

Internal audit plan 2017/18

1. Introduction

- 1.1. This report sets out the internal audit plan for 2017/18. The Audit and Governance Committee is asked to consider and approve it under the committee's terms of reference.
- 1.2. A paper was considered by the committee at its last meeting that explained how the audit plan would be constructed, but the committee did not consider the plan itself. This paper set out the planning principles, the information required, and how potential areas of audit work would be assessed to prioritise them taking account of the Internal Audit Service's resources. Some of the material in that paper has been repeated below for the new committee members' information and to support their consideration of the plan.

2. The purpose of the audit plan

- 2.1. The council is responsible for a wide range of services across the county, and its members and senior management should be aware both of the risks to achieving their service objectives and the risks inherent in their work. Each of these risks should be managed by controls designed to reduce the risk to a corporately acceptable level, and which operate effectively and consistently in practice. The chief executive, Audit and Governance Committee, and ultimately the Council, need assurance that these controls have been adequately designed and are operating effectively. At the end of the financial year the chief executive and the leader of the council jointly sign an annual governance statement that is published with the council's financial statements.
- 2.2. The head of internal audit is required by professional standards to provide an opinion addressing governance, risk management and control and thereby to provide assurance that the risks to the council's objectives are being adequately and effectively controlled. The Audit and Governance Committee is required by its terms of reference both to consider the Head of internal audit's annual report and opinion and to review and approve the council's annual governance statement. The committee should therefore consider and approve an internal audit plan designed to provide the assurance that the Council, committee, leader and chief executive of the council need.
- 2.3. Because the overall opinion covers a twelve month period, the evidence to support it must relate to the controls in operation for that period. The plan therefore chiefly addresses work for just one year, but projections may be made into audit requirements for future years. The work in any annual plan will rarely be fully complete at the end of the year but we will report on the year's work by the time the council prepares its annual governance statement shortly after the year end.

3. Context

- 3.1. The Council continues to face an unprecedented period of financial constraint and has set a budget for 2017/18 which requires the use of approximately £57 million of reserves to meet the gap between available funding and planned expenditure; the equivalent gap in 2018/19 is £88 million; and is £118 million in 2019/20. The director of financial resources has reported in accordance with his statutory obligations that it is critical that significant savings are identified and delivered to minimise the scale of reserves required to support the revenue budget.
- 3.2. The impact of this on the council cannot be predicted in detail at this point but is likely to be fundamental. Even if the financial position is secured for 2018/19, the effect of the impending deficit will be felt throughout the council during 2017/18 as further cuts are made across the organisation, and potentially to its statutory services.
- 3.3. The turbulence of recent years will therefore continue and will affect almost all of the council's services. Although service restructures are ongoing, at this point only a small number of areas of the council have wholly completed the process. In particular, adults' social care services are currently subject to restructuring as well as to significant process changes; and children's social services are subject to ongoing improvement and review by Ofsted.

4. Outline audit plan for 2017/18

- 4.1. A broad outline of the plan for the year is set out in the table below, following the planning requirements and principles described in this report.

Control area	Service area	Audit areas in outline
Governance and democratic oversight	Democratic Services	Decision making.
		Policy setting.
Business effectiveness	Risk Management	Risk management.
	Financial Management	Delivery of financial strategy and budget reductions.
	Corporate Finance	Oversight of the Pension Fund.
	Business Intelligence	Corporate performance monitoring.
	Operations and Delivery	Communications with staff.
Service delivery	Operations and Delivery	Contract monitoring within services.
	Adults' Services	Supervision and support to front-line social workers.
		Care package construction, management and monitoring.
	Adults' Services and Exchequer Services	Direct payments to service users and carers.

Control area	Service area	Audit areas in outline
Service delivery continued	Children's Services	Service improvement.
		Safeguarding through recruitment.
		Personal budgets and direct payments.
		Transition from children's services to adulthood.
	Community Services	Provision of transport for children.
		Operation of the new asset management systems.
	Customer Access Service	Management oversight and assurance.
		Blue badge applications.
	Public Health and Wellbeing	Partnership working.
		Quality assurance improvement programme.
		Emergency planning: centrally and within services.
	Schools	Governance and financial controls within schools.
	Commissioning	Commissioning and monitoring of the capital programme.
Service support	Programmes and Project Management	Support to the new asset management systems.
	Corporate Services	Staff recruitment.
Business processes	BTLS	ICT controls: to be determined.
	Financial systems: various service areas	Oracle user access controls.
		Accounts payable system.
		Accounts receivable and debt management.
		Other financial systems.
	Procurement	Compliance with legislation and financial regulations.
	Health and Safety	Health and safety of staff.
	Legal Services	Compliance with information governance legislation.

4.2. A more detailed listing of each audit in the plan is provided at Appendix B to this report.

5. Statutory and professional requirements relating to internal audit

- 5.1. Internal audit's function is established by the Accounts and Audit Regulations 2015, which are supported by professional standards for internal audit in the public sector and an advisory note specifically for local government in the United Kingdom. The key requirements of the regulations and of the Public Sector Internal Audit Standards (PSIAS) are set out below.

