Internal Audit
Progress Report

City of Lincoln Council
November 2022

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CITY OF
Lincoln
COUNCIL

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Amanda Stanislawski – Audit Manager (Head of Internal Audit)
Amanda.stanislawski@lincoln.gov.uk

Introduction

The purpose of this report is to:

- Provide details of audit work during November 2022
- Advise on progress with the 2022/23 Plan
- Raise any other matters that may be relevant to the Audit Committee role

Key Messages

Progress is being made on the current 2022/23 plan (Appendix 2). We have now completed 48% of the revised plan to date (including the 2021/22 work carried over).

We have seven pieces of work in progress, two at draft report stage and four in progress (Appendix 2). We are also involved in the co-ordination of the National Fraud Initiative which is taking place this year.

We have made one change to the revised plan which has resulted in one audit (Fleet) being removed and replaced by another (Housing Repairs) which was previously removed when the plan was revised in November. This will ensure that coverage remains sufficient to allow an end of year opinion to be made.

The team currently has two vacancies. The recruitment processes have been unsuccessful so far. The posts are currently being re-advertised. We have employed a temporary Auditor on a casual contract to cover some of the work and have obtained further resources from Assurance Lincolnshire. This will enable us to cover the work remaining within the work plan until the end of the Financial year. We will continue to monitor resources to ensure that the work can be completed both for the rest of this year and for 2022/23 with additional resources sought if required.

Assurances

One assurance review has been completed:-

- ICT Programme and Project Management

A summary of the report is provided on the following pages.

0
HIGH ASSURANCE

1
SUBSTANTIAL ASSURANCE

0
LIMITED ASSURANCE

0
LOW ASSURANCE

0
CONSULTANCY

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

ICT Programme and Project Management

There is a project plan in place and arrangements in place to monitor delivery through the Technology Pillar (TP) which has a Terms of Reference and meets regularly. Improvements are required to effectively manage individual projects and adhere to the Lincoln project Management Methodology (LPMM).

The projects monitored by the TP all link and a recent review by CMT of the priorities for the TP provides further confirmation that they are all key. We can confirm that the ICT programme does address Council objectives and that the ICT programme is being effectively managed.

The TP, led by the Director of Housing & Investment, oversees the Council's key ICT projects and meets regularly to review progress. Meetings are formal with minutes and action tracking and there are verbal updates to CMT.

The TP operates as a programme board but does not have any responsibility for operational aspects of projects or LPMM compliance – that is the role of the project sponsor / project board, etc. Our high level testing of LPMM compliance for the TP projects found that;

- All had a Project Lead and Project Sponsor
- A Project Board was in place (where appropriate)
- A Project Brief and Project Initiation Document had not been completed / could not be located in all cases
- Inconsistencies in completing other project documents

The Project Initiation Document (PID) includes a section to consider the project management approach and this should be agreed by the Project Sponsor and Project Lead at the start of the project. The PID also requires oversight and sign off by the Project Sponsor at key points. We have recommended that management remind Project Leads & Sponsors that a Project Brief and a PID should be completed, as a minimum, for all projects.

The TP project schedule contains no indication of prioritisation; all projects appear of equal importance. The TP lead stated that projects are prioritised, but this is not recorded. We have recommended that management introduce a prioritisation process to ensure that resources / efforts can be directed to the most important projects / work areas.

One of the TP projects is delivery of the IT Strategy. A tool has been developed to monitor and deliver everything that the team is responsible for (projects, business as usual, etc) in a way that complies with LPMM, where required.

Substantial Assurance

Summary of Recommendations:-

ICT Programme and Project Management

Priority	Recommendation	Agreed Action	Owner	Due Date
Medium	Management remind Project Leads & Sponsors that a Project Brief and a PID should be completed, as a minimum, for all TP projects.	Ensure LPMM paperwork is complete	Director Housing and Investment	Oct-22
Medium	Management consider introducing a prioritisation process for TP projects to ensure that resources / efforts can be directed to the most important projects / work areas.	Record assessment of projects	Director Housing and Investment	Oct-22

Work Completed / In Progress

Audits in Progress
- Stores 21/22 – Draft report
- De Wint Court – Draft report
- Staff Welbeing – Fieldwork in progress
- Climate Change – Fieldwork in progress
- Housing IT – First gateway review completed, others to be completed throughout the process.
- Combined Assurance – In progress

Other work
- Recruitment process – advertised externally and no applicants. Re-advertised in different places and interviewed but not appointed. Re-advertised again.
- NFI – co-ordination and returns.

Amendments to the Audit Plan
There has been one further amendment made to the plan since it was revised in November. The Fleet audit has been removed and replaced with the Housing Repairs Audit

Audit work undertaken for Assurance Lincolnshire
Covering the Principal role for the South East Lincolnshire Partnership. One Audit in progress Levelling up Fund.

