

Internal Audit Progress Report



**City of Lincoln Council
March 2022**



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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. ¹

Introduction

The purpose of this report is to:

- Provide details of audit work during the period January – March 2022
- Advise on progress with the 2021/22 Plan
- Raise any other matters that may be relevant to the Audit Committee role

Key Messages

We have one audit at draft report stage and six in progress and have completed 81% of the revised Plan (days) as at the end of February. This is slightly below the target of 91%. The Audit Manager is now in post and we have procured additional resources to cover the time lost through the vacancy and are on track to complete the Plan by the end of April.

Draft and final reports are all being issued in accordance with the performance targets.

We have finalised four audits to date all of which have not met the 2 month span indicator. There are a number of reasons for this including completion of other priority work and delays in receiving information. We are working on a plan of action to improve this going forward.

We continue to provide advice and assistance on Business Grants and have an advisory role on the group looking at the payment of the £150 energy support payment (Council Tax Rebate).

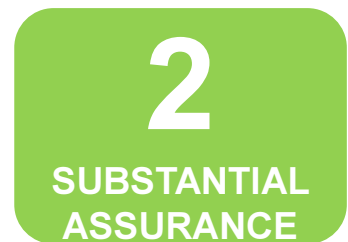
The assessor has completed his External Quality Assessment of Internal Audit and we await his report and feedback.

Assurances

Two assurance reviews have been completed;

- Lincoln Visitor Information Centre – Substantial assurance
- Safeguarding – Substantial assurance

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

Lincoln Visitor Information Centre

Lincoln Visitor Information Centre (LVIC) was brought back under Council management on 1st April 2020, after having been run by Lincoln Big since 1st April 2010, and an audit has been undertaken to provide assurance on the administrative processes in place.

General day to day administration was found to be working well, and the staff we spoke to had a good understanding of the processes that need to be in place when handling income and safeguarding stock as well as a genuine commitment to ensuring that LVIC provides a high quality service, promoting Lincoln as a tourist destination and welcoming visitors to the City..

A risk assessment of the LVIC premises was undertaken in Nov 2019 by a member of the Health & Safety Team, and all staff have undertaken mandatory Data Protection training.

A small number of recommendations were made, including;

- Confirming if a discount for staff inherited from Lincoln BIG should continue
- Developing a business plan for the enhancement of the services offered
- Formalising data sharing arrangements when undertaking joint events

Substantial Assurance

Safeguarding encompasses a range of legal duties and responsibilities designed to protect people's health, wellbeing, and human rights,

The Council has a range of statutory duties to carry out in relation to safeguarding and promoting the wellbeing of individuals and communities.

This audit was requested by the Safeguarding Champion to provide assurance on how the Council's Safeguarding and Protecting Vulnerable People (PVP) processes worked during 2020 and 2021 with particular emphasis on whether remote and agile working has had any detrimental impacts on the fulfilment of those statutory duties.

We did not find any evidence that there has been a detrimental impact on the Council's Safeguarding and PVP processes during 2020 and 2021 when most staff were working away from the office. There are also no anticipated impacts from the Council's move to permanent agile working.

Visits to the public and tenants have reduced and are now gradually being increased. The Council's duty is to only act on what it sees or is advised about rather than to actively look.

Remote working has improved liaison with partners and there is higher attendance at multi-agency meetings. A working group will be set up to look at whether there are impacts on staff wellbeing as there is reduced contact with colleagues to allow experiences to be shared.

An up to date Safeguarding Policy is in place which defines roles and responsibilities, plus processes and guidance .

A training and development programme ensures that all staff receive training appropriate to their role on a rolling basis.

An effective structure is in place to ensure that information and issues are circulated and reported to management and members.

There is a comprehensive safeguarding area on City People. This has now been replaced by the Hub and work has started to set this up as the reference point for safeguarding information to be completed as soon as possible.

Safeguarding

Substantial Assurance

A recent light touch review by the Lincolnshire Safeguarding Children Partnership found 96% compliance. The gaps are being addressed and will be in place over the next year.

