses its work on what matters most to you – providing insight, assurance and added value to the Council.
5. Our internal audit activity and plan has been driven by the Council's key objectives within the corporate plan, your key risks and critical service areas identified as part of the Combined Assurance Map.
6. Our aim is to align our work with other assurance functions – seeking to look at different ways of leveraging assurance to help us to maximise the best use of the Internal Audit resource and other assurance functions in the Council.
7. By adopting this approach it is possible to give the Council comfort that there is a comprehensive risk and assurance framework with no potential gaps. Internal Audit are then able to use our audit planning tool to target resources. This will to minimise duplication of effort through sharing and coordinating activities with management and other management oversight functions.

¹ The Account and Audit Regulation 2015 state that 'A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes – taking into

account public sector internal auditing standards or guidance'. The work of internal audit provides a substantial element of this requirement – in conjunction with the Audit Committee and Management.

8. We have identified the level of assurances in place by using the "Three lines of assurance" model – See **Figure 1**.
9. **Figure 2** shows the overall assurance levels on the Council's critical service areas / activities as at January 2020.

Figure 1 – Three Lines of Assurance Model

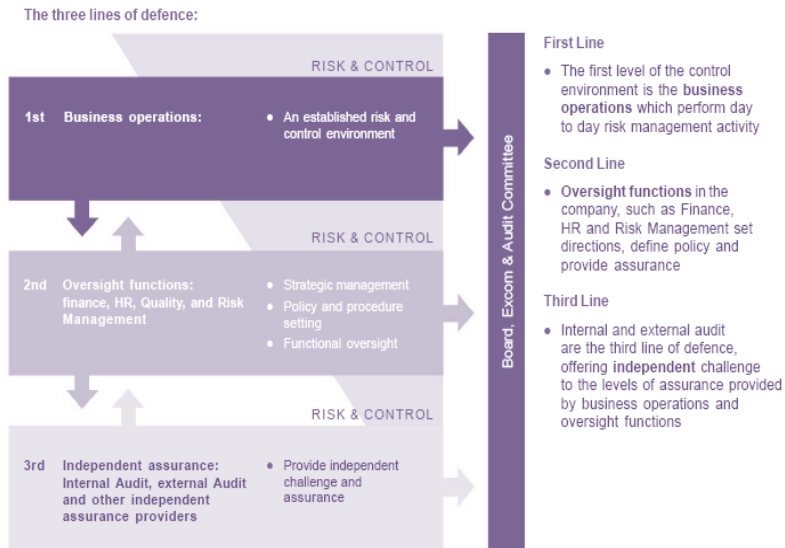
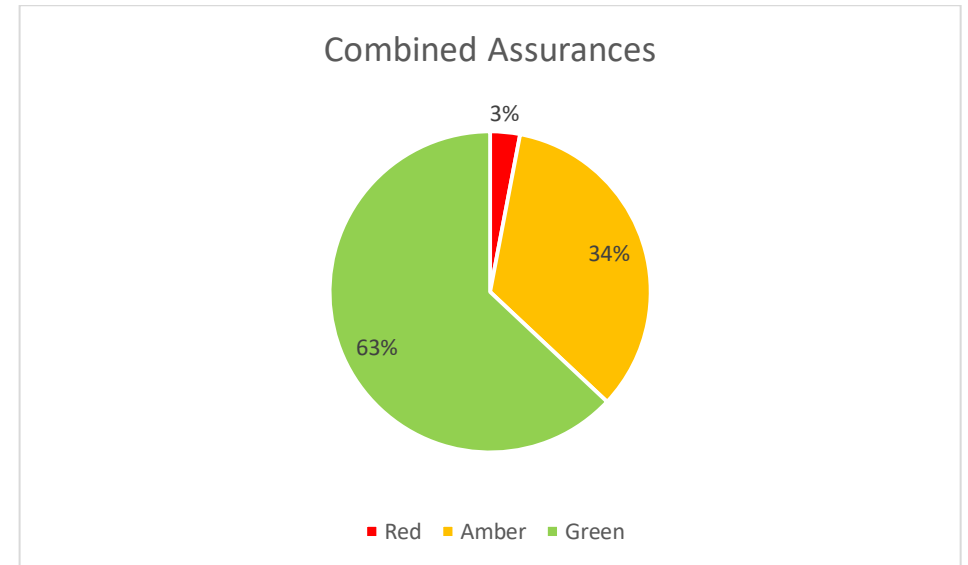


Figure 2 –Your Assurance Status

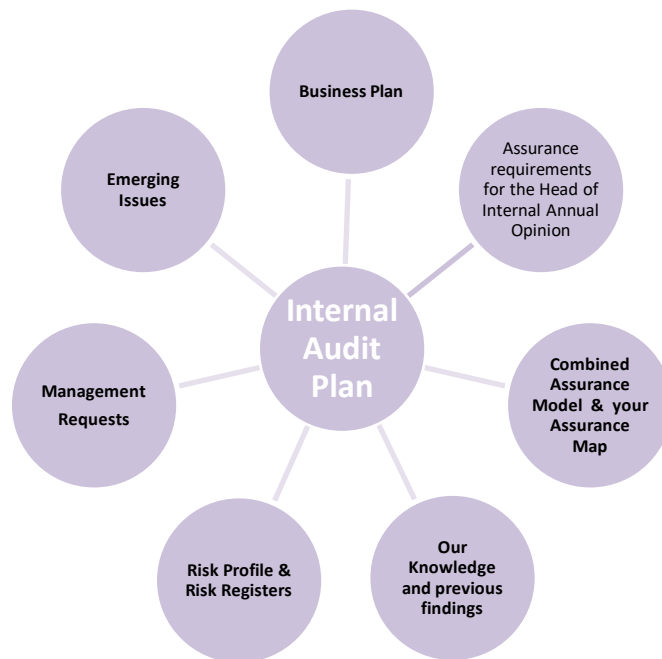


10. Our Internal Audit Strategy also seeks to co-ordinate our work with other assurance providers where we can. In particular we liaise with External Audit to ensure the Council gets the most out of its combined audit resource – keeping audit fees low.

How we choose what we look at?

11. Various sources of information help inform our plan (see **Figure 3** below)

Figure 3 – Sources of information considered when developing Internal Audit activity



12. We prioritise our audit work taking into account the following considerations:

- **Significance** - how important is the activity to the Council in achieving its objectives, key plans and in managing its key risks. We look at both financial loss and strategic impact.
- **Sensitivity** - how much interest would there be if things went wrong and what would be the reputational and political impact.
- **Level of Assurance** – we assess the current level of assurance evaluating reliability and contribution to the Head of Internal Audit annual opinion on governance, risk and control.
- **Timescales** – when it will happen (this will determine when is the best time to do the Audit).

13. All potential pieces of audit work have been evaluated and the resources available mean that not all areas will be audited in a 12 month period. Each of the areas we propose to review are detailed in **Appendix A**. Information on other potential audit areas is provided in **Appendices B** for information.

Our Audit Focus for 2020/21

In the following tables we provide information on key audit areas and the rationale for their inclusion in the audit strategy and plan.

Area	Reason for inclusion in the Internal Audit Strategy and Plan
Financial Governance	<p>Providing assurance that key financial controls are in place and operating effectively during the year across all areas of the Council. This work provides the Section 151 Officer with a key element of his assurance that the Council has effective arrangements for the proper administration of its financial affairs.</p> <p>The areas proposed are;</p> <ul style="list-style-type: none"> Finance and Accounting/ Creditors / Debtors/ Revenues – NNDR / Revenues – Ctax/ Housing Benefit & CT Support/
Governance & Risk	<p>Providing assurance that key governance controls are in place and are operating effectively. These cross cutting audits focus on the Council's second line of assurance - corporate rather than service level systems.</p> <p>The areas proposed are;</p> <ul style="list-style-type: none"> Business continuity/IT Disaster Recovery/ Partnerships/ counter fraud / governance and risk

Area	Reason for inclusion in the Internal Audit Strategy and Plan Area
Critical Activities	<p>The combined assurance work undertaken has identified some critical activities where a potential audit would provide independent assurance over the effectiveness of risk management, control and governance processes.</p> <p>The areas proposed are;</p> <ul style="list-style-type: none"> Health and Safety / Growth & Regeneration / ICT
Project Assurance	<p>There have been a number of critical projects identified by the Council. We will seek to provide assurance around their successful delivery (on-time – within budget – deliverables achieved and benefits realised).</p> <p>With limited resources this year, we will review the outcome of the project management PIR</p>

Our Internal Audit Plan

32

Area	Reason for inclusion in the Internal Audit Strategy and Plan
ICT/IMT	<p>Technology and associated threats and opportunities continue to evolve at a pace. The effectiveness of IMT has a great impact on how well the Council works. We will seek to provide assurance that key controls comply with industry best practice and are operating effectively. Audits planned come from previous year assessments and our awareness of current IMT risks. We use external specialists for part of this work.</p> <p>The detailed IMT audit plan will be agreed once the Combined Assurance work is completed</p>
Follow Up	<p>Where an audit receives a Limited or Low Assurance level we will carry out a follow up audit to provide assurance that the identified control improvements have been effectively implemented and the risks mitigated.</p> <p>Working with management and the Audit Committee we also track the implementation of agreed management actions for all audit reports issued. We follow up and obtain evidence for high priority recommendations.</p>
Combined Assurance	<p>Working with management we co-ordinate the levels of assurance across the Council's critical activities, key risks, projects and partnerships – producing a Combined Assurance Status report in February 2021.</p>

Area	Reason for inclusion in the Internal Audit Strategy and Plan
Consultancy /VFM / No-Opinion Reviews	<p>At the request of management we undertake specific reviews where they may have some concern or are looking for some advice on a specific matter or around governance, risk and controls for a developing system. Such reviews are not normally given an audit opinion.</p>
	<p>14. For 2020/21 the Council's Internal Audit Plan is 224 Days – including 40 days for testing of the Housing Subsidy claim on behalf of External Audit. The Internal Audit team also provide 145 audit days for Boston Borough Council (these days are also being revised downwards for 20/21)</p>
	<p>Annual Internal Audit Opinion</p> <p>15. We are satisfied that the level and mix of resources - together with the areas covered in the plan - will enable the Head of Internal Audit to provide their annual internal audit opinion.</p>

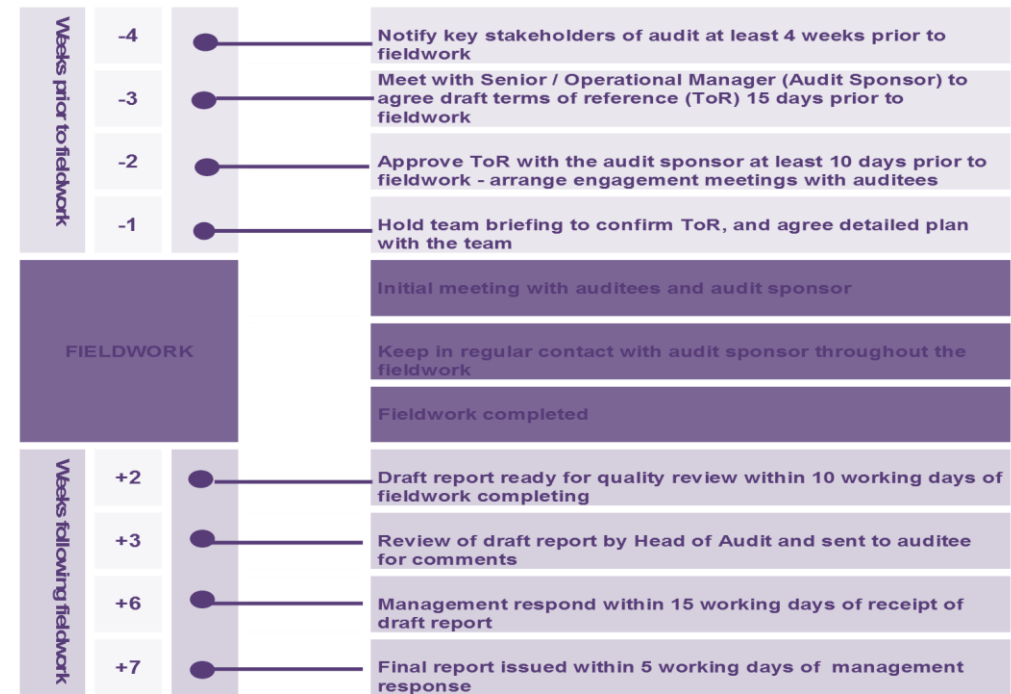
16. Our approach to delivering of internal audit work is based on a clear protocol detailed in the Audit Charter. How this works in practice is set out opposite.

17. Our performance is monitored by the Section 151 Officer and the Audit Committee - measured against 3 key areas:

- Delivery of planned work.
- Timeliness (contemporary reporting).
- Quality and Impact of work (communicating results / added value).

