Internal Audit

Progress Report

Newark and Sherwood District Council September 2020

Assurance LINCOLNSHIRE
For all your assurance needs

NEWARK & SHERWOOD DISTRICT COUNCIL

Contents

Lucy Pledge - Head of Internal Audit & Risk Management
lucy.pledge@lincolnshire.gov.uk

Emma Bee – Audit Team Leader
emma.bee@lincolnshire.gov.uk

Amanda Hunt – Principal
amanda.hunt@lincolnshire.gov.uk

Introduction

The purpose of this report is to:

- Provide details of the audit work during the period 1st April 2020 to 30 June 2020
- Advise on progress of the 2020/21 plan
- Raise any other matters that may be relevant to the Audit Committee role

Key Messages

The onset of Covid-19 and subsequent lockdown has had a significant impact on all areas of the public sector. Operationally, the Council has had to react quickly to rapidly changing circumstances. This has had an impact on the pace of progression for some of our audits, however we continue to work closely with the Council in order to finalise audit work.

Given the current situation, we have worked closely with management to ascertain what work could be completed during Quarter 1 and rescheduling of those audits postponed at the end of 2019/20. We are currently in the process of reviewing our resources and the logistics around the delivery of the remainder of the plan.

During the period we have completed 12 assurance audits and have 10 audits currently in progress with 3 of these at draft report stage.

Those which have been completed are:-

- Follow-ups 2019/20 – High
- Project and Programme Management - Substantial
- Procurement - Substantial
- NNDR – Substantial
- Land Charges – Substantial
- Performance – Substantial
- Enforcement - Substantial
- ICT Patch Management and Change Control – Substantial
- Key Controls –
    - Financial Regulations, Bank, Tax & VAT, Absence Management and Equality & Diversity – Substantial
    - Health and Safety - Limited
- Building Control - Limited
- ICT Incident Management - Limited

1
HIGH ASSURANCE

8
SUBSTANTIAL ASSURANCE

3
LIMITED ASSURANCE

0
LOW ASSURANCE

2
OTHER

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.**

We have also completed the review of the Mansfield Crematorium Accounts and the Newark Livestock market Rent calculation.

Further details of our progress can be found within the body of the report and in Appendix 4.

Overall there are 65 agreed actions remaining to be implemented (18 High and 47 Medium). There are 5 actions which are overdue. This figure is high due to a high number of reports being issued in August which were delayed due to Covid impacting on the workloads of Managers. The backlog of reports has now cleared so the numbers should reduce in future reports.

Appendix 2 shows all of the overdue actions excluding those for the Limited reports. All outstanding actions relating to Limited reports are shown in Appendix 3. This excludes those Limited reports issued after July 2020 as sufficient time has not yet passed for progress to have been made. These will be included in the next report.

There are a number of recommendations which require the approval of the Committee for extending in line with the protocol. These are included within Appendices 2 and 3 – highlighted in red.

Managers will provide the Committee with an update on the implementation of the recommendations within Appendix 3 (Limited Reports):-

- Key Controls - Nick Wilson – Business Manager Financial Services
- Building Control – Business Manager Planning Development - Lisa Hughes
- Community Centres - Andy Hardy – Health Improvement and Community Relations Manager/Suzanne Shead – Director Housing, Health and Wellbeing

High Assurance

Follow-ups 2019/20

Overall, 94.7% of the agreed actions we selected for review have been satisfactorily actioned and substantial progress has been made to action the remainder. Our review has therefore provided a High Assurance opinion on the implementation of the agreed actions.

To enhance the controls, we have made a recommendation requiring an action plan, in the area of Environmental permitting to ensure customers have access to fully updated information on the website page.

Substantial Assurance

Project and Programme Management

We have provided a substantial level of assurance for this review in recognition of the revised processes and importance now being given to project management within the Council. There is a clear framework setting out the process which has recently been put into place for staff, and Teams have been set up to provide support where required. Further work is required to embed the project management processes within the Council to ensure that the correct process is followed and documented.

The framework contains most of the information we would expect to be included and we have made some recommendations to further build on this. This includes:

• general administration
• change management
• identification and role of stakeholders.

Initial involvement of the project support teams should improve compliance with the framework and we have also recommended that tailored training is continued including members of the Senior Leadership Team. Revisions to the processes for identifying projects and including them on the register should also aid in embedding them by enabling independent oversight.

Substantial Assurance

Procurement

The procurement arrangement is working well and the relationship between the Council and the Service Provider (Welland Procurement) is improving as the level of interaction between them develops and embeds.

There are clearly defined policies, procedures and processes within the Council which provide a step by step procurement process guide for staff who are also encouraged to contact Welland Procurement for specialist advice and support on any procurement.

Contract monitoring meetings are held and there is a process where issues identified are escalated to the Service Provider through the Council's Business Manager (Financial Services). Management recognise that due to the changes in the delivery approach, the Procurement Officers are not as readily available as per the previous arrangements when the service was managed internally.