Relevant regulations

Internal audit: "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." *Regulation 5. (1)*

Review of internal control system: "A relevant authority must, each financial year (a) conduct a review of the effectiveness of the system of internal control [...] and (b) prepare an annual governance statement."

Regulation 6. (1)
Accounts and Audit Regulations 2015

Definition of internal auditing

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

"The provision of assurance services is the primary role for internal audit in the UK public sector. This role requires the chief audit executive to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control."

"Internal auditors must incorporate knowledge of controls gained from consulting engagements into evaluation of the organisation's control processes."

Public Sector Internal Audit Standards, 2017
published by the Relevant Internal Audit Standard Setters

- 5.2. The regulations therefore establish the requirement for an internal audit function and its provision of an opinion on the council's governance, risk management and control processes, following public sector internal auditing standards. Professional standards likewise mandate the provision of such an opinion. They also recognise that internal audit involves the provision of both assurance and consultancy services, but assurance is its primary function and any consultancy work must inform the assurance opinion.

6. Planning principles

- 6.1. Having identified the requirement to provide an overall opinion on governance, risk management and control process, a number of principles guide the decisions regarding the work to include in the annual audit plan. These are set out below and address the practical interpretation and application of professional requirements within the county council.

Internal audit coverage to support an annual overall opinion

- 6.2. An internal audit plan designed to provide the evidence necessary to support an opinion on governance, risk management and control should arguably encompass the following:
- Coverage of the key components of each part of the opinion: aspects of the council's governance, risk management and control.
 - Sufficient coverage of controls across the council's operations as a whole, so that a fair assessment may be made across the organisation.
 - Coverage of the controls that serve to mitigate the council's most significant risks to an acceptable level, and particularly those that operate most widely across the council.
 - Assessment of the actions being taken to develop improved controls in the areas of greatest unmitigated risk.
- 6.3. It will therefore be necessary as a minimum to audit aspects of the council's governance and risk management processes, as well as a range of control processes.
- 6.4. A control framework applicable to the council's governance, risk management and control is shown in the diagram shown below. The internal audit plan will be designed to address, proportionately, the coverage required across this controls framework to cover the whole organisation. Where the council achieves its objectives in conjunction with partners we will also seek assurance over the work of those key partnerships.

A framework for governance, risk management and control					
Governance and democratic oversight					
Corporate governance framework	Decision-making	Oversight and scrutiny	Policy setting		
Business effectiveness					
Risk management	Performance monitoring and management	Organisational design	Financial governance and planning	Working in partnership with others	
Service delivery					
Development and corporate services	Commissioning	Operations and delivery			
		Adult services	Children's services	Community	Public health
Economic development Design & construction Planning & environment	Asset management	Social care Learning disabilities & mental health	Social care Adoption & fostering SEN & disability Traded services	Highways Public & integrated transport Waste management	Health equity, welfare & partnerships Wellbeing, prevention & early help Emergency planning
Service support					
Legal services	Core business systems development	Programme management	Business intelligence	Customer contact	
Business processes					
Financial systems and processes	Procurement	Facilities management	Human resources		
Budget monitoring	Contract monitoring and management	Information management	Payroll processing		
Investment		Business continuity	ICT systems		

Relationship to the risk management process

- 6.5. A risk-based audit plan will take into consideration the risks assessed as most significant by the organisation's managers, and should seek to provide assurance over the operation of the controls that serve to reduce the most significant risks to the greatest degree.

- 6.6. Using risk registers prepared by individual services and working with the council's managers, we have sought to identify the areas with the greatest inherent risk, where these risks are regarded as having been effectively mitigated by strong controls. These are the controls on which the council is placing the greatest reliance and over which it therefore needs the greatest assurance.
- 6.7. The outcome of our audit work is primarily assurance that controls are adequately and effectively designed to mitigate risks to the council's objectives, but also pragmatic action plans intended to enable managers to act where the council remains exposed to an unacceptable degree of risk. The judgement regarding what degree of risk is acceptable is for the council rather than the Internal Audit Service to make. Where action plans have been agreed we will follow them up and assure the committee that action is being taken.
- 6.8. The audit plan is therefore focussed on the key areas of risk to the council, although these may alter during the course of the year. It will be flexible and individual assignments may be added to it, or removed from it over time.
- 6.9. The corporate risk register provides a snapshot at any point in time of the matters that present the greatest unmitigated risks to the council. They are therefore matters that the council's Management Team will be working most actively to manage but they will not yet be regarded as adequately or effectively controlled. These may be more appropriately subject to advisory input from the Internal Audit Service rather than assurance work.