The Strategic Risk Register contains a risk for compliance with Safeguarding and Prevent requirements together with a number of mitigating actions. The risk rating has recently been amended to Amber, having previously been Red.

Some recommendations have been made;

- Consider if the role of the deputy Safeguarding Officers provides a sufficient level of cover.
- Create an Improvement Plan to record all actions and allow them to be formally monitored.
- Develop the way forward for recording safeguarding referrals on an IT system, which would allow data to be consistently captured and interrogated.

**Safeguarding
(continued)**

Other work

Audits in Progress

- Income – fieldwork in progress
- Rogue Landlord – report being agreed
- Town Deal – fieldwork in progress
- Planned Maintenance – fieldwork in progress
- Performance Management – fieldwork in progress
- IT Programme & Project Management – fieldwork in progress
- Medium Term Financial Strategy – fieldwork in progress

Other Audit work

- Election Claims – Three elections were held in May 21 and the expenses claims have been completed and reviewed. An Advice Note has been issued.
- Counter Fraud
 - National Fraud Initiative – work is ongoing on matches received and new data required
 - Fraud Policy / Strategy review – completed July 21
 - Anti-bribery Policy update – completed Dec 21
 - Whistleblowing Policy update – completed Mar 21
 - Money Laundering risk assessment – in progress
 - Fraud Risk Register update – completed Jan 22
 - Scam awareness – work undertaken as required
 - Lincolnshire Counter Fraud Partnership liaison – ongoing
- Business Grants
 - Assistance is given as required

Amendment to the Audit Plan

The IT DR audit (which will be undertaken by external IT consultants) has been moved to Q2 2022/23 as the project needs to be more advanced to make the audit worthwhile.

At the Plan review in December 21 the MTFs audit was removed but this has now been reinstated to use the days available from removing the Leisure and H&S risk assessments audits.

Audit work undertaken for Assurance Lincolnshire

Two audits are in progress – BBC Key Controls and ELDC General Ledger.

Benchmarking



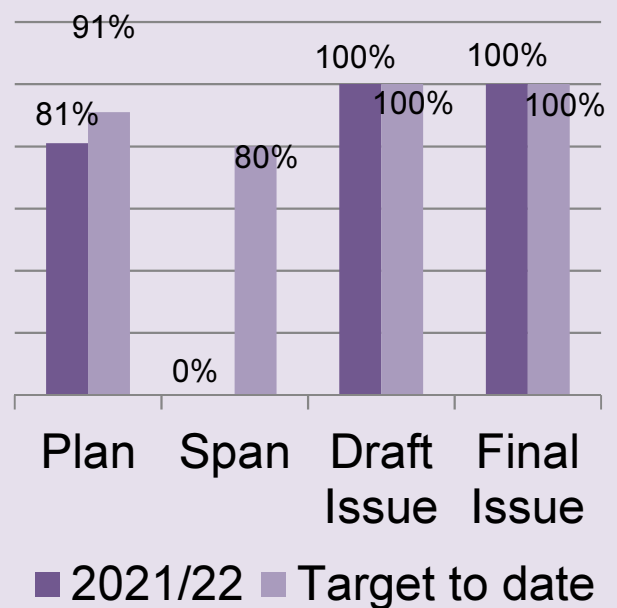
Internal Audit's performance is measured against a range of indicators. The statistics below show our performance on key indicators year to date.

Performance on Key Indicators

Rated our service Good to Excellent

81% revised Plan Completed

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.



Public Sector Audit Appointments update February 2022

Procurement of Audit Services

Procurement of audit services for local government bodies has commenced. The aim is to enable independent auditor appointments to all of the local bodies that opt in to PSAA's national scheme for the five-year period spanning audits of the financial years 2023/2024 to 2027/2028. The procurement is designed to encourage and support the development of a more sustainable market for local government audit services. Interested suppliers are invited to submit a completed selection questionnaire by 18 March 2022. Shortlisted potential suppliers will be invited to submit tenders by noon on 11 July 2022. Contract award is expected during August 2022 to enable auditor appointments to bodies by 31 December 2022.