We have identified areas where some improvements are necessary as follows:-
• Ensuring relevant training on the use of the Welland Procurement portal and the Council's procurement processes is provided to clarify the procurement roles and responsibilities for staff.
• Ensuring the correct version of the Contract Procedure Rules is posted on the Council's procurement intranet page to ensure staff are referring to the most up-to-date documentation.
• Continuing to address the ICT issues currently affecting service delivery and communication.

NNDR

Overall, the NNDR activity is well managed and ensures that the rate payers are correctly billed and relevant reliefs and discounts (including those relating to Covid-19 pandemic) are correctly and appropriately awarded to eligible rate payers.

Payments received are correctly updated onto the customers' accounts and there are regular payment reconciliations in place.

Appropriate actions are undertaken to investigate and rectify any identified discrepancies in the Rateable Value between Civica's property database listing and the records maintained by the Valuation Office Agency.

Our review identified a couple of areas where improvements are necessary to ensure all income due to the Council is promptly identified, billed and recovered

Substantial Assurance

Land Charges

Our review has provided an overall Substantial Assurance opinion for the effectiveness of the management and governance of Land Charges.
We found that:-

- There is good management oversight of the service
- The service is exceeding their target for 90% of the searches to be returned within 6 working days
- The resilience in the service has improved, having a second officer who can provide cover if needed
- Land Charges team has proactively targeted solicitors and estate agents raising their awareness of the team and how quickly the team perform searches

We identified one improvement involving the income reconciliation which will further strengthen the governance of Land Charges.

Key Controls:-
- **Financial Regulations**
- **Bank**
- **Tax & VAT**
- **Absence Management**
- **Equality & Diversity**

Overall the key controls tested operate effectively and as expected. There are robust processes in place which protect the business from increased exposure to fraud and error. There were some areas identified, where further improvements in key controls are necessary:

- Review the wording in the Financial Regulations and Contract Procedure Rules regarding consulting senior officers on contractual arrangements with third parties to ensure consistency and legal compliance.
- Update the bank reconciliation procedure notes, Managing attendance policy and Attendance management toolkit so that all are aware of and can follow the up-to-date processes.
- Introduce spot checks to ensure that Managers are adhering to the Managing attendance policy and processes within the Attendance toolkit.
- Raise the awareness of the need to consider equality implications in committee reports to demonstrate compliance with legislation.

Performance

Good progress has been made in implementing the agreed actions from the 2017/18 Performance Management and Assurance audit particularly the activity undertaken to align the Performance Indicators (PIs) to the objectives set out in the Council's Community Plan.

The review identified that all agreed actions have been fully implemented except the one relating to reviewing the number of PIs. This has been completed in part with further work required to streamline the number of the performance indicators and the related assurance reports to enable senior management to focus on key areas of improvement whilst ensuring the overall strategic oversight of the performance management activity. The Council has now brought its housing management service back in house and the PIs relating to these activities need to be reviewed and aligned to the Council's Priorities.

We have made a further recommendation to provide regular Performance Management and Assurance reports to members to support their scrutiny function.

Substantial Assurance

ICT Patch Management and Change Control

Overall, the Council's ICT service maintains effective patch management arrangements, with the majority of patch deployments being automated. We are therefore providing a Substantial Assurance opinion for this review.

Change management arrangements are supported by standard templates on which proposed changes should be recorded. We were able confirm that these documents are in use and that changes are then submitted to the ICT change board for approval.

The management of the patching operation could be improved by:

- Refreshing patch management policy and procedures
- Ensuring targets for the roll-out of patches are established and monitored

Our main concern with Change Management is that unauthorised changes could be occurring. This is difficult to verify as it is rarely possible to identify changes within a Local Authority network with various applications. We have made several recommendations to encourage the completion of change control documentation, including suggesting that the ICT section look to incorporate a further, "light-touch", change control template for minor changes.

We examined a number of changes but found that only half of these recorded the change within the change log. The change log presents a quick reference for staff to review and possibly identify any recent changes that may have given rise to problems/incidents being experienced on the network.

Enforcement

Overall, the arrangements for the administration of the planning breaches are effective. The operational processes followed when assessing and investigating the breaches ensure compliance with the provisions detailed in the Planning Practice Guidance and those outlined in the National Planning Policy Framework.

We acknowledge that at the time of the review a draft Planning Enforcement Plan (PEP) had been drawn up and was going through the approval process. This addresses some of the issues identified. However, its approval and implementation has been delayed due to the outbreak of COVID19.
We have identified that the following improvements are necessary to strengthen effectiveness of the arrangement:-

- Ensuring the PEP is adopted as soon as possible and monitoring progress on its public consultation, sign off and adoption.
- Reviewing the staff resource allocated to the planning enforcement activity to ensure it is sufficient.
- Maintenance of accurate and up to date performance indicators and the provision of highlight reports to the Senior Leadership Team on significant issues relating to the activity enabling early intervention.

