# Matters arising from internal audit work completed during the period to 31 December 2017

## 1 Introduction

1.1 This report highlights key issues that the Audit, Risk and Governance Committee should be aware of in fulfilling its role of providing independent oversight of the adequacy of the council's governance, risk management and internal control framework. It sets out the issues arising from the work undertaken during the period to 31 December 2017 by the Internal Audit Service under the audit plan for 2017/18.

1.2 A full table of all the audit work currently planned, progressing and completed for 2017/18 is included at Appendix B, setting out brief notes of the progress made on each engagement. The terminology used in the table reflects the methodology followed by the Internal Audit Service, which undertakes a risk and control evaluation in two phases: the establishment and evaluation of a risk and control framework and compliance testing of the controls identified. Any action plans agreed by management to mitigate medium or high residual risks identified through internal audit work are followed up to confirm their implementation.

## 2 Key issues

2.1 Audit work is progressing well and a number of audits have been completed or are nearing completion. At this point we have given substantial assurance over the design and operation of the majority of services, systems and processes we have audited this year.

2.2 In particular we have given substantial assurance over the processes that safeguard children whilst using the council's transport services and in the recruitment of employees and agency staff to children's services, although we have undertaken no other work focussed on services to children. We have also given full assurance over the process by which the corporate risk register has been prepared to date. However we have been able to provide only limited assurance that the Highways Asset Management system is adequately designed to achieve its objectives, and only limited assurance over the review of complex adult social care cases and the operation of the 'Making Safeguarding Personal' programme. More details are provided in section 6 below.

2.3 We have not yet undertaken the audit work as intended to address the delivery of the council's financial strategy and budget reductions, other than to properly understand the council's current financial position.

2.4 The council continues to face a significant financial gap in future financial years. A detailed review of service budgets in early 2017 was undertaken identifying savings options. This has resulted in Cabinet, at meetings between September 2017 and December 2017, agreeing £69.950m of revenue savings, with further savings of £11.140m being discussed at the January Cabinet meeting. The savings cover a range of different activities, including the appropriate capitalisation of revenue expenditure and the impact of demand management strategies, a number of which are subject to specific consultations and these will therefore go back to Cabinet at future meetings for final approval before

implementation. The funding gap in 2018/19 is currently estimated to be £48.886 million, rising to an in-year deficit of £144.492 million in 2021/22 and a total cumulative deficit over the 4 year period to 31 March 2022 of £381.796 million.

2.5 The ongoing financial viability of the council has been recorded on the corporate risk register since April 2016 (when the current register was first compiled) as the council's most significant risk, being consistently scored at the maximum possible level both before and after mitigating action is taken. Under the council's risk assessment methodology the scores represent an assessment that the risk is both certain in its likelihood and catastrophic in its impact. This risk is recorded as being owned by the council's Management Team. The Management Team also owns the risk relating to delivering organisational transformation which notes that the failure to implement the draft corporate strategy setting out the council's vision, aims and priorities could impact on service delivery. At this point the corporate strategy drafted under the previous administration has been neither approved nor replaced but it is being followed.

2.6 The interim chief executive and director of resources joined the authority on 3 January 2018 with a clear remit to achieve a sustainable budget position. However at the time of writing this report two of the three new executive director posts remain vacant, and there has been some turbulence within the council's senior management team. As has been reported before, there has already been major operational change across each of the council's services and a loss of staff over a number of years, and significant change is very likely to continue.

2.7 The audit plan recognised at the outset that there are areas of the council's operations that are subject to too much turbulence to be audited, and areas where managers have acknowledged that they will not be able to provide assurance that services and systems are adequately and effectively controlled. A number of areas that are still subject to further control improvements were listed in the audit plan presented to the committee in June 2017. Although it will provide sufficient evidence to support an overall opinion, audit work for the year has been intentionally restricted to services, systems and processes that are regarded by the council's senior managers as having the capacity to be audited and where audit work may be helpful.

2.8 It would therefore be unreasonable to expect that either the council's senior officers or the Internal Audit Service will be able to provide any more than limited assurance that the council's frameworks of governance, risk management and control will have been adequately designed and effectively operated during 2017/18.