The audit response to significant risks known to be not acceptably mitigated

- 6.10. The requirement for audit assurance arguably depends on whether or not risks are regarded by management as being mitigated to an acceptable degree. An internal audit function would normally aim, as a minimum, to substantiate assertions by management that an organisation's risks are adequately and effectively controlled but, where a management team is unable to make such an assertion it is highly unlikely that internal audit work would conclude any more positively. Similarly, where risks are recorded on the corporate risk register as being inadequately mitigated they are by definition subject to focussed effort by the organisation's most senior managers and any internal audit assurance work is unlikely to conclude that the service, system or process is as yet subject to adequate or effective control.
- 6.11. Therefore, where management is unable to provide positive assurance, the Internal Audit Service does not plan to undertake any other assurance work, but this will inform the head of internal audit's overall opinion. Rather than assurance the Internal Audit Service may plan to provide advisory support to the organisation and its managers in these cases, as set out in paragraph 7.4 below.
- 6.12. There are a number of areas where management will continue during 2017 and 2018 to make further control improvements. The plan will therefore need to be flexible and may be amended during the year. Significant areas of the council that are subject to further improvement include:

- actions to stabilise and secure the council's financial position, including further cost-cutting measures and service reductions;
- children's social care, as action is taken in response to on-going monitoring visits by Ofsted;
- adults' social care, as the service works with Newton Europe to reconfigure the way it operates, and is restructured;
- recording and managing the financial transactions associated with both children's and adult's social care, using the ContrOCC system;
- the transition of service users between children's and adult's social care support services;
- implementation and operation of the council's ICT strategy;
- asset management, following the implementation of new systems to manage highways and property assets; and
- improved financial systems, in particular the council's income and debt collection, and payments to suppliers of social services.

The council's 'lines of defence' and other sources of assurance

- 6.13. The Internal Audit Service is only the council's third line of defence in a model that represents management as the first line, responsible for directly assessing, controlling and mitigating risks; and any in-service compliance activity that confirms these controls as the second. For example the social care services impose independent compliance checks on front-line staff and their managers to ensure that social work is adequately supervised and its quality regularly checked. Where such 'second line' compliance functions are available, we focus our audit work on assessing the control exerted by them rather than on repeating their work.
- 6.14. There may be other sources of assurance available to the Council from external organisations, for example the external auditor or Ofsted, and when we become aware of such assurance we will not duplicate work in that area but will take it into account if it is relevant to the overall opinion on governance, risk management and control. We will ensure as far as possible that the committee is made aware of such assurance.

Internal audit sponsorship and auditors' engagement with management

- 6.15. We need to direct our audits to senior individuals who are able to sponsor the work and take responsibility for any remedial actions required to mitigate any unacceptable risks: these will normally be the council's directors. We therefore need to work with the council's directors, but also the heads of service and key managers, to scope our work and agree the audit outcomes.
- 6.16. Where the council's risks are managed by controls that are operated by BT Lancashire Ltd (BTLS) then, by agreement, we will work with the relevant directors within BTLS to provide assurance in the same way as if the controls were operated by the county council itself.
- 6.17. Some business processes are the responsibility of more than one service area and, where processes span more than one service, we may plan a short series of individual but connected audits. These may in turn require

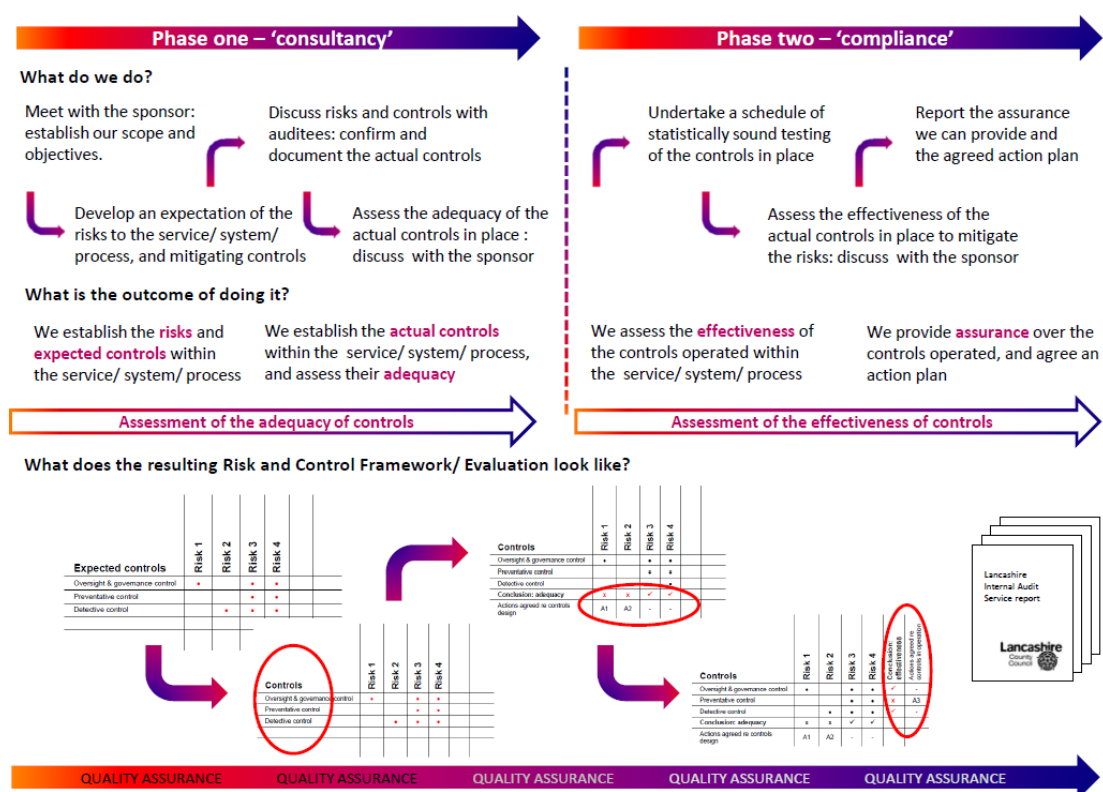
sponsorship at a more senior level within the organisation and we will consult the Management Team on the best way to approach such work.