Limited Assurance

The full summaries of these reports are provided in Appendix 5

Key Controls:- Health and Safety

Health and Safety was last audited in full in 2017 -18 where a number of actions were agreed and reported as being implemented, including strengthening the controls and improving risk assessments. Our review found that policies and the importance of risk assessments are still not fully embedded throughout the Council.

Specifically we found that the individual responsibilities as detailed within the framework are not being complied with which not only compromises the value of the policies but also exposes the Council to HSE penalties, sanctions and damaged reputation in the event of non-compliance with regulations.

Areas where improvements are necessary include:-
• Currency of risk assessments.
• Understanding / Communication of responsibilities within the Health and Safety Policy.
• Accountability for fulfilment of responsibilities within the Health and Safety Policy.

Building Control

The level of assurance given to the Council for their building control contract management is limited.

It is important to note that since the audit fieldwork was undertaken a new Business Manager has taken up post and their role will include management of the Building Control contract. The audit findings reflect the period between the former Business Manager being promoted to Director at the start of 2019 and the new manager starting when the post was vacant for some months. It is expected that with a new manager in post there will be the resource to more robustly manage the contract.

ICT Incident Management

Whilst the ICT section has a means of recording and tracking the resolution of incidents, there are several areas that give cause for concern:-

• The Council does not have an effective reporting facility for staff and contractors to convey their concerns. The Council has a Remote Access Policy to formalise the granting of access to Council systems by 3rd parties but this policy is substantially out of date and does not place a requirement on 3rd parties to report any suspected incidents.
• Examination of a sample of incidents shows that issues are being brought directly to specific members of the ICT team which can mean that more senior ICT staff are handling work that could be done by junior staff. It is also indicative that the incident handling process is not being followed. Contributing to this situation is the fact that the incident handling procedure has not being reviewed in the past five years.
• There is no documented post incident review, or retrospective review of incident trends, to determine if lessons can be learnt or if underlying problems are giving rise to repeated incidents.

3 Draft Reports

7 Audits in Progress
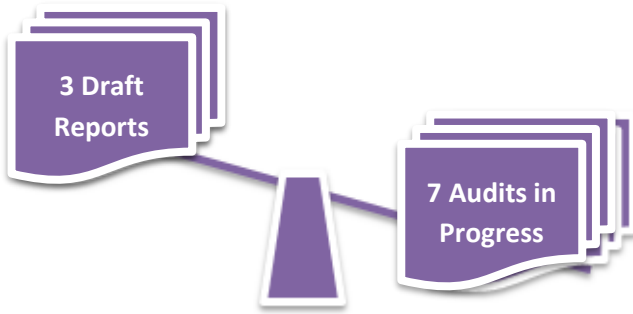
Audits reports at draft

We have 3 audits at draft report stage:

- Commercialisation
- Key Controls NSH*
- Buttermarket

*This review was completed prior to the Company being dissolved. However the aspects covered are those which have transferred over to the Council and therefore the points raised remain valid. It has been agreed that this report will now be treated as a Council report in terms of the manner in which it is agreed, reported and followed up.

Work in Progress

We have the following audits in progress:-

- Follow-ups 2020/21 – In progress
- General Ledger/Financial Reporting – Testing
- Budgetary Control – Testing
- Information Governance – Terms of Reference
- Newark Castle – Testing
- Apprenticeships – Initial discussions
- Robin Hood Hotel – Testing

Other Significant work

We have completed the review of the Mansfield Crematorium Accounts.

The Annual rent calculation for Newark Livestock Market has also been completed.

Planning for the Combined Assurance work has also commenced with meetings being booked in.

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

18% Plan Completed

Audit KPI's achieved
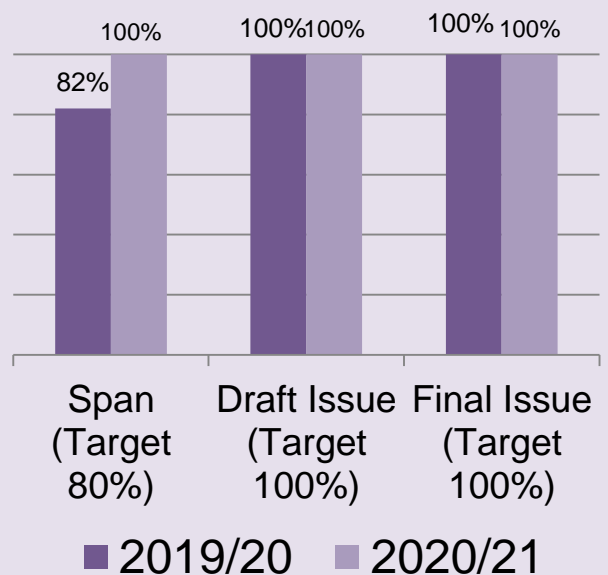
	Span (Target 80%)	Draft Issue (Target 100%)	Final Issue (Target 100%)
2019/20	82%	100%	100%
2020/21	100%	100%	100%