## 3 The assurance available from completed audit work

3.1 A brief summary of the assurance provided for each of the audits relating to 2017/18 and completed by 31 December 2017 is provided in the table below. More information about the matters arising from each of the completed audits is set out in section 6 below.

**Internal Audit Service progress against plan 2017/18**
Audit, Risk and Governance Committee meeting 29 January 2018

| Control area | Assurance |
|---|---|
| **Governance and democratic oversight** | |
| Effective oversight of corporate governance by the Audit and Governance Committee. | Not applicable |
| **Business effectiveness** | |
| Preparation and use of the corporate risk register. | Full |
| Follow-up of the actions agreed following our review of corporate performance monitoring in 2016/17. | Not applicable |
| **Service delivery: adult services** | |
| Complex case forums decision making process (formerly 'panel decision making processes'). | Limited |
| Direct payments to service users and their carers. | Substantial |
| **Service delivery: children's services** | |
| Safeguarding through recruitment: selection and vetting procedures. | Substantial |
| **Service delivery: community services** | |
| Safeguarding in the provision of transport for children. | Substantial |
| Operation of the Highways Asset Management System (HAMS). (This audit addressed only the adequacy of the operational system's overall design and early operation, not its effectiveness.) | Limited |
| Registrar's income. | Substantial |
| **Service delivery: Customer Access Service** | |
| Customer Access Service management assurance processes. | Substantial |
| Blue badges. | Substantial |
| **Service delivery: public health and wellbeing** | |
| Making Safeguarding Personal. | Limited |
| **Service delivery: schools' financial management** | |
| Review of a sample of Schools Financial Value Standard (SFVS) self-assessments submitted by schools for 2016/17. | Substantial |
| **Business processes** | |
| Accounts payable: service-based controls over payments – Caring and Responsive Transport (CART) payments to taxi operators. | Substantial |
| Accounts payable: service-based controls over payments – Repair and Maintenance Programme (RAMP) system payments. | Limited |
| Accounts receivable: service-based controls over receipts – Repair and Maintenance Programme (RAMP) system receipts. | Substantial |
| Accounts receivable and debt management: central controls. | Substantial |
| Management information and budgetary control. | Substantial |
| Information governance. | Substantial |
| E-tendering. (This audit addressed only the adequacy of the operational system's overall design, not its effectiveness.) | Substantial |

3.2    Since April 2016 the Lancashire Pension Fund has been administered and its pooled assets managed by Local Pensions Partnership Ltd (LPPL). LPPL has appointed Deloitte LLP as its own internal auditor and, in addition to the work being undertaken by the council's Internal Audit Service, the council may choose to take some assurance from Deloitte's work on the framework of governance, risk management and control operating over the council's Pension Fund. Deloitte disclaim any liability to the council for any reliance it may place on this work but have agreed that their conclusions may be reported to the Audit, Risk and Governance Committee.

3.3    Deloitte have completed four audits in the year to date.

| Control area | Assurance |
|---|---|
| **Lancashire Pension Fund** | |
| Oversight of LPPL's business and transformation change (phase 1). (Reported in September 2017.) | Effective with scope for improvement |
| Core systems and infrastructure migration (phase 1). (Reported in September 2017.) | Effective with scope for improvement |
| Governance. | Effective with scope for improvement |
| Investment governance. | Effective with scope for improvement |

3.4    Deloitte's classification scheme differs slightly from that used by the Internal Audit Service, and an explanation of the assurance provided by both is set out in Appendix C.

## 4    Amendments to the audit plan

4.1    In addition to the amendments reported in September 2017 the following small changes have been made to the audit plan.

4.2    Other than some preliminary work to understand the arrangements that controlled the achievement of the last significant three-year savings plan that ended in 2017, no detailed audit work on the delivery of the council's financial strategy and budget reductions has been done. Until a new savings plan has been established no audit of the controls to ensure it is delivered can be undertaken, and any audit work on this is now unlikely to take place during 2017/18. As noted above, a review of service budgets has resulted in additional agreed savings to the revenue budget of £69.950 million and the funding gap for the coming year is estimated as £48.886 million.