- 6.18. The Internal Audit Service has no specific in-house expertise in the specialist area of technical ICT audit work. We are working with the director of corporate services and BTLS to identify appropriate sources of assurance.

7. The audit approach adopted by the county council's Internal Audit Service

- 7.1. The Internal Audit Service follows a risk-based audit methodology, working closely with the council's managers to understand the risks to the service, system or process being audited and then testing the controls in place. The audit process therefore involves two phases: establishing a framework of risks and controls, and then testing those controls. During the first phase we work closely with the service's managers to document a risk and control framework for a service, system or process, which enables us to assess the adequacy of the controls designed to mitigate the risks identified. During the second phase we test the effectiveness of the controls in operation. This approach is show diagrammatically below.

A risk-based audit methodology in two phases



- 7.2. The way this approach is applied to any audit varies depending on what assurance can firstly be given by the council's managers that risks are adequately and effectively mitigated.

Full audit including both phases of work: risk and control evaluation

- 7.3. Where assurance is required over a control system that has not previously been audited in its present form, for example because it is new or has been recently changed, but its managers believe that the risks are adequately and

effectively controlled, we undertake a full review including both audit phases. We will provide an opinion on the basis of this work.

Work on phase one only: consultancy

- 7.4. Where the managers of a service, system or process are aware that there are matters to address and are unwilling to assert that risks are adequately and effectively controlled, they may seek support to design and implement appropriate controls. The first phase of any audit may be regarded as advisory work or consultancy as we work with a service's managers to consider the controls they operate to manage the risks to their service's objectives. This analysis can be undertaken at any time, particularly whilst a service is in the process of transformation, and can assist managers to design effective procedures. We can use this approach to add value to the organisation without providing any further assurance but, although it would need to be checked and revised, this work may serve as the first phase of a full audit at a later date, perhaps in the following year. See paragraph 6.11 above.

Work on phase two only: compliance

- 7.5. The second phase of an audit is intended to provide assurance over the effective operation of control systems that have already been assessed as being adequately designed. This may follow immediately after the first phase as part of a full audit, or we may undertake compliance testing annually of systems we have previously audited because they are fundamental to the council's overall control.
- 7.6. Where the service, system or process has been audited before but is of such significance to the council that further assurance is required over its continued effective operation, we will undertake repeated compliance testing of key controls.

Follow-up work

- 7.7. Where managers can confirm that action has been taken as agreed during a previous audit to mitigate any high or medium risks identified we will seek evidence to support this, but we will not generally follow up actions designed to mitigate only low risks.

Degrees of assurance

- 7.8. The assurance we provide falls into four categories: full, substantial, limited and none.
- Full assurance: there is a sound system of internal control which is designed to meet the service objectives and controls are being consistently applied.
 - Substantial assurance: there is a generally sound system of internal control, designed to meet the service objectives, and controls are generally being applied consistently. However some weakness in the design and/ or inconsistent application of controls put the achievement of particular objectives at risk.

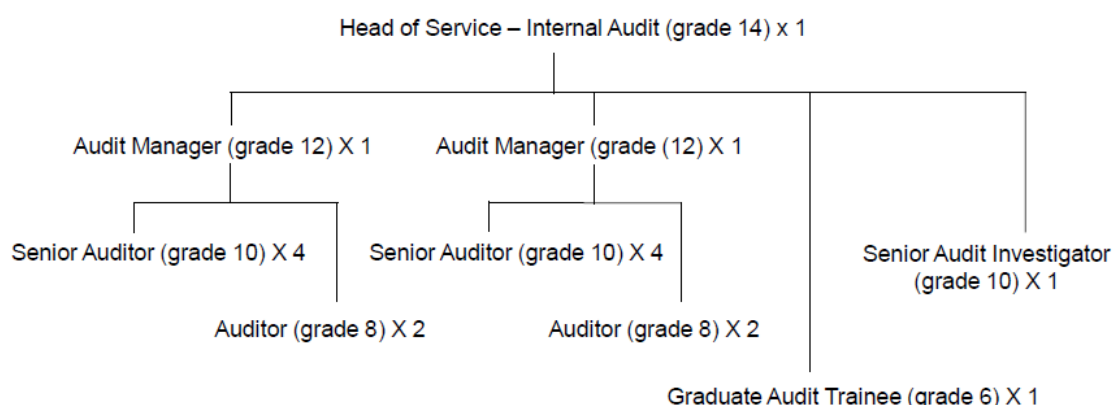
- Limited assurance: weaknesses in the design and/ or inconsistent application of controls put the achievement of the service objectives at risk.
- No assurance: weaknesses in control and/ or consistent non-compliance with controls could result/ have resulted in failure to achieve the service objectives.