Cabinet Office Public Sector risk update

The Government Counter Fraud Function has confirmed the key fraud risks during Quarter 1 of 2020/21 across the public sector:

Fraudulent claims	We have received reports of a detected fraud that involves over 20 Small Business Grant Fund (SBGF) payments and is worth approximately £250,000
Impersonation of officials	We have received intelligence to suggest the risk of scammers spoofing email addresses to pretend to be employers, seeking personal details as part of the return to work process
Government grants	Fraudsters are attempting to use the closure of premises or homeworking to justify the enquiry for information relating to premises, reference numbers and/or Extended Retail Discount in order to obtain business information for fraudulent applications for the retail & hospitality and leisure grant.
Cyber fraud	We are beginning to see phishing attempts by online fraudsters impersonating senior staff in well-known retail and food chains targeting loans and grants administered by Local Authorities. The emails target the authorities using open source data such as logo and head office addresses, to obtain genuine business rates details of branches in the area and submit fraudulent claims which are then paid into fraudsters accounts.

Audit Scotland – Guide for Audit and Risk Committees

Audit Scotland produced the above guide in August 2020 for public bodies and auditors which sets out some key questions for them to consider in respect of Covid-19. Whilst it is written for public bodies in Scotland the contents of the guide are equally relevant to public bodies in England.

The guide focuses on the short-term challenges facing public bodies in the response phase of the pandemic. Key areas that audit and risk committees will need to focus on include:

- **Internal controls and assurance**
  The pressures faced by local authorities have led to the need for more rapid decision making and flexibility in the workforce therefore there has been a necessity for the relaxation of some internal controls. The implementation of remote working has also increased some other risks such as cyber-crime.

- **Financial management and reporting**
  The pandemic has had a significant impact on local authorities in terms of it's sources of income and additional costs incurred. The pandemic may also impact on the value of investments, property and potentially the collection of outstanding debts. Accountants involved in the processing of the information and reporting may also be stretched.

- **Governance**
  The pace of change has led to the necessity for faster decision making which may have led to changes in the governance process, reducing the opportunity for scrutiny and due diligence. There may also have been increased collaborative working and reliance on partners.

- **Risk management.**
  Risks will need to be monitored carefully and frequently to ensure they reflect the current situation and decisions around the risk appetite will also need to be considered.

The guide includes suggested questions to help committee members effectively scrutinise and challenge these key areas and better understand how their organisation is responding to the pandemic and managing both the immediate and longer-term challenges that it creates.

Covid-19: Guide for audit and risk committees | Audit Scotland

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.

Outstanding Audit Actions for all audits at 1 September 2020

All Actions remaining to be implemented
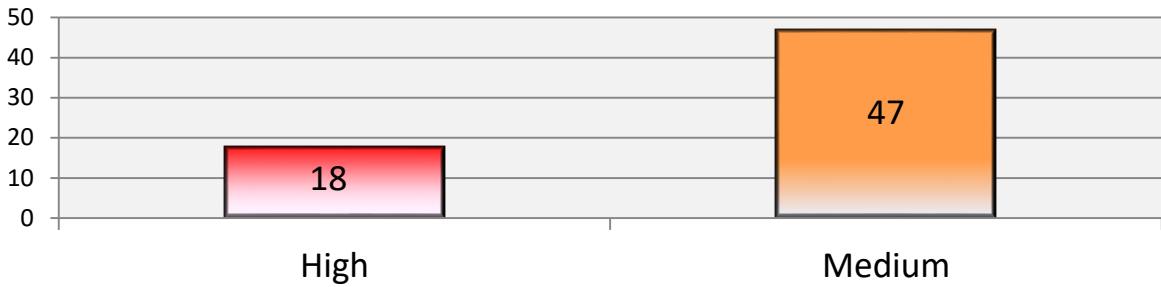
High Priority Actions remaining to be implemented

Overall

Overdue

Medium Priority Actions remaining to be implemented

Overall

Overdue
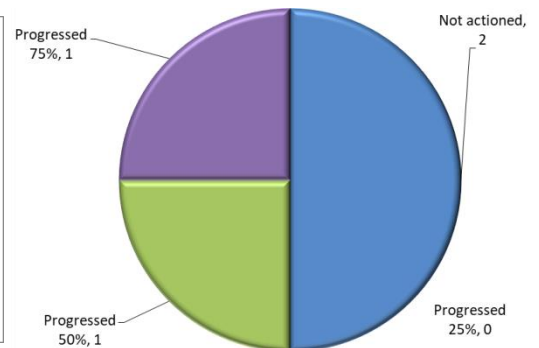
Outstanding Audit Actions at Sept 2020