4.3    The audit plan also includes some work to understand the way in which the new administration will establish policies for the organisation and review its current policies but, in light of the council's current pressures, this will be deferred into 2018/19.

4.4    The plan included an audit of the council's management of surveillance system recorded data, covering the council's revised CCTV surveillance policy. We have undertaken some preliminary work with Democratic Services, Facilities Management and other services and have developed a risk and control framework. An action plan is now being developed by Democratic Services to ensure that adequate controls are put in place but it has become clear that, until

the action plan has been fully populated and then implemented, management will be unable to provide assurance that the risks in this area are being adequately and effectively controlled. We have therefore deferred the rest of this audit until 2018/19.

4.5 Work was planned to address the quality assurance improvement programme for residential care and nursing homes. However the Patient Safety and Safeguarding Service is not yet ready to implement its revised programme and, rather than auditing the programme, auditors are providing constructive input to the service as this is developed. No further audit work on the operation of the programme to drive improvements in service delivery across the regulated care sector will be undertaken in 2017/18.

4.6 We had begun work to understand developments in the use of the care portal by external care providers to claim payments for services provided to service users. However the Core Systems team also then began a review of the same area and the audit work has therefore been deferred. This is now likely to be included in the audit plan for 2018/19 instead.

4.7 It is also likely that work on cash and banking will fall into the early part of the 2018/19 audit year as work has been re-prioritised around some sickness absence within the Internal Audit Service.

## 5   External quality assessment

5.1 In May 2016 the committee considered the Internal Audit Service's Quality Assurance and Improvement Programme and noted that:

"External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The chief audit executive must discuss with the board:
- The form of external assessments;
- The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest."

PSIAS 1312: External Assessments

5.2 In November 2017 the Internal Audit Service was subject to an independent, objective validation by the Chartered Institute of Internal Auditors (CIIA) of its self-assessment against the Institute's International Professional Practice Framework (IPPF) and the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) in collaboration with the CIIA. This external assessment included considering the service's conformance to each of these sets of professional standards, benchmarking its activities against best practice and assessing the impact of internal audit on the county council and its external client organisations.

5.3 The IPPF includes the definition of internal auditing, core principles, code of ethics and international standards: there are 64 fundamental principles to achieve with 118 points of recommended practice. The PSIAS and LGAN add considerably more requirements to these.

5.4 The external assessment concluded that the Internal Audit Service fully meets nearly all the standards, as well as the definition, core principles and the code of ethics, which form the mandatory elements of the IPPF. This is described as

"generally conforms" and means that the Internal Audit Service may state in our internal audit reports for all clients that our work "has been performed in accordance with the IPPF, PSIAS and LGAN".

5.5 The performance of the Internal Audit Service was benchmarked against a maturity model based on a wide range of UK and Irish internal audit functions and was assessed as 'good' in its reflection of the standards and its focus on performance, risk and adding value. It was assessed as 'satisfactory' in the efficiency of its operations and in its Quality Assurance and Improvement Programme, but 'needs improvement' in coordinating and maximising assurance with other assurance providers. A small number of actions have arisen for the service from this review, which will be addressed over the coming months.

5.6 The full report has been provided to the committee's chair and will be provided to any other member who would like to receive it.

## 6    Issues arising from completed audit work

6.1 The matters arising from each of the audits completed since the last report to the committee are set out in the narrative below, and notes of the progress made on each audit on the plan for 2017/18 are set out in in Appendix B.

**Preparation and use of the corporate risk register, after its first year of operation**                                                    (Full assurance)

6.2 The council developed a revised approach to risk management in 2015/16 and at this point the processes that produce the corporate risk and opportunity register are adequately designed and operating effectively. The council's approach to risk management is published on the intranet and is available to all staff and councillors. Training and support have been provided and are available on an ongoing basis.

6.3 Each service is required to produce a service-based risk and opportunity register on a quarterly basis, approved by the appropriate director. These are collated by the information governance manager and reviewed by the head of legal and democratic services and, until the end of 2017, the director of governance, finance and public services. They assess which risks and opportunities should be included on the corporate risk and opportunity register in accordance with the council's risk appetite. This is then considered by the Management Team and presented to the Audit, Risk and Governance Committee, which has responsibility for risk management and control, and to the Cabinet Committee on Performance Improvement.