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

48% Plan Completed

	2022/23	Target to date
Plan	28%	
Span	50%	80%
Draft Issue	80%	100%
Response	67%	100%
Final Issue	100%	100%

Legend: 2022/23 — Target to date

Other matters of interest

A summary of matters that will be of particular interest to Audit committee members

Currently no further matters of interest since the previous Committee.

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.

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
21/22 Performance Management	Assurance that the PM Framework enables the Council's performance to be effectively monitored.	Q4	Mar 22	Aug 2022	Limited
21/22 Stores	Assurance on the changeover of the contractor.	Q4	Apr 22		Draft Report
21/22 ICT Programme & Project Management	Assurance on general programme and project management.	Q4	Feb 22	Oct 2022	Substantial
21/22 Medium Term Financial Strategy	Assurance that assumptions, reserve levels, etc are appropriate and there is integration with other strategic documents	Q4	Mar 22	July 22	High
Annual IA Report	Audit opinion & coverage for 2021/22	Q1	May 22	June 22	Completed
Housing Benefit Subsidy	Detailed testing on behalf of External Audit	Q1-2	May 22	Sept 2022	Substantial
Staff Wellbeing	Review of the impact of changes to working practices on staff and action being taken. Covering areas such as homeworking, health and safety and the impact on sickness, grievances, turnover.	Q1	Sept 22 Start delayed until September by auditee.		In Progress

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
De Wint Court	To review the proposed arrangements in place for the Rent, allocations, staffing and other income in respect of De Wint Court .	Q1			Draft Report
Housing IT	System Implementation Gateway reviews on the project to upgrade the Universal Housing system	Q1-3			First gateway review completed
IT Disaster Recovery (IT Consultant)	Assurance on IT DR planning, incident response & infrastructure resilience.	Q1-2			Postponed until Q4 at request of auditee
Christmas Market	There are plans in place setting out the aims and objectives for the market measuring it's performance. Processes are in place for the secure collection of income and procurement of goods and services to support the operation of the market.	Q2			Removed.
Economic Recovery – Post Covid	Work to be carried out on the Covid related grants - potential to look at third party providers, possible frauds, lessons learned.	Q2			Removed.
Climate Change	Review of the Councils climate action plan to ensure that it links to the Councils vision and aspirations, sets clear targets for achievement and is embedded within the Council.	Q2-3			Fieldwork in progress

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
Members	Review of the processes in place to ensure that Members receive the resources (kit & expenses)and development required including their responsibilities and communication especially via social media.	Q2-3			Removed.
Electoral Registration	Review of the maintenance of the electoral register.	Q3			Removed. .
Fleet	Review to ensure that the fleet is procured & managed in accordance with the policies and procedures. There are controls in place to ensure that fuel and consumables are used on council fleet vehicles and policies on private use of fleet vehicles are in place.	Q3			Removed
Housing Repairs	To provide assurance on the operation of the new repairs process and the void repairs process	Q3			Reinstated
Health & Safety	Review operation of new risk assessment process.	Q3			Removed.
Insurance	Processes in place ensure that the responsibility for insurance is clearly defined and sustainable, adequate cover is in place, compliance with internal procedures and claims are dealt with promptly.	Q3			Removed.

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
Property, Plant & Equipment (Asset Control)	Review of the processes in place to ensure that the assets register held by accountancy is accurate (additions / disposals, valuations & reconciliation of the register).	Q3			
Organisational Development	To provide assurance that there is an effective workforce plan in place which meets the changing needs of the council in order to serve its communities. To consider the demographic and skills of staff and to ensure that key risks have been identified.	Q3-4			
Corporate Asset Management	There is an up-to-date Strategic Asset Management plan in place which is appropriately communicated.	Q3-4			Removed.
Western Growth Corridor	To provide assurance that appropriate partnership governance and programme management arrangements are in place for the construction of Phase 1a.	Q3-4			
Housing Strategy & New Build / New Homes	The Council has a plan in place that includes the delivery of new homes which is realistic and adequately resourced. There are processes in place which ensure that any conditions of funding are adhered with.	Q4			Removed.

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
General Ledger (Journals, Control Accounts & Suspense Accounts)	Review to ensure that there are controls in place to ensure that journals made are appropriate, control accounts are reconciled and suspense accounts cleared promptly.	Q4			
CCTV	Review of the processes in place to ensure that the service complies with the regulatory requirements, is appropriately resourced and has processes in place for maintaining and sharing information in response to incidents. Equipment is maintained and secure.	Q4			Removed.
IT Asset Management	Review of the processes and policies in place regarding the control of IT assets (Including mobile devices) including asset management, responsibility, use and the security of the devices to protect against unauthorised use, access to information and loss of assets.	Q4			
Income – Bank Reconciliation	Processes in place ensure that bank reconciliations are carried out promptly, accurately , reviewed and any discrepancies are rectified.	Q4			
Combined Assurance	Update of the Combined Assurance Map	Q4			Underway
Audit Strategy & Plan	Audit Strategy & Plan for 2023/24	Q4			