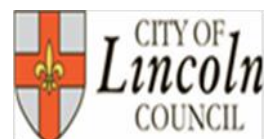


Internal Audit Progress Report



**City of Lincoln Council
September 2019**



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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 the audit work during the period July to August
- Advise on progress with the 2019/20 plan
- Raise any other matters that may be relevant to the Audit Committee role

Key Messages

During the period we have finalised one assurance review.

Assurances

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

- Boultham Park Restoration - 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

Boultham Park Restoration

The restoration of Boultham Park has been a partnership project delivered between the Council and Linkage, jointly funded by both partners and a grant from the Heritage Lottery Fund.

The purpose of the audit was to confirm that the project has been finalised in accordance with Lincoln Project Management Model requirements.

The final account sum has finally been agreed following negotiations with the contractor over period of time.

We found that the key requirements of LPMM had been complied with.

We identified an area for management to consider in respect of the apportionment (between the partners) of a potential interest payment to the contractor.

There are a number of actions that still need to be completed at the appropriate times and these will be tracked for completion;

- Obtain a defects certificate following conclusion of final account negotiations
- Submission of the final account to HLF and claim for financial reimbursement from Linkage.
- Approval of the draft project evaluation; this will be attached to the final account submission to HLF and submitted as a PIR to the relevant groups.
- Obtain and retain green flag status; this is a requirement of HLF contract conditions.
- Sharing of information by partners of contract documentation that has been held on their respective I.T. systems.

Audits reports at draft stage

There are three audit reports at draft report stage;

- Values & Behaviours
- Project Management
- Fire Risk

Work in Progress

There are three audit's in progress;

- Partnership Governance
- Recruitment
- Housing Rents

and a number of audits are being prepared;

- Efficiency Savings
- Western Growth
- Economic Development
- Private Sector Housing Follow Up
- Sports Pitches improvements
- Treasury Management

Other Work

Housing Benefit Subsidy Testing has been completed.

The Expenses claim for the European Election held in May is being checked.

Changes to the Audit Plan

Due to some 18/19 audits taking longer than expected and some unplanned work in 19/20 it will be necessary to postpone 30 days of audits.

Following discussions with the S151 Officer it has been agreed that the following audits will be postponed;

- Welfare reform – Universal Credit (UC). There is currently some detailed work on UC advice arrangements and we are currently covering UC aspects as part of the rents audit. (Move to Q1 new year)
- Apprentice scheme – financial arrangements (Move to Q1 new year)
- Scrutiny - operation and member training (Move to Q1 new year)
- Housing Strategy – implementation (Move from Q1 new year)



Benchmarking



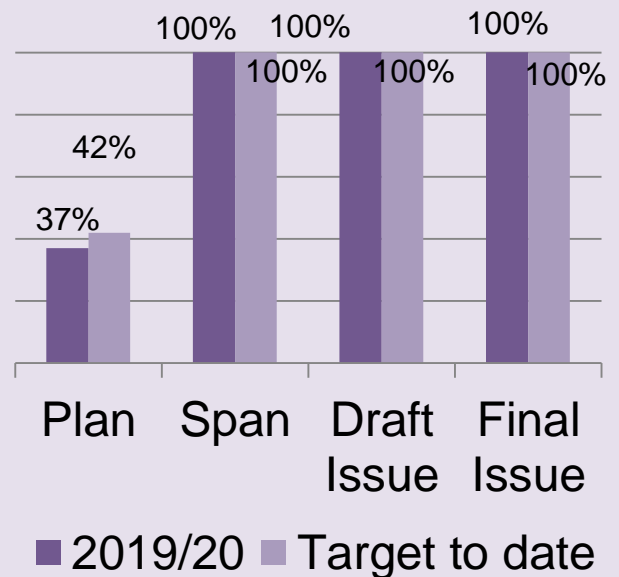
Internal Audit's performance is measured against a range of indicators. The statistics below show our performance on key indicators year to date.

Performance on Key Indicators

100%

Rated our service Good to Excellent

High achievement of Audit KPI's to date



Other matters of interest

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

Lincolnshire Audit Committee Forum

There is a Lincolnshire Audit Committee forum on 1st October at North Kesteven District Council (10am-4pm).

Agenda items are;

- Cyber Psychology / Security (Information Governance Officer, LCC)
- Audit Update (Chief Executive, Public Sector Audit Appointments)
- Risk in focus – Horizon scanning (Manager, Mazars)
- Assessment on Risk Register and Annual Governance Statements (Head of Internal Audit, LCC)
- View from the Chair (Chair of the Joint Independent Audit Committee, Lincolnshire Police & Crime Commissioner)

All committee members are welcome to attend – please advise the Audit Manager.