6.4 Clearly this process is heavily reliant both on heads of service's understanding and identification of the risks to their services, and on input from the former director of governance, finance and public services. From January 2018 this post will no longer exist in the council's structure. The nearest equivalent post will be that of director of corporate services, who will take up the statutory role of monitoring officer.

**Follow-up of the actions agreed following our review of corporate performance monitoring in 2016/17**                    (Assurance is not applicable)

6.5    A single action was agreed in 2016/17 to mitigate a medium risk in relation to corporate performance monitoring (three other actions mitigated only low residual risks). It was intended that, following approval of a new corporate strategy, the existing performance measures would be reviewed to ensure that council is working towards common objectives and targets. However although the Business Intelligence Service continues to ensure that the council's performance is monitored and, for example, quarterly corporate performance monitoring reports are presented to the Cabinet Committee on Performance Improvement, no new corporate strategy has been agreed at this point.

**Adult Services: complex case forums decision making process**
(Limited assurance)

6.6    The forums for Learning Disability, Autism and Mental Health complex cases consider high cost and complex social care cases. This ensures that packages of care are robustly challenged in a fair and consistent manner, taking into consideration the best interests of each service user and ensuring that their needs are met as cost-effectively as possible.

6.7    These complex case forums operate robustly: decisions are taken fairly and consistently, applications are challenged and decisions are reached appropriately. However it is not clear that all relevant cases are actually being submitted for consideration by the forums. Although hierarchy controls and approval limits within the Liquidlogic Adults System (LAS) should ensure that no packages are approved inappropriately, the system does not ensure compliance with the forum review process and in particular does not trigger reviews related to the cases' costs. We found approved packages of care that should have been considered by a forum but which had not been submitted.

6.8    Cases rejected or deferred by the forums are not adequately followed up and there is a risk that packages of care are either put in place without sufficient consideration and oversight or are unduly delayed. The failure to monitor decisions over every case including those made outside the forums, and the lack of clear guidance regarding the cases that should be on the agenda at forums, can lead to decisions regarding packages of care being taken without appropriate consideration and challenge. This risks poorer quality and inconsistent decision making, particularly in relation to the commitment of resources. We have therefore been able to provide only limited assurance over the decision making process as a whole.

**Adult Services: direct payments to service users and their carers** (Substantial assurance

6.9    Individuals receiving a personal social care budget to meet the care needs set out in their support plan can choose to receive this funding through direct payments. These payments can be made to service users through a prepaid card or a separate bank account. Since service users may need to employ carers, some of the direct payment can be used to pay an independent company to manage the carers' employment and pay any invoices.

6.10  Procedures are in place that social workers must follow when completing a social care assessment and identifying if direct payments are appropriate. The Resource Allocation System is used to assess the client's level of need and to

generate an indicative budget. Assessments of service users' capacity and tests that decisions have been made in their best interests are also completed during the assessment process, although not in all cases where a possible need has been identified.

6.11 After a gap when no comprehensive training has been available, a training programme has begun which is mandatory for all staff involved in the direct payment process. This provides a good overview, covering policy and guidance and key areas such as the completion of support plans and the potential for fraud and misappropriation of funds. New processes for dealing with exceptional circumstances have also recently been established that replace the previous informal and poorly documented process.

6.12 Although service user's case files on LAS are updated during the assessment process, the content and information recorded varies greatly and some aspects of the process are clearly documented whilst others are not. No direct payment should be made until a signed copy of the financial agreement (known as a 'FIN107') is held on the service user's case file, indicating the service user's agreement (or that of someone authorised by them) to the terms and conditions of the direct payment scheme. We found two cases in our sample of 30 where payments had been made but no FIN107 was recorded in LAS, and six others on file but which had been signed more than five years ago.

6.13 To ensure that packages of care remain appropriate and continue to meet a person's needs, social care reviews should be undertaken periodically. With only one minor exception reviews have been completed or scheduled annually.