Emergency proposals for an update of the 2021/22 Accounting Code of Practice

The Chartered Institute of Public Finance and Accountancy and the Local Authority (Scotland) Accounts Advisory Committee (CIPFA/LASAAC) has issued an 'exceptional consultation' covering emergency proposals to update the 2021/22 accounting Code and potential changes to the 2022/23 Code, and responses must be provided by 3 March.

CIPFA/LASAAC considered a range of options, and has decided to explore two approaches:

- an adaptation to the Code to allow local authorities to pause professional valuations for operational property, plant and equipment for a period of up to two years (although the initial proposal is for the 2021/22 financial year); this approach also explores the use of an index to be used to increase or reduce that valuation; and
- deferring the implementation of IFRS 16 Leases for a further year and reversing the planned changes to the 2022/23 code to implement that standard.

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 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 update is presented to this Committee as a separate item.

Appendix 4

2021/22 Audit Plan Progress

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
Annual IA Report	Audit opinion & coverage for 2020/21	Q1	May	June	Completed
Partnership Governance	Consultancy to assist in providing assurance for management & Audit cttee	Removed as part of Dec 21 Plan review - no IA input required.			
Housing Benefit Subsidy	Detailed testing on behalf of External Audit	Q1-2	May 21	Sept 21	High assurance
Housing Benefit & CTS	Assurance that HB, CTS, DHP & CTS Hardship Fund are administered correctly	Q1	May 21	Sept 21	High assurance
Leisure Centres	Assurance that appropriate contingency planning is being undertaken	To be undertaken by external specialists.			
Planned Maintenance (being undertaken by Julia Raftery Consulting Ltd)	Assurance on the closedown of the Kier contract and the establishment of new arrangements	Q4	Jan		In progress
Elections	Review of the 2021 expenses claims	Q2	May 21	Feb	Completed. Advice Note issued.
Safeguarding	Review of Protecting Vulnerable People processes during Covid	Q2	Sept 21	Jan 22	Substantial assurance
Visitor Information Centre	Assurance on the operation of the service	Q2-3	Aug 21	Feb 22	Substantial assurance
Western Growth Corridor	Assurance on partnership governance and programme management arrangements for Phase 1a	Removed as part of the Dec 21 plan review as the project has not progressed to Phase 1a. Included within the 2022/23 plan			
Rogue Landlord	Consultancy work on the PIR	Q3-4	Dec 21		Report being agreed
Health & Safety	Risk assessment processes	Removed as new process not yet in place			
Income	Assurance on income controls in key areas	Q3	Oct		In progress

Appendix 4

2021/22 Audit Plan Progress

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
Stores	Assurance on the changeover of contractor	Q4			To be undertaken by Julia Raftery Consulting Ltd
Combined Assurance	Update the assurance map and produce a 2022 Combined Assurance report	Q4	Dec 21	Mar 22	Completed
IA Strategy & Planning	Produce a 2022/23 Audit Plan	Q4	Jan 22	Mar 22	Completed
Town Deal (being undertaken by Julia Raftery Consulting Ltd)	Assurance on governance, programme & project management arrangements	Q4	Jan 22		In progress.
ICT – Programme & Project Management	Assurance on general project management plus specific projects for PSN and IT security training	Q4	Feb 22		In progress
ICT – Disaster Recovery	Assurance on IT DR planning, incident response & infrastructure resilience	Q4	Postponed to Q2 2022/23 as the project needs to be more advanced to make the audit worthwhile.		
Medium Term Financial Strategy	Assurance that assumptions, reserve levels, etc are appropriate and there is integration with other strategic documents	Q4	Mar 22		In progress
Performance Management (being undertaken by Julia Raftery Consulting Ltd)	Assurance that the revised PM Framework enables the Council's performance to be effectively monitored.	Q4	Feb 22		In progress
Housing Repairs	Assurance on the operation of the new repairs process and the void repairs process	Removed as part of Dec 21 Plan review			