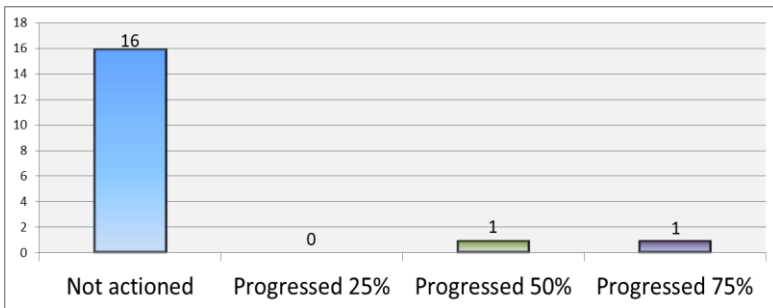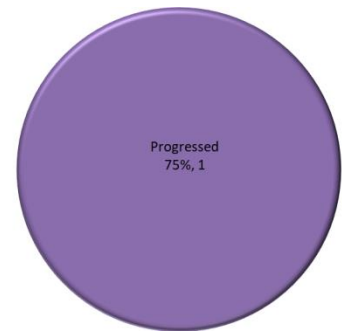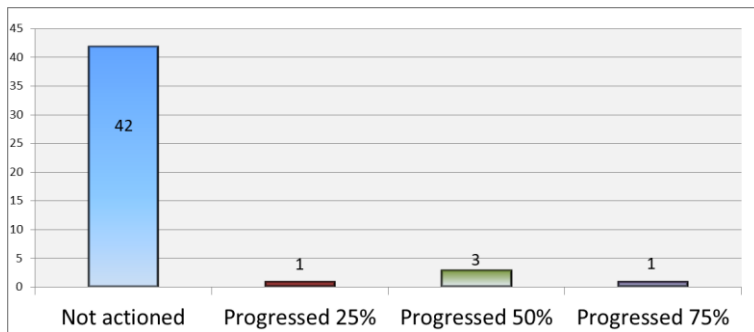| Audit	Priority	Agreed Action	Original Due Date	Owner	Current Due Date	Response
Domestic Refuse	Medium	2.1 Recycling information has been issued to every property in the district. Areas with particular contamination issues will be targeted with face to face visits and pre-round checks.	31/03/20 20	Mike Manley	31/08/20 20	Mar 2020 - This is ongoing and has obviously been impacted on by the re-structure so the deadline will need to be moved. I will be looking to review it again in August. We are in the process of restructuring our rounds with the aim of improving performance to reduce contamination. Requested extension to 31/08/20 Jun 2020 – Matt Finch response - I note Matt Adey has identified an extension to the end of August which I think is very optimistic. To my mind, this isn't a priority whilst we're working in such an altered state with two in a cab etc. Jun 2020 - Targeted actions included in the Environmental Services Action Plan. Implementation of these was due to begin in April 2020 following on from the restructure of the Business Unit and frontline collection rounds. The responses required to safely continue to operate frontline services during the Covid19 pandemic and the restriction of on site actions has delayed things further. We do not expect to resume on street work until the restrictions are lifted.

Outstanding Audit Actions at 1 September 2020

Audit	Priority	Agreed Action	Original Due Date	Owner	Current Due Date	Response
NSDC Companies	Medium	6.1 The Council is not intending to set up any more companies in the near future therefore we do not feel that it is necessary to compile comprehensive guidance . Following on from the training session in finding 3 we will draw up brief guidance/ checklist covering the role of the client officer and also consider including the monitoring roles of others within the Council e.g. building maintenance responsibilities, Health and Safety etc.	31/03/20 20	Sue Bearman	30/06/20 20	Mar 2020 - Not yet actioned - extend the timeline for this to 31 June 2020 to produce brief guidance/checklist - KW authorised extension.

The remaining three actions are included within Appendix 3 so have not been duplicated here – Key Controls 2018/19, Building Control and Community Centres.

The following reports have been included in this or previous progress reports and these are the actions remaining to be implemented

Audit	Priority	Agreed Action	Original Due Date	Owner	Current Due Date	Response
Key Controls 2018/19	Medium	5.1 A relevant target and/or report will be devised and agreed with the Director of Resources.	31/07/2019	Nick Wilson	30/06/2020	April 2020 - As part of the policy quarterly reporting to SLT of current Sundry Debts per Business Unit as well as trends over time will be included. Changed responsibility to NW. Extension requested to the end of June - as this is the second extension it needs to be approved by Committee but due to COVID-19 Committees are not meeting as planned. Date amended from 31/03/20 for reporting but will be included in the next progress report for formal approval and scrutiny by Committee. Aug 2020 - Verbal update. First report to be taken to SLT in Oct - end of quarter report. This will include all debts not just Sundry debtors. There will also be a focus on debt overall as services may be meeting current target for the year but not looking at the debt we didn't get in previous years. Meeting is in diaries but has not yet taken place so not yet complete.
Building Control 2019/20	High	4.3 The new Business Manager will create an annual report for the Partnership Board	30/04/2021	Lisa Hughes	30/04/2021	Jun 2020 - Report has been prepared for Policy & Finance Committee (P&F). Further report will be required before or just after then end of the current financial year. Sept 2020 - Report was not presented to P&F due to Covid-19 impacts. Report will be presented to September's P&F.