**Children's Services: safeguarding through recruitment – selection and vetting procedures** (Substantial assurance)

6.14 The council's recruitment process for employees and agency staff is managed differently. The BTLS Payroll and Resources team manages the personnel files for staff recruited into the council's employment, ensuring that safeguarding guidelines are in place and followed. Safeguarding requirements for all roles are identified on all job descriptions. Spot checks of key information are carried out at monthly supervision meetings and all the staff we tested were eligible to work in the UK and registered with the Health and Care Professionals Council (HCPC). However evidence is not consistently retained that Disclosure and Barring Service (DBS) information has been checked (although the introduction of the 'e-bulk' DBS application process should resolve this.)

6.15 The council has struggled to recruit and retain permanent staff and at the end of November 2017 155 agency staff were working in children's social care. Agency staff cost £3.5 million between April and September 2017. (A further 174 agency staff were working in adult social care at a cost of £2.2 million for the same period.) The Skills, Learning and Development Service manages the recruitment of agency staff across the council, and comprehensive guidelines are published on the intranet for all operational managers to use. The council has contracted with Matrix SCM Limited, a neutral vendor managed service, to source all its agency staff as far as possible although some services still procure agency staff through other routes and there are some inconsistent practices and duplication of controls in the use of the contract. Agency staff are subject to safeguarding requirements and pre-placement checks, and DBS and HCPC clearances had been obtained for all the agency staff procured by Matrix

SCM that we tested. However there was no evidence that satisfactory references had been received for two of 20.

**Community Services: safeguarding in the provision of transport for children** (Substantial assurance)

6.16 Amongst other things the Public and Integrated Transport Services (P&ITS) team is responsible for managing tenders and contracts with private bus and coach operators for school transport and for administration of Disclosure and Barring Service (DBS) checks. The P&ITS team organises and provides transport for passengers who are in receipt of commissioned services, including children for whom it is not practical to provide a bus service to school, children with special educational needs and disabilities, and adults attending day care provision.

6.17 The council's policies, procedures and guidance accord with relevant safeguarding legislation and are accessible by all staff, service users, parents, carers and transport operators. Their safeguarding responsibilities are clearly communicated to staff and external stakeholders, and appropriate safeguarding training is provided to all staff. External transport operators receive an induction pack when accepted onto the procurement framework, which sets out the council's safeguarding arrangements, requirements and expectations.

6.18 Unescorted drivers and passenger assistants' DBS checks are appropriate and valid for the contracts they operate. Unescorted drivers' enhanced certificates are physically verified and their renewal dates are monitored.

6.19 Safeguarding alerts and allegations follow Local Authority Designated Officer notification procedures. Reports from the Traffic Commissioner are reviewed for alerts that licences have been restricted or revoked so that action can be taken to suspend the operator. The council's Safer Travel Unit, set up to improve the safety of bus travel, communicates frequently with the compliance manager and provides school-gate scrutiny and challenge to unescorted drivers.

**Community Services: operation of the Highways Asset Management System (HAMS)** (Limited assurance)

6.20 HAMS replaced a number of older systems in April 2017 and is an integrated solution for the management of infrastructure including land, highways structures, public lighting, and distribution networks. It is intended to deliver service improvement, providing one single system for managing highways assets and related works, recording and responding to defects, collating data for analysis, reporting, and controlling procurement. The system is chiefly used by the Highways Service, Design and Construction Service, and the Customer Access Service. System support is provided by the Core Systems Team, which also co-ordinates the development of the system with stakeholders and BTLS.

6.21 The associated Report It facility is the means by which councillors, members of the public and CAS are able to report faults on roads, pavements, cycle paths, public right of ways, street and traffic lights or flooding incidents to the council

6.22 The Highways Service's senior managers believe that HAMS has not delivered the benefits in terms of efficiencies and streamlined processes that were intended, and its implementation has actually resulted in lower productivity. HAMS is data driven and reliant on data quality but there is a consensus across both the Highways Service and Core Systems Team that the data within HAMS

is unreliable. Furthermore, the Highways Service believes that resources are being allocated to unnecessary inspections and works on non-actionable defects and on non-council owned assets resulting from poor data collected from the public and ineffective triage. The service is also concerned that members of the public and councillors do not always receive sufficient, accurate, or indeed any, feedback on the progress of works to resolve reported defects.