21. Strong communication is fundamental to quality delivery and maintaining trusting relationships. We keep management informed in accordance with agreed protocols including:

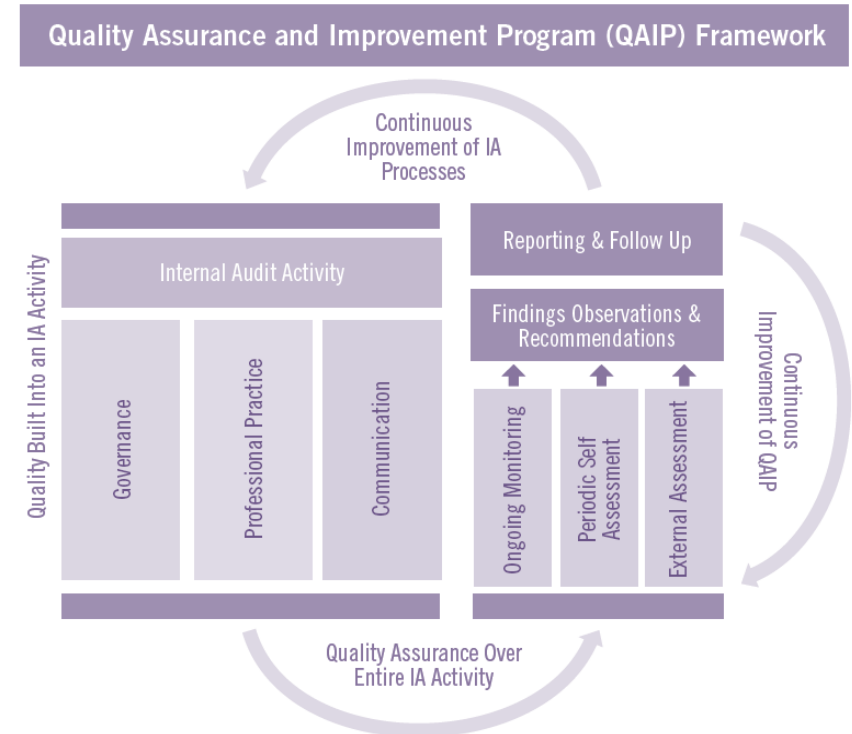
- agreeing potential audit work for the forthcoming year
- providing quarterly updates to evaluate progress and discuss activities and priorities for the next quarter.
- for individual audit engagements we hold planning meetings in person (our preference) by phone or email to discuss and agree the terms of reference and scope of our work..
- we keep you informed of key findings during the audit and upon conclusion we hold a debrief meeting in person to discuss our findings and any outstanding issues.



- We communicate the results of our audit work in a clear and concise way – securing management action where control improvements are needed.
- We support Senior Management in attending the Audit Committee where a Limited or Low Assurance level has been given against the activity or where agreed actions are overdue..

22. Quality is built into the way we operate – we have designed our processes and procedures to conform to best practice applicable to Internal Audit – in particular the UK Public Sector Internal Audit Standards and the CIPFA Local Government Application Note.
23. Our audit team offers a wide depth of knowledge and experience gained across different organisations. We promote excellence and quality through our audit process, application of our Quality Assurance Framework and our training and development programme.
24. Our Quality Assurance Improvement Programme incorporates both the internal (self) and external assessments – this is a mandatory requirement and the Head of Audit reports annually on the results and areas for improvement. Our internal assessments must cover all aspects of internal audit activity – **Figure 4** shows how we structure our internal assessments to ensure appropriate coverage.
25. We use a number of ways to monitor our performance, respond to feedback and seek opportunities to improve. Evidence of the quality of our audits is gained through feedback from auditees and the results of supervision and quality assurance undertaken as part of our audit process.
26. Our Internal Audit Charter sets out the nature, role, responsibilities and authority of the Internal Audit service within the Council – this was approved by the Audit Committee

Figure 4 - Scope of Quality Assurance Improvement Programme



Your Internal Audit Team

27. Your Internal Audit Team will be led by John Scott (Audit Manager), supported by Paul Berry (Principal Auditor) and Karen Atkinson.
28. The team will be supported by specialists from Assurance Lincolnshire and our wider audit framework as and when appropriate.
29. An indicative staff mix delivering our Internal Audit service to you is shown below (original year days*):

Grade	2020/21 (days)	Grade Mix (%)
Head of Internal Audit	143*	36
Principal Auditor	143*	36
Senior Auditor	104*	26
ICT Consultant	10*	2

Conflicts of Interest

30. Internal Audit remains sufficiently independent of the activities that it audits to enable auditors to perform their duties in such a way that allows them to make impartial and effective professional judgements and recommendations.
31. We are not aware of any relationships that may affect the independence and objectivity of the team and which are required to disclose under the internal auditing standards.

Appendix A - Draft Internal Audit Plan

Audit Area	Assurance Sought	Assurance Map RAG rating	Internal Audit Risk Assessment (See Notes)**	Risk Register SRR (All); DRR(Red):FRR	Corporate Priority Vision 2020/2025	Management Request	Internal Audit Priority
Critical Activities							
Chief Executive							
COVID-19 (25)	Assurance work around the impacts of COVID. Scope of work to be agreed.	N/A	Red				
Finance and Accounting (5)	Key controls (budgetary control)	Amber	Fin/Gov				
Creditors (7.5)	Risk based audit	Amber	Fin/Gov				
Debtors (7.5)	Risk based audit	Green	Fin/Gov				
Business continuity/IT Disaster Recovery (5)	BC/ITDR follow up of previous audit in 2017/18	Amber	Red (12)				
Revenues - NNDR (10)	Risk based audit	Green	Fin/Gov				
Revenues - CTax (5)	Risk based audit (key controls)	Green	Fin/Gov				
Housing Benefit & CT Support (10)	Risk based audit + UC + Welfare advice	Green	Fin/Gov				
Partnerships (3)	Annual Assurance report to Audit Committee	Amber	Fin/Gov				

Appendix A - Draft Internal Audit Plan

Information Management and Technology (IMT) (CX Responsibility, currently line managed by the Strategic Director - Housing and Investment)							
<p>ICT Audit (18)</p>	<p>Revised from 30 to 18* days</p> <p>Coverage to be determined following completion of a new ICT Assurance Map.</p> <p>We will seek to provide assurance that key controls comply with industry best practice and are operating effectively.</p> <p>Possible areas:</p> <ul style="list-style-type: none"> • Major IT Infrastructure Project – Delivery / Outcomes • *Roles/Responsibilities • *IT Security • *Programme/project man + Office 365 • Risks/changes since COVID 	<p>Amber/ Green</p>	<p>TBC</p>				

Appendix A - Draft Internal Audit Plan

Audit Area	Assurance Sought	Assurance Map RAG rating	Internal Audit Risk Assessment (see Notes)**	Risk Register SRR (All); DRR(Red);FRR	Corporate Priority Vision 2020	Management Request	Internal Audit Priority
Strategic Director - Housing and Investment							
De Wint Court (2)	Operational risks linked to the project Revised to (2) days from (10) to support the risk assessment process						
Strategic Director – Communities & Environment							
Health and Safety (5)	Risk Assessments - management oversight & authorisation	Green	Amber(10)				
Consultancy	Rogue Landlord project (resource to be allocated)					Yes	

Appendix A - Draft Internal Audit Plan

Audit Area	Assurance Sought	Assurance Map RAG rating	Internal Audit Risk Assessment (see Notes)**	Risk Register SRR (All); DRR(Red):FRR	Corporate Priority Vision 2020	Management Request	Internal Audit Priority
Major Developments Directorate							
Growth & Regeneration (3) (Was 10)	Strategy, projects, inward investment (Includes Town Investment Plan)	Green	Red(12)				
Wester Growth (10)	Western Growth Corridor (c/fwd from 19/20)	Amber	Red(12)				
Financial Governance							
Counter Fraud (3)	We will continue to liaise with the Lincolnshire Counter fraud partnership, engage with NFI and build on work from Fraud risk assessment, continue to roll out the fraud e-learning training and other specific projects. Revised down from 20 days to 3	Amber	Amber	FRR			
Governance and Risk							
Governance (3)	Annual assurance work focussing on the key elements of corporate governance including the Annual Governance Statement	Amber	Green	SRR			
Risk Management (3)	Annual assurance work focussing on the key elements of risk management.	SA-DD	Green				

Appendix A - Draft Internal Audit Plan

Audit Area	Assurance Sought	Assurance Map RAG rating	Internal Audit Risk Assessment (see Notes)**	Risk Register SRR (All); DRR(Red):FRR	Corporate Priority Vision 2020	Management Request	Internal Audit Priority
Other Projects (0)							

Appendix A - Draft Internal Audit Plan

Audit Area	Assurance Sought	Assurance Map RAG rating	Internal Audit Risk Assessment (see Notes)**	Strategic Risk Register	Corporate Priority	Management Request	Internal Audit Priority
Consultancy /VFM / No-Opinion Reviews							
Key Control Testing							
Key Control Testing	Finance and Accounting (See above) Council Tax (See above)		Fin/Gov	Key Control testing is part of our due diligence cyclical work			
Sub Total Days Allocated	125 was 247						

Appendix A - Draft Internal Audit Plan

Other Relevant Areas	Assurance Sought	Assurance Map RAG Rating	Internal Audit Risk Assessment	Strategic Risk Register	Corporate Priority	Management Request
Audit follow up work (3)	To provide management with assurance that actions from previous key audits have been implemented and this has led to improved outcomes. Revised from 10 to 3 days	N/A				
Combined Assurance (10)	Completing the integrated assurance mapping process for the Council by helping to map assurance against critical activities and key risks. Helping coordinate the development of the annual status report.	N/A				
Audits brought forward and Contingency (20)	Completion of 2019-20 audits (was 30 days)	N/A				
Sub Total Days Allocated	33 days (was 50)					
Advice and liaison, management, reactive investigations - (10 was 35)		N/A				
Annual Internal Audit Report – (3)		N/A				
Audit Committee – (10 was 20)		N/A				
Review IA Strategy and Planning – (3 was 5)		N/A				
Sub Total Days Allocated	26 days (was 63)					
Audit Plan - Total		184 days				
Housing Benefit Subsidy		40 days				
Total planned days		224 days				

Appendix B- Auditable Areas

Service Area / Auditable Area (DD = Due Diligence)	Last audited	Last Opinion	Assurance Map Rating (2020)	Audit Risk Assessment (2020)	2020/2021 Plan	Comments	Days
Chief Executive							
City Solicitor							
Legal	2012/13		Green	Amber(10)			
Scrutiny			Green	Amber(8)			
Electoral Services (electoral registration & elections)		N/A	Green	Amber (9)			
Democratic Services			Green	Amber (8)			
Members/member development			Amber	Amber(9)			
Ethics & Culture	2019/20	N/A	Amber	Amber (9)			
Civic and twinning			Green	Green (6)			
Payroll	2019/20	Subs	Green	Fin/Gov			
Procurement	2018/19	Subs	Amber	Fin/Gov			
HR	2019/20	Subs	Green	Amber			
Workbased Learning / Apprentices			Amber	Amber			
Chief Finance Officer							
MTFS							
Finance and Accounting (VAT – 2010/11)	2016/17	High	Amber	Fin/Gov	Yes	Key controls	5
Income / Bank	2018/19		Green	Fin/Gov			
Treasury Management	2019/20	Subs	Green	Fin/Gov			
Insurance	2011/12		Green	Fin/Gov			
Creditors	2017/18	Subs	Amber	Fin/Gov	Yes	Risk based audit	7.5
Debtors	2017/18	High	Green	Fin/Gov	Yes	Risk based audit	7.5
Risk Management	2019/20		Green	Fin/Gov	Yes		3
TOFS (Incl Commercialism)	2019/20		Amber	Amber(11)			
Counter Fraud	2019/20		Amber	Fin/Gov	Yes		
Property Services (A/D, rent, leases)	2018/19*		Amber	Amber(8)			

Appendix B- Auditable Areas

44

Service Area / Auditable Area (DD = Due Diligence)	Last audited	Last Opinion	Assurance Map Rating (2020)	Audit Risk Assessment (2020)	2020/2021 Plan	Comments	Days
*Commercialisation (18/19) *Lease income and managed workspaces*(18/19)		Sub High					
Small Business support (Incl MWS)	2018/19*	High	Green	Green (5)			
Facilities management	2010/11		Amber	Amber(9)			
Corporate Asset management (asset acquisition/commercialisation)	2017/18 2018/19	Subs	Amber	Amber (8)			
Grey friars (project)* <i>Not yet approved</i>			Green	Red 12			
Business Continuity	IT DR*		Amber	Red (12)	Yes	BC/ITDR follow up	5
Revenues - Shared Service	2016/17	Subs		Amber (11)			
Revenues- NNDR	2017/18	High	Green	Fin/Gov	Yes	Risk based audit	10
Revenues-CTax	2017/18	Subs	Green	Fin/Gov	Yes	Risk based audit	5
Revenues-Recovery	2016/17	Subs	Green	Fin/Gov			
Housing Benefit & CT Support	2017/18	Subs	Green	Fin/Gov	Yes	Risk based audit + UC + Welfare advice	10
Policy							
Business Strategy / Vision 2025/One Council	2018/19	Subs	Green	Red(12)			
Service planning			Amber	Amber (9)			
Corporate Governance (AGS/Code)			Green	Fin/Gov	Yes	Conuslt	
Performance management	2019/20	Current	Green	Fin/Gov			
Project /Programme management	2019/20	Limited	Amber	Red (12)			
Corporate social responsibility			Green	Green(5)			
Social Policy (Anti-Poverty / Community Cohesion)			Green	Green(3)			
Consultation and community engagement			Green	Amber (8)			
Partnership management	2019/20	Current Consult	Amber	Fin/Gov	Yes	Assurance to Audit Committee	3
Lincoln Lottery	2018/19	Consult	Green	Green (5)			
Equality and Diversity			Green	Amber(10)			
Strategic information analysis			Green	Green(6)			

Appendix B- Auditable Areas

Service Area / Auditable Area (DD = Due Diligence)	Last audited	Last Opinion	Assurance Map Rating (2020)	Audit Risk Assessment (2020)	2020/2021 Plan	Comments	Days
Customer Services							
Customer Services (<i>incl, build security</i>)	2017/18	Subs	Green	Amber(9)			
Workflow			Green	Amber(9)			
Corporate complaints			Green	Green (7)			
Welfare advice			Green	Amber (8)	Yes	See HB audit	
Communications							
Communications			Green	Amber(10)			
Strategic Director – Housing & Investment							
AD Housing Investment & Strategy							
Housing Strategy			Green	Amber(11)			
Resident involvement			Green	Green(7)			
HRA Business plan	2012/13		Green	Red(12)		Review deferred to 20/21. Audit 21/22	
Sincil Bank Regeneration	2018/19	Subs	Green	Amber(9)			
Safety Assurance - *part of planned maintenance Fire safety	2018/19* 2019/20	Subs N/A	Amber	Red(12)			
De Wint Court	2019/20	Current	Green	Project		Risk assessment support	2
AD Housing							
Tenancy Services	2017/18	Subs	Green	Amber(9)			
Leasehold Management			Green	Green(6)			
Void management			Amber	Red(12)			
Rent collection	2019/20	Subs	Green	Fin/Gov			
Homelessness	2019/20	Current	Green	Amber(9)			
Housing Needs (Sheltered/supported)	2011/12		Green	Amber(9)			
Choice based lettings / allocations	2019/20	Current	Amber	Amber(11)			
Control Centre	2016/17		Green	Red(12)		See Combined Assurance	