Appendix 3   Details of Outstanding Actions for Limited Reports

Audit	Priority	Agreed Action	Original Due Date	Owner	Current Due Date	Response
Building Control 2019/20	High	Copies of relevant documentation will be kept in a centralised place so that it is accessible to everyone who needs it.	30/06/20	Lisa Hughes	30/06/20	Jun 2020 - Documents are in one place, but need to be indexed so more easily accessible by all. 'Everyone' in this context is considered to be officers of NSDC as there is not a shared location between SKDC, RBC and NSDC. Sept 2020 - As above - now 75% complete.
Community Centres 2019/20	Medium	To create a service plan for the Community Centres. Outlining targets and what they want to achieve within the community. To produce a low level report annually, providing an overview of what has been achieved over the year. Can be used to provide information for councillors should this be requested.	28/03/20 20	Andy Hardy	28/03/20 20	Mar 2020 - The community centres run their own programmes which support the local community and deliver an income stream to the centre to offset operating costs. A report can be presented to L&E Committee in June to provide an overview of what each centre/hall has done over the previous 12 months. Jun 2020 - An annual report can be presented to L&E Committee with an overview of each of the centres owned by the Council and managed independently. A Committee date target is required.

Audit	Scope of Work	Start Planned Date	Start Actual Date	End Actual Date	Rating/ Position
Key Control Testing	Delivery of key control testing to enable Head of Internal Audit to form an opinion on the Council's financial control environment.	Nov-20			
Budgetary Control /Management	To provide assurance that the budgets are set in accordance with the financial strategy and Council priorities with accurate reporting and monitoring.	Aug-20	Aug-20		Testing
General Ledger/Financial reporting	To review the general ledger to provide assurance that transactions within it are accurate and agree with the feeder systems. Access to the ledger is appropriately restricted.	Jul-20	Aug-20		Testing
NNDR	NNDR is billed correctly, collected promptly and all discounts are appropriately awarded.	Jun-20	Jun-20	Aug-20	Substantial
Council Tax	Council Tax is billed and collected in accordance with the agreed charge for the property and location and all discounts are appropriately awarded.	Jan-21			
Information Governance	There are effective processes in place for the management of information throughout the Council.	Aug-20	Aug-20		Terms of Reference

Audit	Scope of Work	Start Planned Date	Start Actual Date	End Actual Date	Rating/ Position
Newark Castle	Review of the key processes in place for income, security, maintenance and management of the Castle.	Aug-20	Aug-20		Testing
Deliver a HRA affordable housing growth 5 year programme	To provide assurance that the Council has a plan in place for the delivery of affordable housing which is realistic, adequately resourced and will meet the requirements laid down.	Sep-20			Planning
Ensuring homes are safe and decent	To provide assurance that the Council is meeting its obligations to it's tenants in the provision of safe and decent homes.	Sep-20			Planning
Strategic Asset Management	To provide assurance over the arrangements in place for the operational management of the Council's land and buildings and the maintenance /improvement thereof.	Jan-21			
Contract management - General	There are effective arrangements in place which ensure that all contracts are recorded, allocated contract managers and there are processes in place which ensure that they are managed effectively.	Sep-20			

Audit	Scope of Work	Start Planned Date	Start Actual Date	End Actual Date	Rating/ Position
Enforcement	To provide assurance that there are effective processes in place for development enforcement action which are complied with.	May-20	May-20	Aug-20	Substantial
Debt	There are effective and joined up arrangements for the management of debts owed to the Council. Such processes are documented, consistent and shared prior to allowing further credit wherever possible.	Feb-21			
Apprenticeships	To ensure that there is compliance against the scheme requirements, maximisation of take-up and consideration is given to the retention and integration of apprentices into the workforce once they have completed their apprenticeship.	Aug-20			Planning
Robin Hood Hotel	There are appropriate governance arrangements in place for the Robin Hood Hotel company with oversight maintained of the construction project.	Jun-20	Aug-20		Testing
ICT Physical and Environmental Security	Looking at the security of Castle House, satellite locations (Brunel drive cited as a concern), the Beacon and locations where any off-site back-ups are stored.	Aug-20			