6.23 However managers and officers within the Highways Service and Core Systems Team are committed to identifying the issues and taking action to resolve the remaining issues within the constraints of the software provided by Symology Ltd. Review groups have been formed to address the system's functionality and its operation in service and a detailed action plan has been developed that is continually reviewed and updated.

6.24 Whilst we did not assess the work undertaken to develop the system prior to its implementation in April 2017, HAMS was developed and implemented at the same time as restructures were occurring in the key services that use the system. It is clear that the implementation of one large system to replace several long-standing and familiar systems, and the associated changes required to operational procedures and culture, would be challenging at any time but were particularly difficult under these circumstances.

**Community Services: Registrars' income**                    (Substantial assurance)

6.25 The Registrar's service registers births, deaths and marriages and issues certificates, including copies of historical certificates. It also provides other services, such as checking British citizenship applications, licensing venues and officiating at wedding ceremonies. There are a number of registration offices across Lancashire and we visited offices in Ormskirk, Fleetwood and Preston.

6.26 Staff at all the sites we visited are aware of their duties and the risks associated with the service, and all medium and high risks are adequately and effectively mitigated. Smaller offices such as Fleetwood are currently unable to fully comply with the requirements of the service's financial procedures (which are aligned with the council's financial regulations and would benefit from greater flexibility in their management of receipts, refunds and petty cash procurement. The inspections required by financial procedures have not been undertaken since 2011 and it has been agreed that a schedule of visits will be undertaken again.

**Customer Access Service: management assurance processes**
                                                            (Substantial assurance)

6.27 The Customer Access Service is the first point of contact for 60% of all incoming telephony and email enquiries to the county council. It operates as two functions; the social care centre and customer contact centre. The social care centre provides information, advice and assistance on matters relating to adults' and children's social care, and addresses a wide range of issues of varying complexity. The customer contact centre acts as the initial point of contact for Lancashire's citizens to 26 of the council's services including highways, Ask HR, libraries, Nowcard, concessionary travel, registration, waste, and welfare rights. The centre also signposts customers to other agencies across the public sector and partner organisations.

6.28 The Genesys system was implemented in September 2016 to improve customer contact, workflow management and management information through new telephony, workforce planning, social media, and contact automation, and supports comprehensive daily monitoring of work schedules. Performance data from Genesys comes in various formats and as well as daily reports there are comprehensive monthly reports which are reviewed by the service's management team.

6.29 Quality assurance procedures are in place to review the work of the customer service assistants and take corrective action if necessary. Errors and complaints are recorded in spreadsheets which set out the action taken in response.

6.30 It is intended eventually that the Customer Access Service and corporate information systems both use the same information management system to ensure consistency of information and minimise duplication of work. This is a long term goal but work to improve alignment between the current systems has begun. In 2017/18 a roadmap for all key projects was implemented which details the status of all projects, and all are being implemented using Prince II methodology.

**Customer Access Service: blue badges**                    (Substantial assurance)

6.31 There is a clear and comprehensive policy providing guidance on blue badge applications, which is in line with the Department of Transport's guidance. There is a structured approach to officer training and a comprehensive quality assurance process, including monthly management checks on each advisor. Management operates monitoring processes intended to pick up errors, which are logged, reported and resolved effectively.

6.32 However despite these quality controls we found processing errors arising from basic human error which had not been identified by the service's own quality testing. Of the 40 applications we tested, 36 were correctly issued but two badges had been wrongly awarded to ineligible applicants and two had been issued with end dates beyond the recipients' entitlement. We also found that controls over badges returned to the council are insufficient to ensure in all cases that they are correctly handled and destroyed.

6.33 Although the service's monitoring processes did not identify the matters we found in our sample testing, it is unclear what further action could be taken to address these human errors.