8. Inputs to the planning process

- 8.1. Members of the Internal Audit Service have consulted members of the council's Management Team, directors and heads of service to ensure a reasonable understanding of the risks to the council's services and the areas that will be most appropriately subject to detailed audit work.
- 8.2. The Internal Audit Service has regular access to Management Team's agendas and papers, and access on request to the papers of the council's other management teams, including service risk registers. Management Team regularly considers financial reports from the director of financial resources which set out the expenditure in each of the council's services, and these provide an indication of the scale of the services as well as the council's financial position. Information from the new team set up to monitor and control the council's staff resources has also been obtained and likewise provides an indication of the scale of the council's services in terms of the numbers of staff employed, identifying the services that are inherently the most significant to the council in terms of their budgets and numbers of staff.
- 8.3. During the last year the council's risk management process has been formalised and risk registers are now routinely available for each of the council's services, as well as being prepared at a corporate level. These have been reviewed and have supported discussions with directors and managers. They have identified the risks that individual services assess as most significant and the controls that mitigate these.

Audit resources

- 8.4. The plan takes account of the internal audit resources available and, for the first time in some years, the service will start the year with all the posts in its establishment filled. Having been restructured, the service now employs 17 staff as follows:



- 8.5. The Internal Audit Service also provides an out-sourced internal audit function to the Office of the Police and Crime Commissioner and Lancashire Constabulary, Lancashire Fire and Rescue Service and Rossendale Borough Council, as well as some additional support to some of the other district councils. This work accounts for a little more than three full-time equivalent staff although it is undertaken by individuals across the service.

9. Funding and grant certification work

- 9.1. The Internal Audit Service is required as part of the funding requirements of certain central government departments to certify certain aspects of the way funding has been spent. This provides little direct assurance to the county council but is necessary to secure elements of its funding.
- 9.2. The Department for Work and Pensions has imposed testing requirements on its Troubled Families Programme and are working with the Wellbeing Prevention and Early Help Service to process the council's funding claims under this programme.
- 9.3. We are also aware of the need to certify funding claims in relation to capital improvements to the county's highways and various strands of economic development. However although we seek to understand what funding may be subject to such certification, new requirements occasionally emerge during the year and these will be accommodated.

10. The Internal Audit Service's responsibilities in relation to fraud and investigations

- 10.1. In addition to our audit work, the Internal Audit Service provides support to the council's management team in managing the risk of fraud. It provides a small investigatory service (one senior audit investigator) to support management in responding to instances of suspected fraud or impropriety, and also undertakes proactive work to identify and pursue indications of potentially fraudulent activity, both through corporate systems testing and through additional testing of other areas particularly susceptible to fraud.
- 10.2. There are some synergies in the skills required of both internal audit and investigations work, and the information arising around the investigation of allegations of fraud or impropriety may also indicate potential lapses in controls or of the culture of the organisation, which are of interest to internal auditors.
- 10.3. Our audit plan integrates our assurance work (specifically our compliance testing) with our proactive counter fraud testing, particularly in areas susceptible to fraud and misappropriation of assets.

The work set out below is intended to obtain the evidence required to support an overall opinion on the council's governance, risk management, and control processes for 2017/18. Individual elements within the plan may be amended but, taken as a whole, the resulting plan is designed to address the principles set out above.

The type of work is shown as: '1' for phase one/ consultancy work; '2' for phase two/ compliance testing; 'F' for follow-up work.

Service area	Operational area of activity	Audit work	Type
Control framework: governance and democratic oversight			
Democratic Services	Decision-making within the corporate governance framework by elected members under delegated powers.	Assessment of the council's measures to ensure compliance with its procedures, authority and timescales for proper decision-making by members, including compliance testing.	1+2
Democratic Services	Decision-making within the corporate governance framework by officers under delegated powers.	Assessment of the council's measures to ensure compliance with its procedures, authority and timescales for proper decision-making by officers under the scheme of delegation. (This work will be continued from 2016/17).	1+2
Democratic Services	Effective oversight of corporate governance by the Audit and Governance Committee.	Re-assessment under the new administration of the constitution and operation of the Audit and Governance Committee against professional guidance and current best practice.	1+2
Democratic Services	Operational policy setting.	Understanding the way in which the new administration will establish policies for the organisation and review its current policies.	1
Control framework: business effectiveness			
Risk management	Preparation and use of the corporate risk register, after its first year of operation.	Re-assessment after the first year in use of the principles and practical operation of risk management arrangements to produce a corporate risk register and respond to the issues it records. This will include compliance testing of the processes in place across the council's services.	1+2
Financial Management	Delivery of the council's financial strategy and budget reductions.	Understanding the council's financial position and the controls that will ensure that sufficient, or planned, savings will be made in addition to those already achieved under the three-year plan that will end 2017/18.	1+2
Corporate Finance	Obtaining and understanding the	Assessment of the assurance proposed and, in due course, provided	1