Brexit

An officer group continues to monitor Brexit risks and requirements and advice from Government. The CFO is the main contact. The Audit Manager is part of the group.

Guidance for Audit Committees – Cloud Services

This document provides guidance to audit committees about cloud services. It prompts questions that the audit committee members could ask those responsible for their digital strategy.

<https://www.nao.org.uk/wp-content/uploads/2019/04/Guidance-for-audit-committees-on-cloud-services.pdf>

There are none.

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
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.

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
Chief Executive – Critical Activities					
Recruitment	Internal promotions and external recruitment	Q1	June		In progress
Treasury Management	Investments & borrowing	Q2			
Efficiency Savings	Programme & project arrangements	Q2			Being prepared
Payroll	Risk Based Audit	Q3			
Scrutiny	Scrutiny committee operation & Member training	Q3			Deferred Q1 20/21
Apprentice scheme	Financial arrangements	Q3-4			Deferred Q1 20/21
Housing & Regeneration – Critical Activities					
Housing ASB	Advice work – budgets	Q1	April	June	Completed
Rental income	Risk Based Audit, to include Universal Credit impacts	Q2	July		In progress
Housing Allocations	New Build allocations process	Q2			
Housing Repairs	Interaction between reactive repairs & planned maintenance	Q3			
Homelessness	Implementation of the Homeless Reduction Act	Q3			
Housing Strategy	Implementation of the Housing Strategy including links with Major Development	Q4			Deferred Q1 20/21
Housing Allocations	Accuracy and processing arrangements on the new IT system	Q4			

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
Communities & Environment – Critical Activities					
Sport & Leisure pitches	Contract and operation review	Q2-3	June		In progress
Private Sector Housing follow up	Follow up of 17/18 HMO audit plus Private Sector Housing in general	Q2			
Community Safety	City Centre intervention, safeguarding and licensing	Q2-3			
Performance management	Operation of the new PM system	Q4			
Major Developments – Critical Activities					
Growth & Regeneration	Strategies, investment, partnerships, infrastructure	Q3-4			Being prepared
Financial & Governance					
Counter Fraud	Fraud Strategy actions	Q1-4			In progress
Counter Fraud	Tenancy Fraud data matching	Q1-4			In progress
Counter Fraud	NFI data matching	Q1-4			In progress
Counter Fraud	Friends against Scams	Q1-2			In progress
Counter Fraud	Fraud Training	Q1-2			In progress
Counter Fraud	Identity fraud	Q2			In progress
Welfare Reform	UC rollout and Welfare Advice	Q2-3			Deferred Q1 20/21
Counter Fraud	Fraud risk register update	Q3			
Counter Fraud	Counter Fraud healthcheck	Q3-4			
Counter Fraud	Money Laundering risk assessment	Q2			

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
Financial & Governance (cont'd)					
Counter Fraud	6 & 12 month reports	July 19 Dec 19			12 mth report in July 19
Counter Fraud	Policy reviews	Q3-4			
Governance & Risk					
Governance	Key controls for annual assurance	Q4			
Risk Management	Key controls for annual assurance	Q4			
Information Management & Technology					
ICT	Assurance mapping and plan	Q1-2			Completed
ICT	IT map follow up and Strategy actions	Q4			
ICT	Anti-Malware arrangements	Q2/3			
ICT	New Website	Q2/3			
ICT	Mobile Working/Office 365 Pilots	Q4			
Projects					
Western Growth	Programme governance and project management	Q2-3			Being prepared
De Wint Court	Project and contract arrangements	Q3-4			RM support Contract audit Q3-4

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
Consultancy / VFM / No opinion work					
Emerging Legislation	Preparation for new and emerging legislation & policy (merged with 18/19 work)	Q1		May	Completed Full assurance
Brexit	Assist with risk and control issues as part of working group	Q1	Q1	Q4	In progress
Refuse & Recycling	Work being done to assess the future direction	Q4			
Other work					
2018/19 audits	Complete audits from previous year	Q1	April		At draft report
Annual IA report	Report for 2018/19	Q1	April	May	Completed
Housing allocations	Serious offenders risk assessment	Q1	June	June	Completed
De Wint project	Risk management support	Q1-4	April		Ongoing
Follow up	Review progress on audit recommendations	Q1-4			Ongoing
Advice, Management	Advice & management, reactive investigations	Q1-4			Ongoing
Combined Assurance	Update the assurance map	Q3-4			
IA Strategy & Plan	New Plan for 2020/21	Q4			
Housing Benefit Subsidy					
2018/19 Subsidy claim	2018/19 HB Detailed testing on behalf of External Audit	Q1-2	May	July	Completed