Appendix B- Auditable Areas

46

Service Area / Auditable Area (DD = Due Diligence)	Last audited	Last Opinion	Assurance Map Rating (2020)	Audit Risk Assessment (2020)	2020/2021 Plan	Comments	Days
Safeguarding	2013/14		Amber	Amber(11)		Adult review in 2019 & Children in 2020	
Right to buy	2018-19		Green	Green (6)			
Investment and Repairs							
Housing Repairs Service (Incl Voids, Fleet, Stores, IT, Rech repairs))	2017/18	Subs	Green	Red (13)			
Housing Investment	2017/18	Subs	Amber	Amber(11)			
BDIT							
Business Development and ICT	2019/20		TBC	Fin/Gov			
Strategy/Roles			Green	Fin/Gov (12)	Yes		3
Infrastructure and assets	2020/21		Amber	Fin/Gov(13)			
IT security	2020/21		Amber	Fin/Gov (11)	Yes	To be agreed	7.5
IT support/helpdesk			Green	Fin/Gov(9)			
Telecoms			Green	Fin/Gov(11)			
Maintenance of systems			Amber	Fin/Gov(12)			
Business development			Amber	Fin/Gov(12)	Yes	To be agreed	7.5
Website	2019/20	Current	Green	Fin/Gov(10)			
Information Governance / GDPR	2018/19	Subs	Amber	Fin/Gov(11)			
Land charges and search fees			Green	Amber (8)			
Strategic Director – Communities & Environment							
Planning Manager							
Joint Strategic Planning	2014/15		Green	Amber(9)			
Development Management	2014/15		Green	Amber(10)			
Planning policy (JSPU)	2014/15		Green	Amber(9)			
Planning (Heritage)			Green	Amber(9)			
Building Control	2012/13		Amber	Amber(11)			
Planning obligations, CIL, S106	2018/19	High	Green	Green(6)			
AD Communities & Street Scene							

Appendix B- Auditable Areas

47

Service Area / Auditable Area (DD = Due Diligence)	Last audited	Last Opinion	Assurance Map Rating (2020)	Audit Risk Assessment (2020)	2020/2021 Plan	Comments	Days
CCTV	2009/10		Green	Amber(11)			
Parks & Open Spaces & Allotments	2012/13		Green	Amber(9)		Hartsholme improvements (2021)	
Boultham Park	2018/19	Subs	Amber	Amber(9)		Lake £1.1M	
Street Cleansing	2015/16		Amber	Red(13)			
Grounds Maintenance	2015/16		Amber	Red (13)			
Refuse and recycling	2015/16		Amber	Red (13)			
Public Conveniences	2017/18	Subs	Green	Green(3)			
Car Parks	2017/18	Subs	Green	Amber(9)			
Bus Station	2017/18	Consult	Green	Amber(8)			
Strategic Waste Management			Amber	Amber			
Allotments			Green	Green(7)			
Non-operational land			Amber	Green(6)			
AD Health & Environmental Services							
Environmental Protection			Green	Amber(8)		Strategy review 2020	
Food safety	2012/13		Green	Amber(9)			
Public Protection	2012/13		Green	Amber(10)			
Licensing	2019/20	Subs	Green	Amber(9)			
Community Centres			Amber	Amber(9)			
Leisure centres	2015/16		Green	Amber(11)			
Health & Safety	2016/17		Green	Amber(10)	Yes	Risk assessments	5
Other public health			Green	Green(7)			
Private Sector Housing DFG, security grants	2017/18	Consult	Red	Red (12)			
Private sector housing – standards/HMO's Follow up	2017/18 2019/20	Limited	Red	Amber (11)			
Private sector housing – empty homes			Green	Amber(8)			
Sport and Leisure (pitches)	2019/20	Current	Green	Amber(8)			
Bereavement services	2014/15		Red	Red(15)			
Visitor information	2014/15		Amber	Amber(11)			

Appendix B- Auditable Areas

Service Area / Auditable Area (DD = Due Diligence)	Last audited	Last Opinion	Assurance Map Rating (2020)	Audit Risk Assessment (2020)	2020/2021 Plan	Comments	Days
Central Market			Green	Green(7)			
Regeneration – Sincil bank project	2018/19		Green	Amber(9)			
Emergency planning			Amber	Amber(11)		See BCP/IT DR	
Major Developments Directorate							
AD Growth							
Growth / Regeneration strategy			Green	Red(12)	Yes		3
Towns fund/Town Investment Planning			Green	Red(13)	Yes		
Housing New Build (Delivery)	2015/16	Subs	Amber	Red(13)			
City Centre vibrancy			Amber	Amber(11)			
Transport/travel			Amber	Amber(11)			
Energy/Climate Strategy			Amber				
Urban Extensions (general)			Amber				
Western Growth Corridor <i>Leisure village sub-project</i>	2019/20		Amber	Red(12)	Yes		10
Other partnership working						Waiting for completion of partnership assurance review	

**Audit Risk Assessment: Takes account of value/volume, audit rating, sensitivity, significance, changes, other assurance

Red: Audit score between 12 and 15
Amber: Audit score between 8 and 11
Green: Audit score between 1 and 7

Appendix B- Auditable Areas

Value / Volume

This assessment is based on either the cost to the council, the volume of transactions that the activity is handling or a combination of the two;

- 0 – Not material
- 1 – Minor importance (up to £100k budget & weekly transactions)
- 2 – Important (up to £1m budget and up to daily transactions)
- 3 – Material (over £1m budget and multiple transactions daily)

Audit rating

- 0 – recent review no significant findings (full / substantial)
- 1 – Recent review with findings (limited)
- 2 – Not recently reviewed (3 years)
- 3 – Recent review – number of significant findings (No assurance)

Sensitivity / Profile (Risk)

This assessment is about the impact if things went wrong, how much interest would there be and how much would this impact on reputation;

- 0 – low (internal system)
- 1 – Medium profile
- 2 – High profile

Significance

This assessment reflects how important the activity is to the authority and its residents;

- 0 – not significant
- 1 – Minor significance
- 2 – Significant
- 3 – Very significant

Changes to people / systems

- 0 – no changes
- 1 – Minor changes
- 2 – Significant changes
- 3 – New system or team

Other assurance

Other assurances we have identified during the mapping process and how much reliance we can place on these;

- 0 – high level of assurance – e.g. Snr mgmt. oversight / management reporting / activities / external review / scrutiny
- 1 – Moderate level of assurance – management assurance
- 2 – Low level of assurance – new area – assurance unknown – emerging risk

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SUBJECT: INTERNAL AUDIT PROGRESS REPORT

REPORT BY: JOHN SCOTT, AUDIT MANAGER

LEAD OFFICER: JOHN SCOTT, AUDIT MANAGER

1. Purpose of Report

- 1.1 To present the Internal Audit Progress Report to Audit Committee, incorporating the overall position reached so far, and summaries of the outcomes of audits completed during the period.

2. Executive Summary

- 2.1 The report highlights progress against the audit plan.

3. Background

- 3.1 A key requirement of public sector internal audit standards is that Internal Audit should report progress periodically to those charged with governance. The Audit Committee has within its terms of reference the responsibility for receiving a regular progress report from Internal Audit on the delivery of the Internal Audit Plan.

3.2 Internal Audit Progress Report

- 3.3 The Internal Audit progress report attached (Appendix A) covers the following areas :-

- Progress against the Plan
- Summary of Audit Work
- Implementation of Audit Recommendations
- Current areas of Interest Relevant to Audit Committee

3.4 Audit Plan 2020-21

- 3.5 In line with the corporate strategy responding to the pandemic, audit resources have been redeployed to deliver key services, supporting business and protecting the most vulnerable.

- 3.6 As a result the 20/21 audit plan has not yet commenced, other than some initial work on housing benefit subsidy testing. The audit team have been supporting business services and grants administration. A much smaller, revised plan has been developed for 20-21 taking account of COVID risks/issues and is being presented in a separate report on the agenda. Sufficient audit coverage will be undertaken to meet statutory responsibilities and provide an audit opinion for 2020-21.

4. Organisational Impacts

4.1 Finance (including whole life costs where applicable)

There are no direct financial implications arising as a result of this report.

4.2 Legal Implications including Procurement Rules

There are no direct legal implications arising as a result of this report.

4.3 Equality, Diversity & Human Rights

There are no direct E and D implications arising as a result of this report.

5. Recommendation

5.1 Audit Committee is asked to note the content of the latest Internal Audit Progress Report, position with the internal audit plan, and consider whether any of the following options are relevant:-

- Report and make recommendations to the Executive if they feel it appropriate.
- Refer any matter under review they feel appropriate to the relevant Portfolio Holder, Scrutiny Chair or Committee.
- Seek responses from Officers on matters arising (written or verbal) to be submitted to the next Audit Committee on any of the issues raised within this report or associated Appendices. Members may further wish to request the presence of the relevant Managers at the meeting to explain performance / specific issues.
- Accept the report and continue to monitor arrangements.

Key Decision No

Do the Exempt Information Categories Apply? No

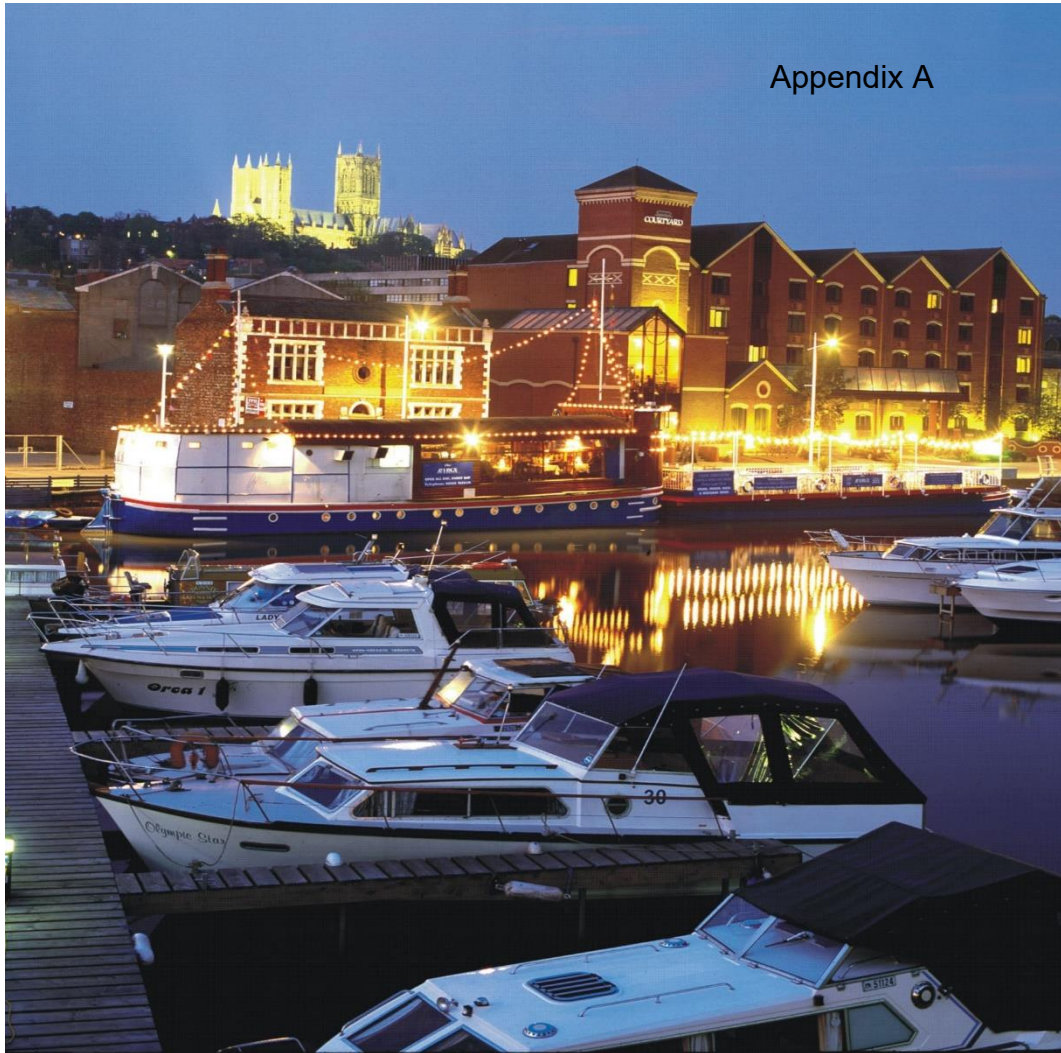
Call in and Urgency: Is the decision one to which Rule 15 of the Scrutiny Procedure Rules apply? No

How many appendices does the report contain? One

List of Background Papers: -

Lead Officer: Audit Manager Telephone 873321

Internal Audit Progress Report



Appendix A

City of Lincoln Council September 2020

Contents

Key Messages Page 2

Introduction
Summary
Assurances

Internal Audit work completed Page 3

Overview of Assurances
Audit Reports at Draft
Work in Progress

Benchmarking Page 8

Key Performance Indicators

Other Matters of Interest Page 9

Appendices Page 10

- 1 Limited Assurance Reports (None)
- 2 Assurance Definitions
- 3 Audit Recommendations
- 4 2020/21 Audit Plan to Date (Covered in next report)

John Scott - Audit Manager (Head of Internal Audit)
john.scott@lincoln.gov.uk

Paul Berry – Principal Auditor
paul.berry@lincoln.gov.uk

This report has been prepared solely for the use of Members and Management of Boston Borough 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 audit work completed
- Advise on progress with the 2020/21 plan
- Raise any other matters that may be relevant to the Audit Committee role

Key Messages

See narrative within the Annual internal audit plan report.