**Public Health and Wellbeing: Making Safeguarding Personal (MSP)** (Limited assurance)

6.34 The Care Act 2014 defines safeguarding as protecting an adult's right to live in safety, free from abuse and neglect, and puts adult safeguarding on a legal footing, specifying local authorities' responsibilities. Making Safeguarding Personal is a national framework that is now established as statutory guidance accompanying the Care Act 2014 intended to make safeguarding person-centred and outcomes-focused. It is associated with the personalisation of social care, empowering people to make informed choices with an emphasis on sensible risk appraisal, taking account of individuals' preferences, histories, circumstances and life-styles.

6.35 It is clear that the staff of the Safeguarding Service fully supports this programme and during the audit officers were proactive in suggesting areas that

remain for improvement. The service is developing a robust MSP framework, and updated safeguarding policies and procedures are being produced that reflect a more person-centred approach to social care.

6.36 The current safeguarding policy and guidance lacks some of the detail required, specifically regarding which areas of the Liquidlogic Adult System (LAS) are mandatory and how outcomes should be documented. Whilst a range of training opportunities are available to staff, they are not consistently offered to ensure that all staff have completed mandatory training, relevant supplementary training and refresher training.

6.37 MSP requires that individuals' desired outcomes are clarified. Conversations held before, during and after intervention should therefore be recorded but, in 14 of 30 safeguarding enquiry records reviewed, there was insufficient evidence of conversations with the adult, their family or advocate before or during the safeguarding review. In 17 of 30 cases, there was no record of any conversation with the adult following intervention.

6.38 The capacity assessment within LAS is not consistently completed when required, and the section addressing the decision to be made in the best interests of the adult is therefore also overlooked. Completion of these sections is necessary to support a consistent, structured approach and evidences the practitioner's decision-making process.

6.39 Current advocacy arrangements do not consistently meet the statutory requirement under the Mental Health Act to provide people lacking mental capacity with support from an independent mental capacity advocate (IMCA) if they wish. We found advocacy was not provided in one case when it would have been appropriate, and in two cases an IMCA referral had been made but no service had been provided by the time the case was closed.

6.40 There is a backlog of unallocated safeguarding alerts within the Multi Agency Safeguarding Hub (MASH) team: we found 843 alerts waiting to be allocated in July 2017, the oldest being outstanding for almost four months, although they had been screened and risk assessed. We understand that additional agency staff resource has now been provided to address this backlog.

6.41 Targets have not been set for completing safeguarding enquiries. Whilst we understand that enquires are discussed between team managers and practitioners, no formal monitoring of timescales is undertaken and anomalies may go undetected. For example we found some significant delays (of up to two years in one case) in clearing enquiries. Enquiries should be adequately assessed and accurately recorded before being closed. They should therefore be subject to review by a team manager but four of 30 enquiries did not appear to have been reviewed before closure.

6.42 Completion of a risk assessment in response to a safeguarding enquiry supports the decision whether the adult remains at risk, and protects the practitioner's decision should it later be challenged. However risk assessments are not consistently completed, and we found a completed risk assessment on only six of 30 enquiry records.

### Caring and Responsive Transport (CART) payments to taxi operators
(Substantial assurance)

6.43 The council provides transport in taxis for adults and children who have special educational needs and for children in mainstream education who do not live on a regular bus route. The Integrated Transport Service uses the CART system to monitor the taxi operators' contracts and payments.

6.44 Approximately £12 million per year is currently spent on taxis through 179 providers and 1,292 contracts (since each service user generally requires an individual contract). There is generally a sound system of internal control, adequately designed to meet the service's objectives, and controls are generally being applied consistently. However there are some issues that will be addressed by management during the first half of 2018.

6.45 These include the need to ensure that agreements are in place and retained with each taxi operator that address a range of contractual matters, some of which address safeguarding, although there are additional checks in place that mitigate safeguarding risks (and which we have audited during our work on 'Safeguarding in the provision of transport for children').

6.46 In common with other systems across the council, access to the CART system is not managed effectively. There are currently 333 user accounts, but it is not clear who should have access and what permissions are appropriate to their current role. However, rightly, the staff who process claims for payment are not able to set up or amend contracts, and those who set up or amend contracts do not have the functionality to process claim forms for payment.