Service area	Operational area of activity	Audit work	Type
	assurance provided by the Pension Fund's own internal auditors.	by Deloitte LLP over the Lancashire Pension Fund's administration and investment operations outsourced to the Local Pensions Partnership.	
Corporate Finance	Oversight of the Lancashire Pension Fund.	Assessment of the council's governance framework to achieve corporate oversight of the Lancashire Pension Fund.	1+2
Corporate Finance	Oversight of the Lancashire Pension Fund.	Audit of the custodianship of the assets of the Lancashire Pension Fund.	1+2
Corporate Finance	Oversight of the Lancashire Pension Fund.	Audit of the council's accounting for the Pension Fund through its general ledger.	2
Business Intelligence	Corporate performance monitoring.	Follow-up of the actions agreed following our review of this area in 2016/17.	F
Financial Management	Oversight and alignment of the council's establishment and staffing budget.	Continuation of the work begun in 2016/17 to review the process to capture workforce planning decisions and ensure that the council's establishment is properly supported by matching budgets, and that HR and financial records are aligned, complete, accurate and current.	1+2
Control framework: service delivery			
Operations and Delivery	Communication with staff across the council.	Testing the dissemination of information up and down the management chain, to ensure that all staff understand the council's priorities and operating procedures and to ensure the escalation of matters of strategic or political importance.	1+2
Adult Services	Supervision and support to front line social workers and other social care support workers.	Work to build on the audit undertaken in 2016/17, with further assessment and compliance testing of supervision and support to front-line social workers and other social care support workers across a sample of geographical areas and services.	1+2
Adult Services	Panel decision making processes.	Audit of the panel decision making process specifically in relation to clients with learning disabilities and mental health issues, including compliance with approval thresholds and delegated responsibilities.	1+2
Adult Services	Case management: occupational	Assessment of compliance with the arrangements in place over the	1+2

Service area	Operational area of activity	Audit work	Type
	therapy services.	referral process, timeliness of the assessment and agreement of packages of care, delivery of services, oversight and supervision arrangements.	
Adult Services	Direct payments to service users and their carers.	Assessment of compliance with the processes underpinning decisions to support care users with direct payments, the development and approval of the associated support plans.	1+2
Exchequer Services	Service user financial assessments.	Assessment of the timeliness and accuracy with which service user's financial assessments are conducted, and then revised as changes are made to approved packages of care.	1+2
Exchequer Services	Direct payment reviews.	Audit of the scope, frequency and timeliness of reviews undertaken to determine that direct payments are being spent only on items identified in the support plan and that unspent funds are being effectively clawed back.	1+2
Adult Services	Contract monitoring: reablement service.	Audit of the system to monitor contracts for the provision of the reablement service.	1+2
Adult Services	Contract monitoring: crisis support service.	Audit of the system to monitor contracts for the provision of the crisis support service.	1+2
Adult Services	Use of the care portal by external care providers to claim payments for services provided to service users.	Audit of the system to manage payments to external care providers, focussing on information flows from providers and checks that ensure payments are accurate and valid.	1+2
Adult Services	Development of the workforce (training and guidance for staff across Adult Services).	Consideration of the arrangements to ensure mandatory and corporate training is properly undertaken by relevant staff, and that both training and broader guidance material are adequate.	1+2
Children's Services	Safeguarding through recruitment: selection and vetting procedures.	Audit of the recruitment and vetting of staff, including agency workers, in a sample of service areas across Children's Services, in particular to ensure that credentials are confirmed and individuals are properly vetted to address the risks around safeguarding.	1+2
Children's Services	Service improvement.	Understanding the framework in place and the actions being taken to support improvement across Children's Services so that we will be	1

Service area	Operational area of activity	Audit work	Type
		better placed to provide support and to plan future assurance work. This work will specifically include activity supporting effective casework management and supervision.	
Children's Services	Escalation of matters of strategic or political importance.	Follow-up of actions agreed in 2016/17.	F
Children's Services	Identification of, and responses to, external feedback on children's services and schools.	Follow-up of the actions agreed relating to the responses to feedback on children's services and schools.	F
Children's Services	Information security within parts of Children's Services.	A number of data losses have been experienced in the Fostering and Adoption Service and Minute Taking Team so, working with those teams and the Information Governance team, we will assess the risks and controls in place to manage information.	1
Children's Services	Contract monitoring: external residential placements.	Audit of the Access to Resources Team's system to monitor external residential placement contracts.	1+2
Children's Services	Personal budgets for service users and direct payments to their carers.	An overview of the process by which personal budgets are established and reviewed, and direct payments are made to service users and carers including third party service providers.	1
Children's Services	Transition from children's to adult services.	Initial assessment of the controls to ensure service users' needs continue to be met as they make the transition from Children's to Adults' services. This work will include compliance testing in the Special Educational Needs and Disabilities Service.	1
Community Services	Provision of transport for children.	Audit of the arrangements made to safeguard children being transported by the council to educational or other facilities.	1+2
Community Services	Contract monitoring.	The council agrees numerous contracts with external suppliers each year. This review will focus on one area of service or supply contracts that require monitoring to ensure proper contract delivery by the supplier and appropriate payment by the council.	1+2
Community Services	Operation of the Highways Asset Management System (HAMS).	First assessment of the operation of the system since its introduction to replace a number of other systems during 2016/17. Mapping of the	1