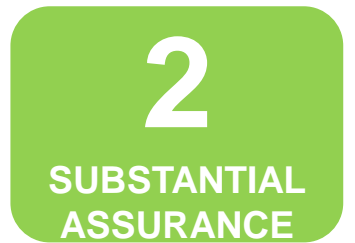
Internal audit work re-commences fully 1st September 2020

Assurances

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

- Homelessness – Substantial
- Housing Allocations - Substantial

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.



Substantial Assurance

Our review of the implementation of the Homelessness Reduction Act has given substantial assurance. We are satisfied that the current controls in place are sufficient, with a few issues identified which require attention.

All the regulatory requirements that have been identified from the change in legislation were found to have been appropriately planned for and integrated into the usual working practices. The Council have been compliant to the Act since inception date and no major issues have been identified or occurred. The Housing Solutions Team (HST) have seen a rise in the number of cases they have to assess for eligibility as well as through the new referral route. From what we have witnessed during our visit is that the team are following the current guidance and are managing well with the increased demand on this service as there is no back log of cases.

We have viewed a selection of the current guidance available to staff to confirm these are compliant to current legislation and guidance. The team have recently conducted a review of the current processes and most of the issues they've identified have been successfully rectified. Following the introduction of the bespoke Database, the amount of paperwork has been reduced as information is able to be input straight onto the system.

The Council have a bespoke IT system called Abris which is a cloud based system used by over 200 other authorities. The system has set questions used during the initial interview to analyse the response to help determine what duty is applicable. Abris can generate a wide range of forms, letters and personal housing plans which allow the team to effectively manage their work. We requested a list of current users with access to the system and staff in other teams, such as Rough Sleepers are also able to view the system, ensuring an integrated way of working. Whilst reviewing the list of users, one person was identified as no longer working for the Council and should have had their access cancelled. This has been noted as an advisory finding to ensure the controls around the system remain secure.

A wide range of training is available to Officers to help them with the issues they may face during cases. Examples mentioned were Domestic Abuse, Suicide, Immigration and benefit training. The staff we encountered were helpful, patient and dutiful during our time with them, and from discussions held we are satisfied that they have received the training they require for the role.

Homelessness

Substantial Assurance

The Abris system has the ability to submit reports directly to MHCLG which they have to do on a regular basis to collate statistical data. The Council has a Homelessness Advise and Support Team (HAST) advisor allocated to them who can view these reports and give guidance and advise based on issues or areas to improve. We were supplied with evidence which confirmed submission of the reports to Central Government. We were also able to review examples of Internal reporting to the Performance Scrutiny Committee, which included performance indicators.

A sample check was performed on 20 cases in total, spanning across the period from July 2019 to December 2019. This ensured we saw a variety of cases, both open and closed as well as different situations and circumstances. We were able to confirm that actions for each case were being completed as expected and the staff were able to show us the system with confidence. There were a low number of cases where we found that the information obtained was insufficient. One area was where documentation initially collected had become out of date but still accepted for a new claim. The other area was around obtaining ID for all applicants where we found one case where no photo ID was retained and another where it was never provided.

We had sight of the Data Protection Impact Assessment (DPIA) which was completed for Abris. It included further documents, such as the project risk register, project plan and flowchart of the application process. The DPIA noted that the project had been consulted with stakeholders, communicated through all available channels and the policy signed off. We are happy that this document took into account the requirements of GDPR.

Homelessness

Substantial Assurance

Our review of the Allocations process has confirmed that there has been a significant improvement in the accuracy of processing applications since the previous audit and we are pleased to give this area substantial assurance.

The Homefinder I.T system that was operational during the previous audit was replaced by a new cloud based system ABRITAS. All applications have to be submitted online and there is an option to scan documents remotely. The system guides applicants through the registration process with a series of YES / NO questions, help is available at City Hall for any customers who have difficulty using or accessing IT equipment.

A sample check was performed on 20 applications. Testing for 8 of the applications was undertaken in greater depth and confirmed that all the evidence required by the policy to enable the application to be assessed had been received (identity, proof of address, local connection, medical needs etc). Testing for the remaining 12 applications confirmed that the band, registration and effective dates were correct.

Key documents that have to be completed, (financial & risk assessments by applicants and checklists at assessment stage and prior to offer by Housing solutions staff) were completed and held electronically for all 20 applications that were tested.

We found that:-

- An approved allocations policy is in place which is supported by local lettings policies and guidance for applicants.
- Detailed procedure notes and checklist are in place for Housing Solutions staff to follow to ensure applications are assessed consistently and in line with the Lettings Policy.
- The ABRITAS system provides a full audit trail of action taken by Housing Solutions staff.
- Applications are assessed in accordance with the Lettings Policy; testing confirmed the effective & registration dates were correct and applicants had been placed in the right band.
- A secondary check is undertaken prior to an offer of housing to confirm that household make up and circumstances remain the same.
- There is a reduction in the number of claims waiting to be assessed; staff performance is monitored and discussed at team meetings
- Performance is being monitored at key stages within the application process.

Housing Allocations

Substantial Assurance

Recommendations made in the previous audit relating to supervisory checks and annual reviews have not been introduced. The Housing Solutions Manager is aware that these recommendations remain outstanding, but there is currently insufficient staff capacity within the team to undertake these additional checks and the priority is to process applications as quickly and accurately as possible.

In December 2019 the Executive approved a revised structure and additional staffing within the Allocations & Assessment Team; the recruitment of additional staff will facilitate the introduction of additional housekeeping checks.

Our review found that the assessment of Homefinder applications is working well. We have identified some areas where improvements will enhance the current controls that are in place and we have made the following recommendations:-

- Introduction of a quality check of applications that have been assessed by Housing Solution staff; check to be recorded and errors fed back to assessors
- Undertake an annual review of applications to identify any changes to the applicant's circumstances / household make up.
- Any band override that is attributed to a Management Decision should be supported by a band reason, where this isn't possible a note should be attached under the CRM section.
- Amend the offer checklist to include a check for disabled facilities grants/ right to buy.

Housing Allocations

Audit Recommendations

A review of recommendations due and overdue has been undertaken and a Recommendation Follow Up report is attached as a separate item.

Work in Progress

- Partnerships (Consultancy) – work in progress

Other work

- Audit Strategy and Plan 2020/21 – a revised internal audit plan has been produced and is presented as a separate report
- Whistleblowing Policy review – see separate report

Terms of Reference

- Audit and Governance requested a report to Executive at the July meeting to consider a change of terms of reference relating to health and safety and Safeguarding . After consulting with Directors, the following reporting arrangements apply to these areas:

Health and safety (H & S)

- There is a H & S champions group that the Leader and Director sit on with colleagues from H &S and across the organisation. This group feeds into H & S JCC and into CMT as required. The Leader will also cover in his annual report if relevant issues have occurred. There is also the annual AGS that is considered by Audit Committee, which may include specific reference to health and safety and in the past this was a governance area (Significant governance issue) that the Audit Committee monitored progress on.

Safeguarding

- Regular reports to Executive/Council on the Councils progress with this agenda – this is presented by the PVP (protecting vulnerable people) champion Cllr Rebecca Longbottom. There are regular updates for Policy Scrutiny Committee when there are policy changes or changes on approach (Safeguarding Policy October 2019). A PVP update report was presented to Policy Scrutiny Committee in January 2020.
- Members may request an update report as and when required on any governance related area - terms of reference do not require changing for this.



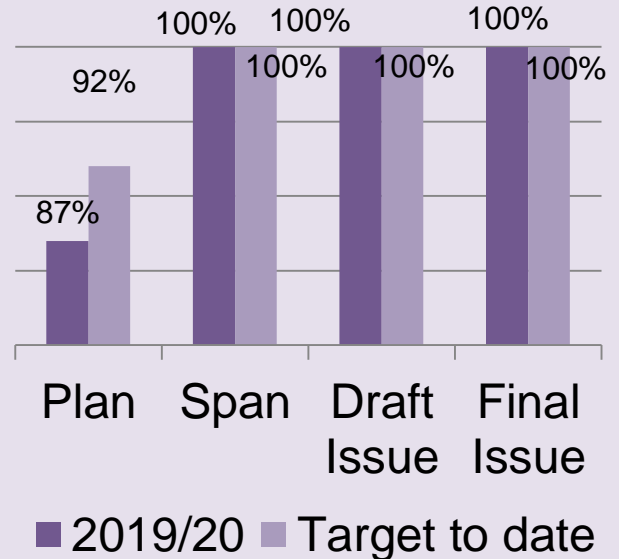
Internal Audit's performance is measured against a range of indicators. The statistics below show our performance on key indicators year to date.

Performance on Key Indicators (19/20)

100%

Rated our service **Good to Excellent**

Good achievement of Audit KPI's to date



Other matters of interest

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

Update to the Three Lines Model . The new model issued by IIA updates the name to remove 'defence'. It sets out new principles to define the roles of the board or governing body; management and operational leaders including risk and compliance (first- and second-line roles); and independent assurance through internal audit (third line). The intention is that the model should apply to all organizations, regardless of size or complexity.

LLG, CIPFA and SOLACE are to work together on a response to the draft model code of conduct that the Local Government Association (LGA) is currently consulting upon. The LGA launched its consultation last month. It runs until 17 August.

Covid-19: Emerging fraud risks. This briefing sets out a range of fraud risks emerging from the Covid-19 crisis, and what public bodies might do to help reduce these risks. Audit Scotland.

National Fraud Initiative 2020 Report. Almost £2 billion of fraud and overpayments detected since National Fraud Initiative launched.

Following the conclusion of the market engagement exercise undertaken during June 2020, PSAA today publishes the summary of responses. We were delighted that all nine registered firms fully engaged. The exercise sought views from all registered firms to inform PSAA's consideration of whether a further procurement would be appropriate in order to try to attract additional, good quality capacity into the market, and if so, how such a procurement might best be designed.

More systemic problems seen in Ombudsman complaints

Increasing systemic problems seen in people's complaints has led to the Local Government and Social Care Ombudsman making more wider service improvement recommendations to councils in 2019-20 than ever before. Local Government and Social Care Ombudsman

Council cyber-attack cost estimated at more than £10 million

Redcar and Cleveland Borough Council have said that a cyber-attack that occurred early this year will cost the local authority an estimated £10.144 million.

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 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.

A Recommendation Follow Up report is attached as a separate item.

SUBJECT: INTERNAL AUDIT RECOMMENDATION FOLLOW UP

REPORT BY: JOHN SCOTT, AUDIT MANAGER

LEAD OFFICER: JOHN SCOTT, AUDIT MANAGER

1. Purpose of Report

1.1 To present an update to Audit Committee on outstanding recommendations and recommendations over 12 months old.

2. Executive Summary

2.1 The report provides members with more information on older audit recommendations and the ability at the meeting to request managers to provide further feedback.

3. Background

3.1 Audit recommendations are reviewed by Audit Committee with each progress report and members were concerned with the length of time some agreed actions were taking to implement. It was agreed that a separate report of recommendations older than 12 months would be provided and managers would attend for the very oldest reports.

3.2 Audit Recommendations

3.3 The attached Appendix (A) provides details of the relevant audits, outstanding recommendations / agreed actions and detailed current position / explanation from the service manager. Depending on the response received Members may wish to receive further updates in future.

3.4 There will have been some slippage in the delivery of recommendations due to reprioritisation of resources/furlough during the emergency and recovery responses.

3.5 There are some recommendations that are being removed from future committee reports in line with the agreed protocol although managers remain aware of these and will in most cases continue to monitor.

4. Organisational Impacts

4.1 Finance (including whole life costs where applicable)

There are no direct financial implications arising as a result of this report.

4.2 Legal Implications including Procurement Rules

There are no direct legal implications arising as a result of this report.

4.3 Equality, Diversity & Human Rights

There are no direct E and D implications arising as a result of this report.

5. Recommendation

5.1 Audit Committee is asked to review the attached Appendix and review responses received.

Key Decision No

Do the Exempt Information Categories Apply? No
:

Call in and Urgency: Is the decision one to which Rule 15 of the Scrutiny Procedure Rules apply? No

How many appendices does the report contain? One

List of Background Papers:

Lead Officer: Audit Manager Telephone 873321



City of Lincoln Council

Audit Recommendations

September 2020



Appendix A

Reports that are over 2 years old (under the Follow Up protocol these recommendations will no longer be monitored by IA and Audit Committee). They are still available to management on the recommendation tracker.

Management have been notified of the new protocol and advised to continue monitoring these actions via DMTs.