Audit	Scope of Work	Start Planned Date	Start Actual Date	End Actual Date	Rating/ Position
ICT Capability and Capacity	Skills audit and training needs assessment .	Oct-20			
Follow-ups	Follow-up of recommendations made for the progress report and on a sample basis.	Various			In progress
Combined Assurance	Updating the assurance map and completing the Combined Assurance report.	Oct-20			Planning
Gilstrap	Independent Examination of the Gilstrap accounts in accordance with S145 of the Charities Act 2011.	Aug-20			Document requested
Mansfield Crematorium	Completion of the audit of the Mansfield Crematorium Accounts	Apr-20	Apr-20	Apr-20	Complete
Newark Cattlemarket	Completion of the rent calculation for 2018/19	Jun-20	Jun-20	Jun-20	Complete
2019/20 Strategic Risks	Strategic risks are identified, managed and linked to the corporate priorities of the Council. There is a process in place which ensure that they remain current and action plans ensure that risk mitigation actions are implemented as planned.	Feb-20	Jul-20		Postponed Reinstated - Testing
2019/20 Homelessness	To provide assurance that the homelessness service is meeting it's objectives and priorities and complies with legislation.	Jan-20			Postponed
2019/20 Corporate Governance					In Progress

Audit	Scope of Work	Start Planned Date	Start Actual Date	End Actual Date	Rating/ Position
2019/20 Public Protection	To provide assurance that the Council is complying with it's duties in respect of public protection including a clear strategy and partnership working. Income due through the issue of Fixed Penalty Notices is collected and used as prescribed.	Mar-20			Postponed
2019/20 Key Controls	Delivery of Key Control, testing to enable the Head of Audit to form an opinion on the Council's financial control environment.	Nov-19	Oct-19	Aug-20	Substantial
2019/20 Buttermarket	To provide assurance that there is effective management of the Buttermarket to ensure that it meets the objectives of the Council.	Sep-19	Oct-19		Testing
2019/20 Commercialisation	There is a clear strategy and action plan in place covering the Council's commercial aspirations and this conforms with the relevant legislation.	Apr-19	Jul-19		Draft Report (Put on hold for priority work)
2019/20 Performance	To follow-up the recommendations made within the previous report which received Limited assurance rating.	Sep-19	Mar-20	Aug-20	Substantial
2019/20 Follow-ups	Follow-up of the implementation of recommendations made on a sample basis.	Various – throughout the year	Various	Aug-20	Substantial

Changes to Internal Audit Plan – 2020/21

Directorate	Audit	Rational	Change
Growth and Regeneration	Tourism	Due to COVID-19 this has not progressed as planned.	Remove from plan
Communities and Environment	Climate Change Emergency	Due to COVID-19 this has not progressed as planned.	Remove from plan
Growth and Regeneration	Stakeholder engagement	Low risk, SLT advised to remove and use the days for areas with higher risk.	Remove from plan
Communities and Environment	Flood Grant	Additional work to review the grant claim relating to flooding.	Added to the plan

Key Controls – Health and Safety

Scope

The purpose of the audit was to provide independent assurance that controls for the administration and management of key elements of a sample of key systems are in place and operating effectively. Part of this review included ensuring that there were effective processes in place which ensure that Health and Safety legislation is embedded and adhered to.

Executive Summary

Risk	Rating	Recommendations	
		High	Medium
Risk 3 - Ineffective processes in place which ensure the Health and Safety legislation is embedded and adhered to.	Red	3	0

Health & Safety– Limited Assurance

Health and Safety was last audited in full in 2017 -18 where a number of actions were agreed and reported as being implemented, including strengthening the controls and improving risk assessments. Our review found that policies and the importance of risk assessments are still not fully embedded throughout the Council.

Specifically we found that the individual responsibilities as detailed within the framework are not being complied with which not only compromises the value of the policies but also exposes the Council to HSE penalties, sanctions and damaged reputation in the event of non-compliance with regulations.

Areas where improvements are necessary include:-

• Currency of risk assessments.
• Understanding / Communication of responsibilities within the Health and Safety Policy.
• Accountability for fulfilment of responsibilities within the Health and Safety Policy.

23

Building Control

Scope

Our audit aims to explore the Council's building control contract monitoring arrangements, to ensure that the residents of the district are getting the services expected and included in the agreement.
The audit will cover the following areas:-

• Contract Management
• Relationship Management
• Risk Management
• Benefit Realisation
• Financial Management

Executive Summary

Risk|	Rating (R-A-G)	Recommendations	
		High	Medium
Risk 1 – Contract Management	Red	4	0
Risk 2 – Engagement with partners.	Red	7	0
Risk 3 – Risk management	Amber	4	0
Risk 4 – Financial management	Green	0	0
Risk 5 – Performance management	Amber	0	0

The level of assurance given to the Council for their building control contract management is limited. It is important to note that since the audit fieldwork was undertaken a new Business Manager has taken up post and their role will include management of the Building Control contract. The audit findings reflect the period between the former Business Manager being promoted to Director at the start of 2019 and the new manager starting when the post was vacant for some months. It is expected that with a new manager in post there will be the resource to more robustly manage the contract.