Service area	Operational area of activity	Audit work	Type
		system into a risk and control framework.	
Community Services	Waste management arrangements	Work to understand arrangements for managing waste.	1
Community Services	Pre planning application advice service.	Assurance over the traded service recently introduced and offered to developers to improve the quality of their planning applications.	1+2
Community Services	Registrars' income.	Audit of service delivery including arrangements for charging and income collection.	1+2
Customer Access Service	Customer Access Service management assurance processes.	Assurance over the service's activity to ensure the quality of its service delivery including monitoring responses, follow-up action, data system input, and treatment of any feedback or complaints.	1+2
Customer Access Service	Blue badge applications.	Assurance over the applications process and compliance with policy, including charging and accounting for income.	1+2
Public Health & Wellbeing	Commissioning and oversight of public health service provision.	Assessment, with the service, of the effectiveness of its commissioning to achieve outcomes.	1
Public Health & Wellbeing	Commissioning and oversight of public health service provision.	Follow-up of actions agreed in 2016/17.	F
Public Health & Wellbeing	Quality Assurance Improvement Programme: residential care and nursing homes.	Consideration of the adequacy and effectiveness of the quality assurance programme at driving improvements in service delivery across the regulated care sector.	1+2
Public Health & Wellbeing	Making Safeguarding Personal.	Assessment of the council's framework for ensuring compliance with its statutory requirements under the Care Act 2014.	1
Public Health & Wellbeing	Contract monitoring.	The council agrees numerous contracts with external suppliers each year. This review will focus on one area of service or supply contracts that require monitoring to ensure proper contract delivery by the supplier and appropriate payment by the council.	1+2
Public Health & Wellbeing	Planning to address emergencies and civil contingencies: central planning.	Follow-up of the work completed by the Emergency Planning Team since the audit in 2016/17 to understand the team's progress in completing its action plan.	F

Service area	Operational area of activity	Audit work	Type
Public Health & Wellbeing	Planning to address emergencies and civil contingencies: planning within services.	Audit undertaken through the Emergency Planning Service of operational services' resilience plans and the work to both support these and to integrate them across the council's work.	2
Schools' Financial Management	Oversight of schools' financial management.	Follow-up of the actions agreed in 2016/17.	F
Schools' Financial Management	Schools Financial Value Standard (SFVS) self-assessments.	Review of a sample of SFVS self-assessments submitted by schools for 2016/17 to ensure that their assertions are supported by adequate evidence.	2
Schools' Financial Management	Financial and governance controls within the county's schools.	Following work to understand the council's central oversight of the county's schools in 2016/17 and the outcome of our audit of SFVS self-assessments, we will carry out a thematic audit in a sample of schools across the county of policies, processes and compliance in a specific area.	1+2
Financial Management	Recovery of costs/ available income from partner organisations.	Assessment of controls across a sample of service areas to address the risk that the council does not fully recoup appropriate costs or income from partner organisations, including NHS contributions to care packages, or else takes on their roles at its cost.	1+2
Corporate Commissioning	Commissioning, design and monitoring of the capital programme.	The first phase of this audit was undertaken in 2016/17 and will be continued in 2017/18, with compliance testing of the controls in place as they become embedded during the year.	1+2
Corporate Commissioning	Health and safety of the council's properties.	Assurance over the process to ensure that statutory and other necessary checks on the health and safety of the council's properties are carried out. This will include compliance with corporate strategy, policies and procedures and the use of the new Property Asset Management System.	1+2
Corporate Commissioning	Better Care Fund.	Maintaining a watching brief over the governance arrangements for the council's use of the improved Better Care Fund.	1
Economic Development	The framework of economic development across Lancashire.	We will gain an understanding of the work of the Economic Development team so that we are better able to support the service	1

Service area	Operational area of activity	Audit work	Type
		and, in due course, provide appropriate assurance over its operation.	
Economic Development	Lancashire Enterprise Partnership: governance and accountability	Follow-up of the actions agreed during 2016/17.	F
Control framework: service support			
Corporate Services	Core systems for managing capital projects – PPMS, PAMS, HAMS.	Work to understand the core system central controls supporting management of the council's assets: Programme & Project Management System (PPMS), Property Asset Management System (PAMS), Highways Asset Management System (HAMS). This work will be closely linked with work on the capital programme and in Community Services.	1
Corporate Services	Monitoring of the contract with BTLS.	Follow-up of the actions agreed in 2016/17.	F
Corporate Services	Recruitment: the process from start to finish to bring new staff productively into the council.	An overview of the recruitment process from start to finish to document the steps and timeline to recruit and equip new staff. This will involve a number of different services and will be undertaken in conjunction with work that Corporate Services staff are also undertaking.	1
Corporate Services	Children's Services' LCS system helpdesk.	Audit of the provision by the helpdesk of advice and guidance to social workers in the use of the LCS system, and correction of their errors on request, to ensure data on LCS is accurate.	1+2
Corporate Services	Amendments made to both the LAS and LCS systems (for adults' and children's services respectively) to support changes to working practices.	Work to gain an understanding of the system developments made as operational working practices are reassessed and changed, so that we will be better placed to provide support and to plan future assurance work.	1
Democratic Services	Management of surveillance system recorded data.	Assessment of the council's compliance with the council's revised overt surveillance policy (including the use of CCTV) addressing the gathering, storage, use and disposal of data recorded through the surveillance system.	1+2
Programmes &	Apprenticeship Levy.	Initial advice to assist the service to establish the risk and control	1+2