Audit Area	Date	Assurance	No of Recs	Implmntd	Outstanding (extended or overdue)	Comments / Progress
ICT Mobile Devices	Mar 16	Substantial	6	5	1 High	Identify mobile IT assets not connected to the network. Officers previously attended Committee Rollout of new devices to staff will be linked to specific employees Remove
Responsive Repairs	Jun 17	Substantial	6	5	1 Medium	Take photos of repairs – linked to software upgrade Officers previously attended Committee Remove
Boultham Park Refurbishment	Jun 17	High	2	1	1 Medium	Complete revised partnership agreement Officers previously attended Committee. Remove
IT Disaster Recovery	Oct 17	Substantial	18	17	1 Medium	Ensure that the next BCP desktop exercise includes the IT DR plan IT DR is being monitored as an AGS issue Remove
Code of Corporate Governance	Oct 17	Substantial	6	5	1 Medium	Refresh of Asset Management Plan Remove
IT Applications	Nov 17	Substantial	6	5	1 Medium	Review the agreement arrangements for MyInfo Remove
Tenancy Services	Jan 18	Substantial	11	3	2 High 6 Medium	The two high priority actions: <ul style="list-style-type: none"> Consider a permanent transfer of the Voids team to Tenancy Services (High) – Void Support is with Tenancy Services now (now completed) Develop pre-tenancy processes to improve sustainability (High) – ongoing, process being mapped. Was on hold due to Covid budget funding but the

						<p>working group has been set up and pilot should start in October.</p> <ul style="list-style-type: none">• Medium actions will be removed
--	--	--	--	--	--	--

Reports that are between 1 and 2 years old

Audit Area	Date	Assurance	No of Recs	Implmtd	Outstanding (extended or overdue)	Not Yet Due	Comments / Progress
HMO Licensing and Hazards	Jun 18 Follow up review Dec 19	Limited	20	16	3 High 1 Medium		Awaiting Update – moved to Dec 2020 <ul style="list-style-type: none"> Consider automating the process to report on and monitor conditions. (High) APP system reporting on gas certificates due / overdue. (High) Reconfigure the IT system so that different codes can be used to record the hazard and category (High) Remind staff of the need to ensure that the process for monitoring and reminding of licences expiring operates consistently.
Risk Management	Jul 18	Substantial	8	7	1 Medium		Periodic review of partnership risk registers This is linked to current work to update the Partnership register. Remove
Commercialisation	Oct 18	Substantial	4	1	3 Medium		The CFO has advised that the TFS programme has changed focus and this area is no longer a priority. The recommendations will be marked as superseded but can be resurrected in the future. Remove
IT Applications	Oct 18	Limited	8	1	1 High 6 Medium		Update & circulate System Administrator guidance (High) Extended to December 2020

Malware / Anti-virus	Nov 18	Substantial	9	7	1 High 1 Medium	Device control software management (High) Extended to December 2020 Revised IT Security Policy (Med) Extended to December 2020
Transport Hub	Dec 18	Substantial	3	2	1 Medium	Formal project closure & post implementation review Extended to March 21

Reports that are less than 1 year old

Audit Area	Date	Assurance	No of Recs	Implmntd	Outstanding (extended or overdue)	Not Yet Due	Comments / Progress
Fees & Charges	Apr 19	Substantial	3			3 Med	Moving forward with new issues and workloads arising from Covid unlikely to be progressed as part of the 21/22 process Remove
Information management	June 19	Substantial	16	15	1 Medium		Assist IAOs to review access to their network drives Extended to December 2020
Procurement OJEU & Framework	July 19	Substantial	4	4			Ensure that the LPMM Checklist A and the PIR checklist include a prompt / requirement for 'lodging contracts with Legal Now completed
Housing Rents	Dec 19	Substantial	4	2	1 High 1 Medium		The possibility of producing a report from UH which flags up new tenancies not at the target rent will be looked into. Extended 31/12/2020 (High) Put in place a process to review Affordable Rents when tenancies change Completed Produce a new Arrears Policy and supporting procedures / flowchart. Current legal/court changes means we can't finalise the income currently. March 2021 (Med)
Recruitment	Dec 19	Substantial	7	6		1 High	Criteria for posts that require a DS (Disclosure Scotland) to be identified. Extended to Dec 2020
Licensing	Feb 20	Substantial	7		5 Med	2 Med	All moved to 31 st March 2021 due to COVID

Payroll	Mar 20	High	2		2 Med		Data handling will be a standing agenda item at liaison meetings. HR & WBL Manager to sign off quarterly IT access reports for HR and Payroll staff plus any changes to access levels Extended to Dec 2020
ICT Anti-Malware	Mar 20	Substantial	10	1	8 (1 High)	1 (High) 1 (Med)	<ul style="list-style-type: none"> • Progress the provision of training video (Med) Extended to December 2020 • Engineers working remotely or on site guidance (High) Extended to December 2020 • The Code of connection will be reviewed (High) Jan 2021 Not yet due • Officers will review the wording on the alert (computer message)– Implemented (med) • Malware incident reporting by staff (review). Extended to December 2020 • Security policy on the MDM (mobile device management) Extended to December 2020 • Web filtering -. Extended December 2020 • Review policy areas with the Principal IT officer and others - Extended to December 2020 • Smartphones and Tablets updates (Med) Feb 2021 (Not yet due) • Alerts from Alien Vault - Extended to December 2020 • Consider the business requirement for access to each file type. Extended to December 2020 • A detailed incident management policy/procedure will be developed. Extended to December 2020 • There is an opportunity to 'tighten' change and configuration control with regard to the AV solution and other security controls that secure the corporate network and

							<p>associated assets. Extended to December 2020</p> <ul style="list-style-type: none"> • The Senior IT Officer (Security) and Principal IT Officer will re-circulate the current change control guidance Extended to December 2020 • BDITM will commit to a review of the current change management policy/protocol and also benchmark to other local authorities. Extended to December 2020
Risk Management	May 20	Substantial	1	1			The DMD risk register should be updated – Now completed
De Wint Court project management	Jul 20	Substantial	6	4	2		<p>Maintain a lessons learned log.(May 2020) (med) (Completed)</p> <p>The Architect should sign the Deed of Novation of Contract (High) – Signed - awaiting copy</p> <p>The contractor's risk register should be presented to the Board (completed)</p> <p>Produce a client project plan and present it to the Board (Completed) (High)</p> <p>Payment audit trail (High) Extended to 31st October 2020</p> <p>A 'Financial working group' will be set up (Completed)</p>
Housing Allocations	Aug 20	Substantial	4	2		2	<p>Introduce and document a sample quality check across all assessors (Jan 2021) (Med) (Not yet due)</p> <p>Annual review of applications (Feb 2021).(Med) (Not yet due)</p>
Homelessness	Aug 20	Substantial	2	1		1	Document retention - workflow (Med) Not yet due Dec 2020
Efficiency savings							No recs

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SUBJECT: FRAUD AND ERROR ANNUAL REPORT 2019/20

DIRECTORATE: CHIEF EXECUTIVE AND TOWN CLERK

REPORT AUTHOR: JOHN SCOTT, AUDIT MANAGER

1. Purpose of Report

1.1 To receive a copy of the Fraud and Error annual report.

2. Background

2.1 Audit Committee receive a half-year and year end fraud and error report which is attached at Appendix A. This is linked to its terms of reference and contributes to the overall governance arrangements of the authority and the annual governance statement.

3. 2019/20 Fraud and Error Report

3.1 The report covers key messages, investigations, proactive work, fraud partnerships, referrals and action plan.

4 Impact of Covid-19

4.1 There has been some impact in terms of delaying some pro-active work for 2020/21 and this is outlined in the report. There is some additional information on 2020/21 within the report, where relevant, due to the delay in reporting

5. Strategic Priorities

5.1 High Performing Services

The internal audit service and plan contributes to the Council's strategic priorities, by helping to manage risk and achieve its objectives.

6. Organisational Impacts

6.1 Finance (including whole life costs where applicable)

There are no direct implications.

6.2 Legal Implications including Procurement Rules

There are no direct implications.

7. Recommendation

7.1 Audit Committee is asked to consider and comment on the annual report.

Is this a key decision? No

Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

How many appendices does the report contain? One

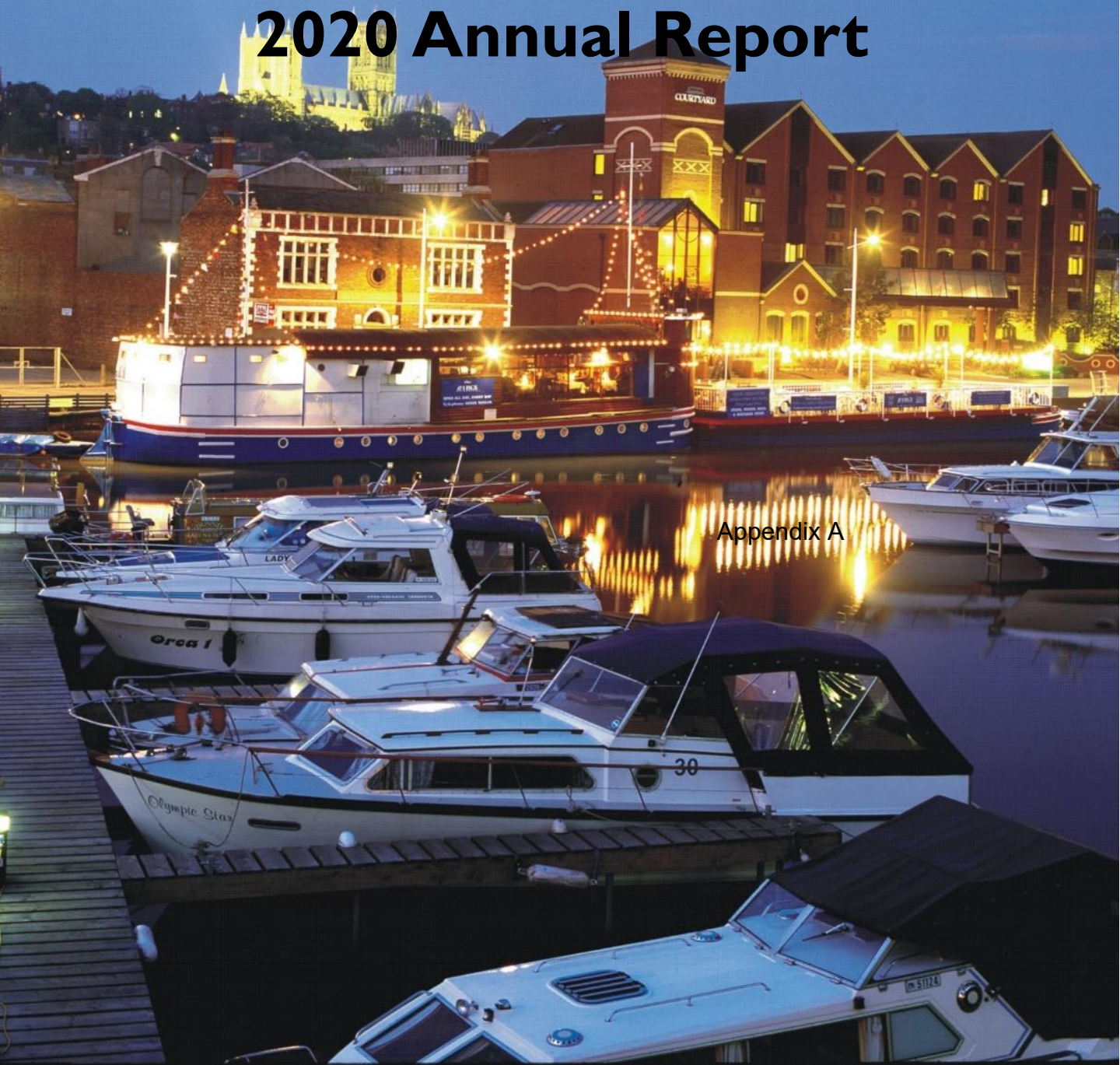
List of Background Papers: None

Lead Officer: John Scott, Audit Manager
Telephone (01522) 873321

COUNTER FRAUD

Appendix A

2020 Annual Report



Appendix A

Contents

Key Messages and CIPFA fraud tracker	Page 2-4
Fraud and Error Investigation 2019/20	Page 5-8
Housing Benefit and Council tax relief Tenancy fraud and error National fraud Initiative COVID Grants and other areas	
Other Proactive Work 2019/20	Page 9-13
NNDR and SBRR; Council Tax - Single Person Discount; Friends against scams Fraud Risk Register	
Lincolnshire Counter Fraud Partnership	Page 14
Moving Forward	Page 15
Fraud Referrals (Whistleblowing)	Page 16
Appendices	Page 17-20
Appendix A – Counter Fraud Plan 2019/20	
John Scott – Audit Manager Lucy.pledge@lincolnshire.gov.uk	
Jaclyn Gibosn - Chief Finance Officer Jaclyn.Gibson @Lincoln.gov.uk	

This report has been prepared solely for the use of Members and Management of Lincolnshire County 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

Key Messages

The purpose of the Annual Report is to provide assurance to the Audit Committee on the effectiveness of the Council's arrangements in countering fraud and corruption. The report also informs the committee of performance against the 2019/20 Counter Fraud Work Plan and the Counter Fraud Strategy and the outcomes of proactive fraud work and investigations.

	Fraud Cases 19/20	Comments 2019/20 12 months
Council Tax Support	1	CTR reductions as a result of a HB investigation - £1,298.35
Council Tax SPD (Single Person Discount)		Next exercise being planned - 566 SPD removals previous exercise
Business rates Small Business rates relief fraud detection		Ongoing avoidance work Ongoing work to prevent and detect multiple claims for small business rate relief
Housing benefit	4	For 2019/20 the total number of referrals to SFIS was 36. There were 3 administrative penalty issued totalling £11,034.52 and 1 case prosecuted totalling £3,501.30 in overpayments
Housing sub letting cases	1	5 cases investigated
Housing other	12	Notice to quit including two trespass cases
Other		

Introduction

KEY Messages:

ColC specific priorities for 19/20 and progress

- ✓ **Tenancy Fraud** – work is underway with Housing to complete a review of matches – partly delayed due to COVID
- ✓ **National Fraud Initiative** – (NFI) – working with teams to complete matches (see NFI section) – completed as far as possible. New data will be submitted in 2020.
- ✓ **Fraud training** (residual and new staff members) – in progress; defer to 21/22
- ✓ **Scam busters** / friends against scams – ongoing publicity
- ✓ **Update Counter Fraud risk register** – completed
- ✓ **Fraud policy updates** – anti-bribery / whistleblowing - completed Both updated but Whistleblowing was delayed to Sept 20 for approval due to COVID
- ✓ **Whistleblowing/fraud reporting best practice** and publicity to complete 20/21
- ✓ **CIPFA fraud return** - completed
- ✓ **Data matching service for Small Business rates relief** –commenced 20/21 – now in place
- ✓ **Lincolnshire Resilience Forum/MHCLG Cyber Resilience Group** and related exercises

Areas still to complete:

- ❖ **Fraud training (residual staff)**₈₂
- ❖ **Identity fraud** – work with teams on best practice – to complete 20/21
- ⬆ **Matchmaking service for Small Business rates relief** – 20/21

CIPFA fraud report

Key Messages

For **local authorities in the UK**, the total value of estimated fraud detected or prevented in 2018/19 is 253m, averaging roughly £3,600 per fraud case.