Contract Management
One of the roles undertaken by the new Business Manager is to regularly monitor the contract and with this post being vacant for 6 months, this was not always possible. However, there is some evidence of monitoring the contract, such as the Director of Growth and Regeneration attending the Partnership Board meetings, which occur quarterly.

From looking at Council files, it is clear to see that a large percentage, if not all, of the information regarding contract monitoring comes directly from the Partnership Board Meetings and if one was missed the formal communication line would be absent until the next one. It would benefit the Council to undertake some independent monitoring, separate from the Partnership Board, to ensure full and complete coverage. This can be done through regular contact with EMBC as well as independent performance monitoring.

Executive Summary

The formal Business Case should be updated by the shared service business manager annually, which is stated in the contract in section 4.1. There has been no evidence to suggest that the business case has been updated since 2015 and therefore, they are not meeting the terms of the contract, which has not been picked up by the Council until recently when leading up to the share service review.

Relationship Management

Partnership Board meetings are held regularly and the most recent ones at the time of the audit fieldwork were held in July and September 2019. The agenda is usually fixed, focusing on finances, Business Manager report, performance reports and risks. The Business Manager report provides a helpful insight to the shared service and the finances are regularly challenged. The July 2019 minutes lack detail and coherency when comparing to previous meetings, which will make it difficult for future monitoring. We have not been supplied with any documentation from the September meeting.

We have had verbal confirmation from the Director saying that EMBC are easy to contact and are always willing to supply any information the Council ask for. Despite this, an internal briefing note written at the end of 2017 states that the Council do not receive sufficient information to be able to carry out independent checks and there is no evidence to suggest that this is not still an issue.

Risk Management

The risks associated with EMBC are captured in Pentana. It would be useful for the new Business Manager to review the risks and ensure the controls are operating effectively.

There is no evidence that an annual report is written and presented to the Partnership Board or a Council Committee which would improve communication across all parties. The EMBC operating risks are taken to the partnership board meetings, which can give an overview of the current situation of the shared service. Legally, the contract ended in April 2019 and it took several months for South Kesteven's legal team to send out the extension letters. There has now been a deed drafted and at the time of the audit it was waiting to be signed.

Financial Management

The financial information is discussed at each partnership board meeting and each Chief Executive Board meeting. The budgeting process for building control at the Council mainly comes from the budget reports sent to them by EMBC and they use this estimate to manage their own monthly with the Finance Team.

Performance information

EMBC produce reports showing various performance indicators, as described previously, but it is limited in detail and explanation. It also doesn't include data on customer complaints. The Council does not produce any independent data in relation to value for money or whether the partnership is meeting their initial aims/objectives.

Management Response

It is acknowledged the ratings across each of the risks assessed are below what the department would wish to see, due to the Business Manager – Planning Development post being vacant. However, in view of this post now being filled, each of the risk areas will be provided with the resource necessary to ensure the contract and its management, as well as partnership relationships including meeting arrangements etc. are properly and appropriately managed and recorded.

The audit provides a sound basis for progressing and managing the contract and increasing income generated from EMBC, whilst ensuring the positive customer service provision provided by the team is maintained and built upon.

ICT Incident Management

Scope

The review provides assurance that ICT incidents are promptly identified, recorded and investigated in accordance with the Councils agreed incident management process.

Executive Summary

Risk	Rating (R-A-G)	Recommendations	
		High	Medium
Incident Management is not effectively managed	Medium	1	0
Incidents are not detected and reported	Medium	0	2
Incidents are not corrected	Medium	1	0
Lessons are not learnt	Medium	0	1
TOTAL		2	3

Whilst the ICT section has a means of recording and tracking the resolution of incidents, there are several areas that give cause for concern and lead us to conclude that we can only provide a Limited Assurance opinion at this time.

Incident Reporting
The Council does not have an effective reporting facility for staff and contractors to convey their concerns. The Council has a Remote Access Policy to formalise the granting of access to Council systems by 3rd parties, e.g. contractors. This policy is substantially out of date and does not currently place a requirement on 3rd parties to report any suspected incidents.

Incident Handling
Examination of a sample of incidents shows that issues are being brought directly to specific members of the ICT team. Whilst this may be expedient for the customer, it tends to mean that more senior ICT staff are handling work that could be done by junior staff. It is also indicative that the incident handling process is not being followed. Contributing to this situation is the fact that the incident handling procedure has not being reviewed in the past five years and as such there is the perception that these arrangements are not viewed as current or relevant.

Lessons Learnt
There is no documented post incident review, or retrospective review of incident trends, to determine if lessons can be learnt or if underlying problems are giving rise to repeated incidents.

Management Response

Although the audit report gives limited assurance of Incident reporting of low to medium incidents via the ICT Service Desk, high level / Major incidents such as Cyber or Incidents that affect business continuity are dealt with adequately and are effectively managed with levels of assurance including business continuity testing, PSN compliance and Cyber Essentials compliance.

ICT implemented all required recommendations and actions with immediate effect.