Service area	Operational area of activity	Audit work	Type
Project Management		framework associated with control of use of the Apprenticeship Levy by the council and the schools whose staff is employed by the council, followed by evaluation of compliance.	
Control framework: business processes			
Systems Control	Access controls and system security.	A single audit, across Oracle as a whole, of controls over user access to the council's financial systems, including access by non-LCC staff.	1+2
Systems Control	Accounts payable: central controls.	Audit of the controls in place over the central accounts payable function, including oversight of the accounts payable process as a whole. We will address the system configuration and, as appropriate, controls over feeder file transfers, separation of duties, splitting of orders, receipting, authorisation of requisitions and payments, duplicate payments, changes to masterfile standing data and timeliness of payments.	2
Exchequer Services	Accounts payable: service-based controls.	Audit of the controls in place within up to three separate accounts payable feeder systems (yet to be determined), to ensure that the transactions recorded therein represent charges in relation to valid goods and services received, which have been authorised on a timely basis in accordance with the relevant scheme of delegation.	1+2
Exchequer Services	Accounts receivable and debt management: central controls.	Audit of the controls in place, including system configuration, to support the central accounts receivable and debt management functions, with compliance testing of those controls and follow-up of the actions agreed in 2016/17 where relevant.	1+2
Exchequer Services	Accounts receivable and debt management: service-based controls and feeder systems.	Audit of a sample of up to three services and feeder systems (yet to be determined) to assess their arrangements, including system configuration, to ensure that all income due is raised and collected.	1+2
Exchequer Services	Cash and banking: central controls including checks over completeness and compliance in other locations.	Compliance testing of the key controls over the central cashiers function, and by cashiers over cash taken and held in other locations. The work will include follow up of actions agreed following the 2016-17 audit review in this area.	2

Service area	Operational area of activity	Audit work	Type
Financial Management (Operational)	Management information and budgetary control.	Gaining an understanding of, and confirming by testing, the way key budgets are managed, to connect with the need to achieve cost savings.	1+2
Corporate Finance	Oracle general ledger.	Compliance testing of the key controls, including system configuration.	2
Corporate Finance	Oversight of payroll payments.	Compliance testing of the key controls operated by the council to ensure it properly oversees the processing of transactions on its behalf by BTLS.	2
Corporate Finance	Treasury management.	Compliance testing of the key controls, including system configuration. The review incorporates the following elements - investment management and oversight and compliance with the Treasury Management Strategy. The review will also include follow up of the agreed actions from the 2016-17 audit.	2
Corporate Finance	VAT.	Compliance testing of the key controls, including system configuration. The review will also include follow up of agreed actions from the 2016-17 audit.	2
Health and Safety	Health and safety compliance.	Assessment of the compliance service – the second line of defence – in assuring controls over health and safety across the organisation. This will specifically incorporate testing of arrangements in Highways and Design and Construction.	1+2
ICT systems	Determination of the appropriate areas for audit.	External support is required to work with BTLS as well as Corporate Services to properly assess the ICT audit work that is appropriate and achievable.	n/a
Information management	Information governance.	Assessment of the controls in place to ensure that the statutory requirements of the Freedom of Information Act and Data Protection Act are met, with compliance testing.	1+2
BTLS: payroll processing	Payments on account and over-payments.	Audit of the processes by which payments on account are made, and the ways in which over payments occur.	1+2
BTLS: payroll	Effectiveness of inputs to the system: the inputs required and how	Audit of the revised processes within the council to provide BTLS with	1

Service area	Operational area of activity	Audit work	Type
processing	they are processed.	appropriate inputs to the payroll system, focusing on changes.	
BTLS: payroll processing	Processing of payments by BTLS, using information supplied by the council.	Compliance testing of key controls only, following full assurance over this process in 2016/17.	2
Procurement	Central procurement: compliance with legislation, financial regulations and standing orders.	Follow-up of the actions agreed in 2016/17.	F
Procurement	Central procurement: compliance with legislation, financial regulations and standing orders.	Compliance checks on a selection of key contracts let during the year.	2
Procurement	E-tendering.	Assessment of the ease of use of iSupplier for potential suppliers to inform an understanding whether the council is fully compliant with procurement regulations.	1
Procurement	Purchase cards.	Audit of the use of procurement cards.	1+2
Funding and grant certification			
Economic Development	Growth Hub Grant 2016/17.	Verification that £328,000 BIS funding has been spent in accordance with conditions set by the Department for Business, Innovation and Skills funding.	n/a
Economic Development	Growth Deal 2016/17: Local Growth Fund.	Verification that Growth Deal monies have been spent in accordance with conditions set by the Department for Communities and Local Government.	n/a
Economic Development	Challenge Fund Grant Audit: Severe Weather Fund.	Verification that £2.7 million Challenge Fund Grant monies have been spent in accordance with conditions set by the Department for Transport.	n/a
Economic Development	Challenge Fund Grant Audit: Pothole Fund.	Verification that £4.9 million Challenge Fund Grant monies have been spent in accordance with conditions set by the Department for Transport.	n/a
Public Health and	Verification of claims made under	Testing of 10% of all claims made, as stipulated by the Department for	n/a

Service area	Operational area of activity	Audit work	Type
Wellbeing	the Troubled Families Programme.	Work and Pensions.	