Councils reported that approximately 71,000 instances of fraud had been detected or prevented in 2018/19.

Council tax fraud represents 78% of these identified instances of fraud with an estimated value of £30.6m followed by disabled parking concession (Blue Badge scheme) and housing frauds representing 10% and 5% of the total cases of UK public sector fraud, respectively.

Business rates were 2% and other types of fraud were 4.2%.

Other types of fraud. Fraud covers a substantial number of areas and within organisations these can vary in importance. These include the following fraud types adult social care, insurance, procurement, no recourse to public funds/welfare assistance, payroll, recruitment, expenses and pension, economic and voluntary sector support and debt, mandate fraud and manipulation of data.

**£253 Million fraud
detected or
prevented**



**71,000 instances
of fraud**

**Council Tax fraud
78% of instances**

**Housing 10% of
fraud instances**

Housing Benefit and CTR

We have achieved some significant results during 2019/20 from our pro-active and investigation work.

**HB
CTR**

For 2019/20 the total number of referrals to SFIS (Single Fraud Investigation Service – DWP) was 36. There were 3 administrative penalty issued totalling £11,034.52 and 1 case prosecuted totalling £3,501.30 in overpayments. CTR reductions as a result of a housing benefit investigation was £1,298.35 (1 case).

There has been a reduction in referrals which is due to more pro-active work – around NFI (national Fraud Initiative) and verification of earnings and Pensions (VEP) – see below. SFIS investigation thresholds are also now higher, more caseload is going to universal credit.

The Benefit/CTS fraud, sanctions and prosecutions policy was reviewed and agreed by Executive (CoLC and NKDC) in July 2018.

The DWP have recently introduced another fraud prevention initiative which should further reduce fraud and inaccuracy in the system. Officers will be working on that from September 2020. Verification of Earnings and Pensions (VEP)

Verification of Earnings and Pensions (VEP). VEP replaced the Right Benefit Initiative (RBI) 2018/19. Under this initiative Authorities are asked to focus purely on changes to earnings and Pensions that occur on a daily basis. Information is fed through to the system via a link with HMRC. There are 1.5 staff working across the shared service in this area.



**Fraud/Error
Recoveries**

Housing Tenancy

We have achieved some significant results during 2019/20 from our investigation work.

TENANCY FRAUD



Tenancy fraud covers several areas including unlawful sub-letting or assignment, non – occupation, key selling, application deception, right to buy fraud

For 2018/19 there was 1 sub-letting case and 17 notices to quit (including non-occupation/abandonment). (Abandoned = 11; Non-occupation = 6)

For 2019/20 there were 5 sub-letting cases investigated with one case substantiated. There were 10 notices to quit (NTQ's including non-occupation/abandonment) and another two NTQs have been served for unauthorised occupation of a Council dwelling “trespassing”.

The current work on the tenancy verification service project will inform both the fraud risk assessment and the tenancy fraud policy refresh.

Tenancy fraud – tenancy verification service

The data matching exercise across the Council’s housing stock has been completed and officers are starting to work through reported matches. The service aims to identify housing fraud such as sub-letting.

As well as potential fraud the data matching has highlighted some data errors and these are being corrected.



Fraud/Error Recoveries

National Fraud Initiative

We have achieved some significant results during 2019/20 from our investigation work.

NFI



The Council continues to be engaged with the National Fraud Initiative (NFI) which involves national data matching using a range of Council data sources including payroll, benefits, creditors, housing, and licences, insurance.

The purpose of the data matching is to highlight “potential” fraud and error cases which require investigation. Matches are assessed in terms of their potential quality.

The matching results are (as at August 2020):

1950 matches to review
1289 processed,

1 fraud, 61 errors with a value of £103,481 – recovering £102,526; this relates to £63,561 CTR and £39,920 HB



This is a higher total value of fraud and error than in previous years. Previous exercise was 1 fraud and 40 errors, recovering £26,250.51 (all HB/CTS)

Not every match is reviewed and testing is on a risk and sample basis.

There were no issues relating to creditors, tenancy and payroll (from samples taken)

Fraud/Error Recoveries

Grants and other areas

We have processed a significant number of government COVID related business grants.

BUSINESS GRANTS

(on behalf of Government)



During 20-21 the Council has processed 1165 Small business and 532 Retail, Hospitality and Leisure grants paying either £10K or £25K depending on the rateable value. This totalled £11,650,000.00 and £9,420,500.00 respectively It has also processed 125 discretionary grants with a value of £1,149,500

There were a number of control checks undertaken on applications and before payment in line with government guidance. There were a very small number of fraud cases, or fraud attempts.

Some further post payment grant assurance work, on a sample basis, will be undertaken and further details will be provided in the 6 month fraud and error report – December 2020)

Further detail on grants can be found in the shared revenues and benefits report 10th September - business rates update



Fraud Recoveries

Proactive Work

A proactive approach is a key factor in any counter fraud efforts. This reinforces the aims of our service laid out within our Counter Fraud Policy. We protect our resources through our proactive principles of **Deterrence, Prevention and Detection**.

Proactive Work - 2019/20

Housing Tenancy	Tenancy fraud – tenancy verification service. The data matching exercise across the Council’s housing stock has been completed and officers are starting to work through reported matches. The service aims to identify housing fraud such as sub-letting. As well as potential fraud the data matching has highlighted some data errors and these are being corrected.
NNDR and SBRR	<p>The NDR team continue with proactive checks on planning lists and utilising the Visiting Officer capacity within the team. There are regular reviews of reliefs including Small Business Rate relief, Charity relief, Other discretionary relief.</p> <p>For 20/21, we review Small Business Rates Relief (SBRR) – through a third party, and are able to cross check against other authorities whether a business is in receipt of SBRR. SBRR regulations allow for small single businesses, not multiple. This is going well, and has stopped giving SBRR from the outset rather than clawback. Officers were involved in one National case where the company made claims all over the country that they had occupied properties on 1.2.2020 and that they were entitled to small business rate relief.</p>
Council Tax -SPD	The next bulk review was April – August 2020 and then a rolling review from October 2020 onwards (pending successful tender process). However due to COVID the SPD bulk review has been postponed. Revenues Managers have recommended for this to be pushed back to start April 2021 to August 2021, with the rolling review starting October 2021 (post tender process). A report is being taken to Lincolnshire Finance Officers for approval. The last review saw 566 SPD’s removed.
Fraud Awareness	Our fraud awareness e-learning had a very successful start and this will be continued during 20-21
Fraud Risk Register	We updated the Fraud Risk Register in 2019/20. We gather intelligence throughout the year to inform this and it allows us to focus on our DETERRENT proactive work priorities.

Proactive Work



Proactive Work - 2019/20

The City of Lincoln Council is a “friends against scams” organisation (www.friendsagainstscams.org.uk) to help protect the city’s residents and staff from becoming victims of scams.

Two “scamchampions” have been nominated so far. Here are some key facts about scams in the UK:

Scams cost the UK economy £5-£10 Billion a year

Scams are a crime

- 53% of people over 65 have been targeted by scams
- Only 5% of scams are reported
- Statistics indicate that the average scam victim has lost over £3,000

The partnership with a National Trading Standards body, involves encouraging staff and others to take part in scam awareness and advice training.

The Council already has a high level of awareness regarding scams, particularly where it may impact on our customers, and this initiative further helps with awareness across our staff and stakeholders.

We have included a scam awareness section on the Council’s website and monitor scam incidents with other partners. Where appropriate we communicate externally through social media and with partners

Cyber Crime and Cyber Security

Online fraud, also known as cyber crime, covers all crimes that:

- take place online
- are committed using computers, or
- are assisted by online technology



The Council continues to place high importance on cyber security. Security measures are applied, kept under review and audited regularly. The Authority is also subject to Central Government compliance initiatives.

The Council faces multiple attacks each day which are prevented, detected and neutralised by systems and software. An anti-malware internal audit was completed in 2019/20; this provided substantial assurance. IT Disaster recovery is still a significant issue on the AGS (Annual Governance Statement) and this is being monitored through the Audit Committee

Reminders to staff are sent periodically around cyber fraud and cyber-crime. Phishing and malware activity is closely monitored and trends identified and acted upon. Information is shared between regional and national cyber security teams. This allows us to build our knowledge of the cyber fraud threat. Our “Scambusters” partnership also helps to inform the public and partners in relation to cyber crime and scams.

CoLC is now part of an LRF (Lincolnshire Resilience Forum/MHCLG) Cyber Resilience Group. The LRF/MHCLG have developed a cyber-resilience plan and the Council has access to a range of resources including training materials and documentation. CoLC is planning on developing cyber resilience plans.

Fraud Risk Register

LIKELIHOOD	4 ALMOST CERTAIN				
	3 PROBABLE		Council Tax		
	2 POSSIBLE		HB/CTR Housing/ Scams		Cyber fraud/IT/ Data
	1 HARDLY EVER	BACS/ Cheques Payroll/ employees Theft/asset misuse Refund fraud	Contracts Income Debt Money laundering Grants False accounting Insurance Business rates Planning Identity Fraud act	Procurement Payments Treasury Property Elections Bribery and Corruption	
		1 NEGLIGIBLE	2 MINOR	3 MAJOR	4 CRITICAL
IMPACT					

We updated the Fraud Risk Register in 2019/20. Fraud risk identification is essential to understanding our exposure to the fraud threats we face. We update the information and intelligence at least annually so we have an accurate picture of the current status of each risk area.

Fraudsters will seek to exploit the uncertainty created by major and unexpected events – the current Coronavirus issue is no exception. We have used this process to log all known information on the prevalent fraud risks raised by this situation. This has helped formulate our prompt response to warn and inform employees and the public of fraud and scams. It will also help guide our proactive efforts to detect potential fraud against the Council.

Fraud Strategy and Policy Review

A revised Money Laundering Policy was updated in December 2018. The Counter Fraud Policy / Strategy was also updated, taking account of new CIPFA and DCLG Government guidance and again was reviewed in December 2018. The strategy will be reviewed again in 2020 or 2021 when new guidance is released.

The Council's Anti-Bribery Policy was reviewed in December 2019. The Whistleblowing Policy was updated and will be presented to the Audit Committee in September 2020. The Council's fraud risk register was updated and a revised risk register presented to Audit Committee in December 2019. The Benefit / CTS fraud, sanctions and prosecutions policy was approved by the Executive in 2018

During 20/21 a health check review will be undertaken with LCFP to ensure arrangements are robust and focused on pro-active work correctly.

Outcomes from the Counter Fraud Strategy

Operational outcomes to help evaluate effectiveness are included within the existing strategy

- High levels of fraud awareness
- Zero tolerance to fraud (number of referrals / ensuring suspicions reported and action taken)
- Reduced losses (a low incidence of fraud)
- Delivery of pro-active counter fraud work
- Reducing the risk of fraud
- Successful prosecutions, other sanctions and recovery of losses
- Successfully engagement with partners

Through pro-active and re-active work, training, awareness, and work with our partners we are achieving good outcomes in these areas and we aim to continue to do so.

Lincolnshire Counter Fraud Partnership

Key Outcomes in 2019/20

Revenue Generation

- ✓ £1.65m revenue savings since 2015 (Council Tax related and business rates)
- ✓ Business case developed for an Invest to Save project – this highlights scope to deliver Council Tax recoveries of £10.5m
- ✓ Work with Districts to prepare for bulk review and rolling reviews

Fraud Awareness

- ✓ Improved fraud Awareness e-learning platform delivered
- ✓ Management of Confidential Reporting Line
- ✓ Created a new fraud leaflet and poster

Fraud resilience and fraud proofing

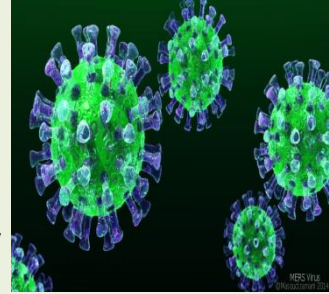
- Regular liaison and sharing of information on:
- ✓ Scams
 - ✓ Alerts
 - ✓ Fraud cases
 - ✓ Supported the Covid-19 business grants by sharing guidance: alerts and providing fraud risk information

2019/20 saw the LCFP develop a business case that sets out a revenue proposal taking a proactive approach to council tax fraud and error. Changing the approach to Council Tax Single Person Discounts (SPDs), delivered in partnership with all District Councils in Lincolnshire will have potential to deliver revenue of over £10m (gross) over a 5 year period. This will contribute to more money for local service delivery. Lincolnshire Finance Officers have also agreed to consider a longer term funding commitment (3-5 years) for LCFP. This will provide better medium term planning and allow LCFP to identify and support cross-cutting counter fraud related projects that would benefit all partners and explore more cost effective delivery models to deliver partnership

Moving Forward.....

Coronavirus

The unprecedented crisis created by the COVID-19 outbreak crisis has brought many challenges. It is a fast changing and developing situation that has required a rapid yet coherent response.



Unfortunately, fraudsters seek to take advantage of such major issues – they exploit confusion and vulnerability where individual decision making may be affected. LCFP was able to ensure a prompt and joined up response to ensure employees, our partners and the wider public were aware of the raised threat of fraud – messages were mainly around the current risks of supplier fraud and cyber attacks such as phishing scams.

Moving forward, LCFP have been gathering intelligence and information (from national and local sources) regarding potential fraud risks relating to the changed scenario in which the Council finds itself. This information is acting as a guide to those specific service areas and transactions most vulnerable to fraud at this time and we are revising our plans accordingly to ensure our response remains effective.



Recognition

Assurance Lincolnshire’s counter fraud team (who lead on the LCFP) was successful in the Government Counter Fraud Awards 2019 for their fraud awareness for schools campaign, and have been invited to make presentations at national conferences to provide insight into that work and demonstrates how the team have become established as a nationally respected authority in the counter fraud community.

Fighting Fraud and Corruption Locally 2020...

..is the Local Government Counter Fraud Strategy and is aimed specifically towards councils and their fraud fighting efforts. The FFCL sets the approach local authorities should take to transform counter fraud and corruption performance as well as offering major recommendations for local authorities and other stakeholders - it looks at current issues, risks and good practice

The Strategy is due for renewal in 2020 . Our current plans are aligned to FFCL 2016-19 . We will continue to reflect the national strategy priorities when we review our own policies later in 2020 to ensure they remain compatible.

Fraud referrals

The Council continues to use the County wide hotline, which receives its own publicity. We have refreshed the Council Website counter fraud page, particularly around fraud/whistleblowing referrals. Communication to Managers and other employees has taken place around fraud risk, policies and reporting

Whistleblowing

During 2019/20, we have had 13 whistleblowing reports

These were in relation to:

5 x HB

4 x Council Tax

2 x Housing

2 x Health and Safety

For 2018/19 we had 26 whistleblowing reports

9 x HB

1 x Fraud/Other

6 x Council Tax

1 x Business rates

1 x Debt/recovery

7 x Housing

1 x Health and safety

Other fraud reporting

Suspected fraud, error and malpractice can be reported through other avenues:

- Directly to a service area
- Via customer services
- Directly to our partners, such as DWP

Area	Priority	Timescales	Status
Update Counter Fraud policy/strategy	High	December 2018 Review again 2020 taking account of updated National Strategy guidance	Completed Pending
Ensure all counter fraud policies are appropriate and up to date	Medium	As required Every Two years	Anti-Bribery (Dec 19) Whistleblowing (Sept 20)
Update fraud risk register Implement the actions within the Counter Fraud Risk Register	High High	December 2019 See Risks	Completed Follow up 19/20
Complete fraud e-learning training for Officers and members. New starters	High	Mar 20	70%* staff completed Members trained To continue 19/20
Communication Communicate strategy Review existing publications and publicity to determine any changes / improvements <ul style="list-style-type: none"> • Website • Publicity to stakeholders • Successful cases – Media 	Medium Medium	Dec 19 Dec 19	To continue 19/20 To continue 19/20

Area	Priority	Timescales	Status
<p>Projects linked to the Lincolnshire Counter Fraud partnership</p> <p>SPD Housing Tenancy</p> <p>*See full work programme</p>	High	As per LCFP work programme	<p>SPD – in progress but delayed to 2021</p> <p>Housing Tenancy – CoIC current pilot</p>
<p>Prepare for 2020 NFI and review matches</p> <p>Follow up and investigation of data matches identified through National Fraud Initiative 2018/19</p>	High	December 2020	<p>Pending</p> <p>Completed</p>
<p>CIPFA fraud survey</p> <p>Participation in CIPFA Fraud and Corruption Tracker (CFaCT) Annual Survey</p> <p>Review report results</p>	Med	Annual	<p>Completed</p> <p>Summary results in Dec 19 report</p> <p>2020 submission by end Sept 20</p>
<p>Review counter fraud “partnership” arrangements</p> <p>Continued development of fraud resilience through the Lincolnshire Counter Fraud Partnership (LCFP). Delivery of reports to Lincolnshire Finance Officers Group</p>	Medium	March 2020	Agreed to extend for 3-5 years

Area	Priority	Timescales	Status
Consider the internal and external promotion of whistleblowing	Medium	Dec 19	To review 19/20
Ensure optimum use of technology/analytics Consider data technology pilots to improve efforts to detect and prevent fraud	Medium	Ongoing	Tenancy SPD/CTS Fraud Business rates SBRR NFI
Review intelligence on changes to the control environment (which could increase fraud/error risk) Communicate requirements to service managers/AD's	Medium		Ongoing
Complete the Values and behaviours audit	Medium	19/20 Audit Plan	Complete
Undertake counter fraud "healthcheck"	Medium	Mar 20	To complete 19/20
Where there has been a fraud or attempted fraud feedback to Audit committee/AD/CMT any Control improvements	Medium	Ongoing	Sixth month report Annual report

Other areas undertaken by Assurance Lincs	Priority	Timescales	Status
Participation in Safer Lincolnshire Partnership's (SLP) Serious and Organised Crime – Fraud Group (current focus on vulnerable adults)	N/A	N/A	Any relevant information is fed through LCFP representatives
Participation in: <ul style="list-style-type: none"> • Midlands Fraud Group • work with FFCL Board (Fighting Fraud & Corruption Locally) • CIPFA Counter Fraud Centre • follow up of NAFN alerts and horizon scanning for relevant legislative changes 	N/A	N/A	Any relevant information is fed through LCFP representatives
Monitoring and review of: <ul style="list-style-type: none"> • Investigations • Whistleblowing reports • CFaCT annual report • National picture to identify trends and feed into Fraud Risk Assessment 	N/A	N/A	Any relevant information is fed through LCFP representatives CoIC review the CFaCT report. CoIC act on the Whistleblowing referrals received
Data analysis and Risk assessment: <ul style="list-style-type: none"> • Used to prioritise and facilitate counter fraud proactive exercises • To support audit key control and continuous testing 	N/A	N/A	CoIC will use data analysis and risk assessment in relevant projects: EG Tenancy SBRR Joint SPD review

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SUBJECT: WHISTLEBLOWING POLICY AND GUIDANCE

DIRECTORATE: CHIEF EXECUTIVE AND TOWN CLERK

REPORT AUTHOR: JOHN SCOTT, AUDIT MANAGER

1. Purpose of Report

1.1 To update the Whistleblowing policy and guidance

2. Executive Summary

2.1 The Council's current whistleblowing policy has been updated to reflect changes in personnel and other external links and has been re-formatted to make the presentation shorter and clearer. There have been no material changes to the content.

3. Background

3.1 The Council's whistleblowing policy is part of range of counter fraud policies which are reviewed every two years (or sooner if required).

3.2 A Whistleblower is generally a term used for a person who works in or for an organisation and raises an honest and reasonable concern about a possible fraud, crime, danger or other serious risk that could threaten colleagues, service users, customers, members of the public or the success and reputation of the organisation.

3.3 UK law protects employees from dismissal, harassment or victimisation if such treatment occurs as a result of having made a whistle-blowing disclosure considered to be in the public interest. If workers bring information about a wrongdoing to the attention of their employers or a relevant organisation, they are protected in certain circumstances under the Public Interest Disclosure Act 1998. This is commonly referred to as 'blowing the whistle'. The law that protects whistle-blowers is for the public interest - so people can speak out if they find malpractice in an organisation. Blowing the whistle is more formally known as 'making a disclosure in the public interest'.

4. Policy and Guidance

4.1 The content of the Whistleblowing policy and guidance remains largely unchanged with the exception of personnel changes, external links and presentational changes to help improve understanding.

5. Organisational Impacts

5.1 Finance (including whole life costs where applicable)

There are no financial implications.

5.2 Legal Implications including Procurement Rules

There are no direct legal implications; however the policy helps ensure compliance with UK law.

5.3 Equality, Diversity & Human Rights

There are no changes to the existing Equality Impact Assessment.

6. Recommendation

6.1 That Audit Committee approve the updated policy and guidance.

Is this a key decision? No

Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

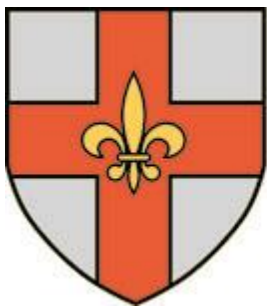
How many appendices does the report contain? One

List of Background Papers: None

Lead Officer: John Scott, Audit Manager
Telephone (01522) 873321

CITY OF LINCOLN COUNCIL

Whistleblowing Policy And Guidance



CITY OF
Lincoln
COUNCIL

Whistleblowing Policy

Control

Owner / Policy Lead Officer: John Scott Audit Manager / Claire Burroughs Human Resources Manager

Responsible Officer: City Solicitor (Monitoring Officer)

Consultation: Audit Committee

Review Date: December 2019

Review Arrangements: Every two years

Sept 2013 Version 1.01

July 2015 Version 1.02

September 2015 Version 1.03

December 2017 Version 1.04

March 2020 Version 1.05

Introduction

1. A Whistleblower is generally a term used for a person who works in or for an organisation and raises an honest and reasonable concern about a possible fraud, crime, danger or other serious risk that could threaten colleagues, service users, customers, members of the public or the success and reputation of the organisation. This reporting is sometimes called whistleblowing. You should take prompt action to raise concerns if you believe something is wrong.

The Whistleblowing law is contained in the Public Interest Disclosure Act 1998 (PIDA – amended by the Enterprise and Regulatory Reform Act 2013). Public bodies, such as this Council, are required to have a Whistleblowing policy and to ensure that workers are not victimised or dismissed for raising their concerns internally, or subjected to any other detriment.

2. We want you to feel that it is safe and acceptable to tell us about your concerns so that we can investigate and take action as soon as possible. We want to assure you that there is no reason to remain silent; your decision to talk to us may be difficult but, if you believe what you are saying is true, you have nothing to fear as you are following the Council's Code of Conduct and helping to protect colleagues, the users of our services and the residents of Lincoln.

3. We will not tolerate any harassment or victimisation of whistleblowers and we will take action to protect those who raise concerns. UK law protects workers* from dismissal, harassment or victimisation if such treatment occurs as a result of having made a qualifying whistle-blowing disclosure considered to be in the public interest. *A worker is someone with a contract or other arrangement to do work or services such as an employee or an agency worker.*

4. Qualifying disclosures are disclosures of information where the worker reasonably believes that one or more of the following matters is either happening, has taken place, or is likely to happen in the future.

- A criminal offence , for example fraud
- The breach of a legal obligation
- A miscarriage of justice
- A danger to the health and safety of any individual
- Risk of or actual damage to the environment
- Deliberate attempt to conceal any of the above - you believe someone is covering up wrongdoing

You can also report suspected fraud or corruption (which could be a breach of a legal obligation)

5. If a worker is going to make a disclosure it should be made to the employer first, or if they feel unable to use the organisations procedure the disclosure should be made to a prescribed person (see paragraph 40), so that employment rights are protected. Workers who 'blow the whistle' on wrongdoing in the workplace can claim unfair dismissal if they are dismissed or victimised for doing so.

Scope

6. You can also use our whistleblowing reporting arrangements if you are contractor, supplier, partner or member of the public. Protection however only applies to our workers. You may have concerns or information which you think we should know about or look into. You should, however, normally follow the Corporate Complaints process if your concern is about a particular service that we have provided you. Members of the public who raise concerns are not legally protected by PIDA, so we do offer the option for the person making the allegations to withhold their identity at the time concerns are raised.

7. Our Whistleblowing arrangements do not replace the following:

- Corporate Complaints Procedure
- Disciplinary Policy
- Grievance Policy
- Dignity at Work Policy
- Child Protection Safeguarding reporting
- Adult Care Safeguarding reporting
-

These policies and reporting procedures should be used where applicable. Our Whistleblowing arrangements are not intended to give you a further opportunity to pursue a grievance or complaint once you have exhausted the relevant employment procedures.

Protection and Confidentiality

8.. You are protected in law from harassment and bullying when you raise a legitimate concern. We will not tolerate any harassment or victimisation (including informal pressure) and we will take action to protect you when you raise a concern believed to be in the public interest. We will take disciplinary or corrective action should anyone attempt to victimise the whistleblower or prevent concerns being raised.

You shouldn't be victimised if you report something. This means that your job and opportunities for future promotion or training shouldn't be put at risk because you've raised a real concern, as long as you do this in the proper way.

If you're instructed to cover up a wrongdoing, the person who tells you to do this is committing a disciplinary offence. If you're told not to raise or follow up any concern, even by a person in authority such as a manager, you shouldn't agree to stay silent. You should report the matter following this guidance.

9. We will respect your confidentiality as far as we can but there are times when we cannot guarantee this, for example, where if the whistleblowing relates to a criminal offence or if there are child protection or adult safeguarding issues. You must say straight away if you do not want anyone else to know it was you who raised the concern.

10. You will not have a say in how your concern is dealt with. The Council (or the prescribed person) can keep you informed about the action they've taken, but they cannot give you much detail if they have to keep the confidence of other people.

11. If we proceed to a formal investigation we may require you to give evidence along with other workers and witnesses; we are, in some circumstances, able to do this without disclosing the identity of the whistleblower. A statement from you may also be required as part of criminal or disciplinary proceedings – this depends on the nature of the concern.

12. If you ask us to treat the matter in confidence we will do our utmost to respect your request however, it is not possible to guarantee confidentiality. We will attempt to ensure the whistleblower's identity is not disclosed to third parties. If the information you provide includes personal information about another person, then that person may be entitled to access it under subject access provisions of the Data Protection Act. The whistleblower's identity will not be disclosed unless the law allows or compels us to do so. If we are in a position where we cannot maintain confidentiality and so have to make disclosures we will discuss the matter with you first.

If your whistleblowing disclosure results in an internal investigation and you provide a witness statement under that process, your statement may be used for disciplinary purposes. This means your statement may be given to the subject as part of a disciplinary hearing. A worker subject to the disciplinary process can also ask to see personal information held about them at any time under the subject access provisions of the Data Protection Act – this may include information within your statement. If it is possible to provide access to personal information within your statement without revealing any information about you, we will do so.

If your statement is not required for disciplinary purposes it will be:

- held confidentially on our case file (until the case file is destroyed after 7 years)
- released only with your consent or a Police / Court Order

The Council:

- does not expect you to give us your consent – this is your decision alone – but we are required by law to ask you
- does not need a reason should you choose to refuse the request

If you find yourself the subject of a whistleblowing disclosure and a decision is made to investigate, the Council will follow the appropriate employment procedure: dignity at work, grievance or disciplinary. This means you will have all the rights contained in that procedure, such as, the opportunity to respond to the allegation and representation at the investigatory interview.

It may be that our investigations do not confirm your allegation. We take all concerns seriously and can assure you that no action will be taken against you if you have raised a concern in the genuine belief that it is, or may be, true

Anonymous allegations

13. We do not encourage anonymous reporting as the concerns are more difficult to investigate and are generally less powerful. We would like you to put your name to the allegations whenever possible and remind you of the protection we can provide if we know who you are.

14. Anonymous whistleblowing referrals will be considered at the discretion of the officers handling the concern.

Untrue/false allegations

15. If we find that you have maliciously made a false allegation we will take action against you and you will not be eligible for protection under the law.

How to raise a concern

16. If a worker is not sure whether or not to raise a concern through this policy, they should discuss the issue with their line manager or Human Resources, or one of the reporting officers below.

We encourage you initially to raise your concerns internally. Make it clear that you are raising your concerns under the Council's whistleblowing arrangements. Any matter raised will be investigated thoroughly, promptly and confidentially, and we will provide feedback on actions taken. Before you make any complaint, make sure that you follow the proper procedures, for example, filling in incident forms where necessary. In any case, write down the full details of the incident and keep a copy.

The law doesn't say you have to have hard evidence, although any information that you have would be useful. However you must not start any fact finding or investigations yourself.

You can report the matter to the following people (or discuss if you are in any doubt about what you should do):

If you are a worker/employee you can report to the following Council officers:

Audit Manager 01522 873321

Email: john.scott@lincoln.gov.uk

Human Resources Manager 01522 873856

Email: claire.burroughs@lincoln.gov.uk

Chief Financial Officer 01522 873258

Email: jaclyn.gibson@lincoln.gov.uk

You should also consider telling your line manager (service manager) so they are aware.

You should declare whether you have a personal interest in the issue at the outset. If your concern falls more properly within grievance or other policies you will be advised.

You can also use the City of Lincoln's confidential PO Box or email address

Write to:

City of Lincoln Council

PO Box 747

Lincoln

Email: whistleblowing@lincoln.gov.uk

If you are not a Council worker you can contact the Council's confidential freephone whistleblowing number on **0800 0853716**

19. The Investigations Team, who report directly to the Head of Internal Audit & Risk Management at Lincolnshire County Council, operate this dedicated reporting line during normal working hours (9am to 5pm). If you call this number out of hours you can leave a message on the

answer phone which is located in a secure area. *This is a shared whistleblowing number used by all Lincolnshire Councils under a partnership arrangement.*

20. Concerns are better submitted in writing with information on background names, copies of any documents, dates and places (where possible).

You can email: whistleblowing@lincolnshire.gov.uk

You can write to:
Lincolnshire local authorities
PO Box 640
Lincoln
LN1 1WF

Council workers may also use these reporting lines if they wish.

Safeguarding Children and Vulnerable Adults

23. If your concerns relate to safeguarding children and vulnerable adults please see the Safeguarding section on City People and the Council's website (Safeguarding children and adults) and report accordingly.

Representation

25. The whistleblower may take advice, for example from their trade union and / or professional organisation, or legal adviser, in respect of their concerns before or after it is raised. However, care is needed to ensure that this will not result in a breach of confidentiality or the disclosure of exempt information.

26. The whistleblower will be allowed to be accompanied to any meeting in respect of the concern, for example by a trade union representative, and/or professional body provided that they are not connected to any person under investigation. The Council has the right to expect any person accompanying or advising the complainant to maintain the confidentiality of the case.

27. Staff can also invite their trade union representative or a work colleague to raise a concern on their behalf.

How we will respond

28. Our response and the investigation route will depend on the nature of the concern raised. Our response will depend on the nature of the concern raised and may be:

- advice only
- resolved by agreed action without the need for investigation
- investigated internally (by management, Investigations Team or other independent investigators)
- referred to the relevant safeguarding team (child protection or vulnerable adults)
- referred to the Police, if a criminal matter
- referred to the external auditor
- the subject of an independent inquiry

The officer receiving the whistleblowing allegation will notify the Audit Manager to include the disclosure on the central register.

30. We may carry out initial enquiries in order to protect individuals or workers and those accused of wrongdoing. We will use the results of these enquiries to decide whether a detailed investigation is needed and if so, what form it should take. If urgent action is required this will be taken before we start any investigation.

31. We will acknowledge your whistleblowing disclosure within 5 working days. Within the next 10 working days we will write and explain how we propose to deal with the matter. The whistleblower will be:

- given an estimate of how long it will take to provide a final response
- told if initial enquiries have been made
- told if further investigation is required, and if not, why not (where appropriate)
- given details of support mechanisms
- advised of the investigating officer (where appropriate)
- advised how they will be informed of progress

32. The amount of contact between you and the Officer considering your whistleblowing disclosure will depend on the nature of the concerns raised. For example, if further investigation is required, the investigator may need to seek additional information from you.

33. If a meeting is necessary, this can be held off site if you prefer. If you are a worker you will have a right to be accompanied – this will be a union representative or work colleague (not involved in the area where the concern exists). If you are not a worker you may wish to bring a friend with you – a neutral venue can be arranged, where required.

34. We will help with any difficulties you may experience as a result of raising a concern – we will, for example, provide advice if you are required to give evidence for criminal or disciplinary proceedings. Sometimes whistleblowers have counter-allegations made against them. The Council has a duty to investigate any concerns that it receives and that will apply in these circumstances. However this will not detract from the principles, as set out in this policy, which govern how the Council will respond to whistleblowers. The over-riding objective will be to establish the truth.

35. Records will be retained of all work carried out and actions taken to address the concerns raised by the whistleblower, including the investigator's case file, where relevant. All files will be held securely and confidentially

36. At the end of our investigations we will provide feedback to the whistleblower subject to our internal policies and procedures and legal constraints but we do recognise the importance of providing you with assurances that the matter has been dealt with properly.

37. Don't forget:

- You should NOT investigate the matter yourself.
- Do not alert those suspected of being involved.
- Do not approach or accuse individuals.
- Do not tell anyone other than the designated persons mentioned in this policy.
- Do not undertake searches.

38. Any records and documents in your possession should be retained and kept securely to prevent alteration or loss.

Taking the matter further

39. If you are not comfortable with the lines of reporting above or if you feel that your concerns have not been dealt with properly or received a satisfactory response, you can inform the Council's Monitoring Officer/City Solicitor, of your concern, her contact details are:

Telephone number: 01522 873323

Email: carolyn.wheater@lincoln.gov.uk

Postal address: City Solicitor, , City of Lincoln Council, City Hall, Beaumont Fee, Lincoln, LN1 1DB.

You may also refer your concern about how the whistleblowing case has been dealt with to the Local Government Ombudsman – they generally do not take any action until the matter has been dealt with internally first. They can be contacted at:

The Local Government Ombudsman
PO Box 4771

Coventry, CV4 0EH

Tel. 0300 061 0614 (Local Government Ombudsman – Advice Team)

40. There might be cases where your concerns are so serious, or involve the most senior officers in the Council, that you want to complain directly to an external person or body (known as a prescribed person or prescribed body). You may feel that the internal investigation is not satisfactory.

Before you report a matter externally you should be sure that:

- the matter is serious and justifies bypassing internal procedures, or
- there is a reasonable belief that evidence might be destroyed, or
- you would be subject to detrimental treatment, or
- it is reasonable to disclose the information to the person concerned.

You should have reasonable suspicions that one or more of the following has occurred:

- that a criminal offence has been committed, is being committed or is likely to be committed
- that a person has failed, is failing or is likely to fail to comply with any legal obligation or statutory duty
- that a miscarriage of justice has occurred, is occurring or is likely to occur
- that the health or safety of any individual has been, is being or is likely to be endangered
- that the environment has been, is being or is likely to be damaged
- that information (relating to any of the above) is being or is likely to be deliberately concealed

The legislation sets out a number of bodies to which qualifying disclosures may be made. These include HM Revenue & Customs, the Health and Safety Executive, the Environment Agency, the

Serious Fraud Office. A full list of “prescribed people and bodies” can be found on the government website – www.gov.uk/whistleblowing.

If you decide to blow the whistle to a prescribed person rather than the Council, you must make sure that you have chosen the correct person or body for your issue.

Disclosures relating to local authorities can be made to the external auditor of the relevant authority or the Comptroller and Auditor General.

You can contact the Council’s external auditors at:

Mazars
Park View House
58 The Ropewalk
Nottingham
NG1 5DW

To make a disclosure to the Comptroller and Auditor General, please contact the National Audit Office (see Comptroller and Auditor General below).

Contact them about the proper conduct of public business, value for money, fraud and corruption in relation to the provision of public services.

The Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
London
SW1W 9SP

Tel: 020 7798 7999

Website: www.nao.org.uk/contact-us/whistleblowing-disclosures/

41. A key source of information about whistle blowing is Protect which is an independent authority of public interest whistle blowing. Their contact details are

Their contact details are found at <https://protect-advice.org.uk>

42. You should only make disclosures to non-prescribed bodies (e.g. to the media, and non-prescribed regulators) if, in addition to the tests above, they are reasonable in all the circumstances and they meet one of the following three preconditions:

- you reasonably believe that you would be victimised if you raised the matter internally or with a prescribed regulator;
- you reasonably believe a cover-up is likely and there is no prescribed regulator; or
- you have already raised the matter internally or with a prescribed regulator.

End of policy

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SUBJECT: AUDIT COMMITTEE WORK PROGRAMME 2020-2021

REPORT BY: JOHN SCOTT, AUDIT MANAGER

LEAD OFFICER: JOHN SCOTT, AUDIT MANAGER

1. Purpose of Report

1.1 To provide details of the Audit Committee work programme for 2020/21.

2. Executive Summary.

2.1 The Audit Committee approves a work programme each year and monitors progress.

3. Details

3.1 The proposed work programme is attached at Appendix A. The frequency of meetings has been reviewed and revised taking account of impacts relating to the pandemic. It is considered appropriate for 2020/21.

4. Organisational Impacts

4.1 Finance

There are no direct financial implications arising as a result of this report.

4.2 Legal Implications including Procurement Rules

There are no direct legal implications arising as a result of this report.

4.3 Equality, Diversity & Human Rights

There are no direct E and D implications arising as a result of this report.

5. Recommendation

5.1 Audit Committee should comment on and agree the work programme for 2020/21.

Key Decision No

Do the Exempt Information Categories Apply? No

Call in and Urgency: Is the decision one to which Rule 15 of the Scrutiny Procedure Rules apply? No

How many appendices does the report contain? One

List of Background Papers: None

Lead Officer: Audit Manager Telephone 873321

AUDIT COMMITTEE AUDIT WORK PROGRAMME FOR 2020/21

Meeting dates	Audit Items – Revised Agenda	Training (Suggested)
13 th June 20	Meeting cancelled	
23 rd July 20	<ul style="list-style-type: none"> • Annual Internal Audit Report • Internal Audit Progress report (19/20) • Audit Committee Work Programme 	<ul style="list-style-type: none"> • Audit Committee effectiveness (Dec 2020)
27 th Aug 20	<ul style="list-style-type: none"> • Statement of Accounts (Draft) • Annual Governance Statement (Draft) • External Audit Progress report • Audit Committee Work Programme 	<ul style="list-style-type: none"> • Local Government Financial Statements explained • Annual Governance Statement/Corporate Governance (Part of Meeting)
24 th Sept 20	<ul style="list-style-type: none"> • Internal Audit progress report • Annual Complaints report • Audit recommendations report • Information Governance Update • Whistleblowing policy • 12 Month fraud and error report • Audit Committee Work Programme • Internal Audit Plan 20-21 	

<p>20th Nov 20</p>	<ul style="list-style-type: none"> • Statement of Accounts / Annual Governance Statement (Final) • Annual Governance Report / Auditors Report (External Audit) 	
<p>15th Dec 20</p>	<ul style="list-style-type: none"> • Audit recommendations report • Internal Audit progress report • Six Month Fraud and Error report • Annual Governance Statement - monitoring • Audit Committee Work Programme • Counter fraud policies • Fraud risk register • Terms of Reference review - Internal Audit (Audit Charter) • Annual Audit Letter (External Audit) • Financial Management Code / Financial Resilience • Audit / Audit Committee effectiveness and terms of reference 	<ul style="list-style-type: none"> • Counter Fraud (Via e-learning) • Lincolnshire Audit Committee Forum (TBC) • Audit Committee effectiveness
<p>2nd Feb 21</p>	<ul style="list-style-type: none"> • Internal Audit Progress report • Treasury management policy and strategy (consultation prior to approval by Council) • Audit Committee Work Programme • Information Governance update 	<ul style="list-style-type: none"> • Treasury Management
<p>23rd Mar 21</p>	<ul style="list-style-type: none"> • Internal Audit Progress report • Audit recommendations report • Combined Assurance report • Annual Governance Statement –update report • Internal Audit Strategy and Plan 19-20 • Risk Management Strategy / annual report 	

	<ul style="list-style-type: none">• Statement on Accounting Policies• External Audit Inquiries – 19/20 Statement of Accounts (those charged with governance)• IAS19 – Assumptions used to calculate pension entries in the Statement of Accounts and Audit Regulations• External Audit plan• Audit Committee Work Programme	
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A private meeting between the Audit Committee and internal and external audit managers can be arranged outside of the meeting agenda times.

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