### Repair and Maintenance Programme (RAMP) system payments
(Limited assurance)

6.47 The configuration of the RAMP system enables a single officer to raise an order, receive the goods and approve the invoice for payment. There are other controls over expenditure that could identify any inappropriate expenditure, but these are incomplete.

6.48 Most items ordered are associated either with a specific job or a specific stock-line, which imposes controls associated with monitoring the costs of a job or levels of stock held. However, although reports are produced annually of the repair work undertaken on each vehicle which could identify any excessive or unusual costs, we found no evidence that these report are reviewed.

6.49 Items may also be ordered as overheads, associated with neither a job nor a stock-line and, in these cases, there are no other controls to ensure that any inappropriate expenditure is identified.

### Repair and Maintenance Programme (RAMP) system receipts
(Substantial assurance)

6.50 Debtors' invoices are raised for work undertaken on vehicles belonging to external clients. However signed agreements were not in place for three of the five clients we examined and, in the remaining two cases, charges were not raised in accordance with the rates specified in the agreements.

6.51 The service will ensure that contracts with its clients are updated to match current expectations of the agreements between them, and in particular where fixed prices are charged rather than actual, variable, costs.

### Accounts receivable and debt management: central controls

(Substantial assurance)

6.52 Invoices are raised within operational service areas and are being raised correctly, but a high proportion (75% of our sample) were raised late, largely because the work has not been reallocated as officers have left the authority, and problems with HAMS have also affected invoicing. Some invoices have been raised two months after a service was provided and, in one case, four months after.

6.53 The accounts receivable and debt management functions are managed using the Oracle Financials system, which has been programmed to address different types of debt following different strategies. Each strategy generates appropriate work for the debt collectors, facilitating the timely recovery of outstanding invoices if work items are actioned promptly. However due to vacancies in the debt collection team there have been some delays in the debt recovery process. An increase in the number of open work items queued for action would indicate that debt is not being effectively addressed in a timely manner, but the work queues for individual debt collectors are not monitored. There are large numbers of work items (approximately 9,000) in work queues for debt collectors who have left the council during the year, some being more than three months old.

6.54 The overall focus of debt management has shifted to address debt at an early stage when it is more readily collectible. This has resulted in a significant reduction in the value of debt up to six months old, which has fallen by 15% between December 2016 and December 2017. However debt aged six months or more has increased by 26% to £19.29 million over the same period whilst, overall, debt has fallen slightly from £58.9 million to £56.25 million.

### Management information and budgetary control (Substantial assurance)

6.55 Good practices are in place to ensure that management and staff are able to monitor and manage the council's budget as a whole and at the level of individual services. In particular, the Oracle system accurately reflects in detail the revenue budget approved by the Council in February 2017 and amended in July 2017.

6.56 All revenue budgets have been allocated to a responsible manager as budget holder and support is available from the Financial Management team, and budget holders have access to monthly monitoring reports with additional reports provided by finance officers as required. Budgets are reviewed and re-forecast regularly by budget holders and finance officers to identify, analyse and address variances. However the council's broader financial position remains extremely challenging, and projections of the overall position in future years are subject to significant variations from quarter to quarter as the assumptions underlying the projections are altered.

6.57 Access to upload journal transfers to the Oracle general ledger is not restricted to finance officers as intended. Whilst most users with this permission are officers in the Financial Management team or other financial teams, 11 of a sample of 20 did not appear to be in posts in which journal uploads would be required. While we identified no instances of misuse of this responsibility, there is a risk of inadvertent or fraudulent movement of funds across Council budgets.

We plan to carry out further work on the effectiveness of controls over user access to the council's financial system later in the year.

**Information governance**                                    (Substantial assurance)

6.58 Under the Data Protection Act 1998 (DPA) individuals including employees are entitled to request a copy of all information about them that the council holds; the Act refers to such a request as a subject access request (SAR). Once the requester's identity has been confirmed the council has 40 calendar days to locate and supply the data subject with their personal data. The new General Data Protection Regulations (GDPR) due to be implemented in May 2018 reduce this to 30 calendar days and as the public become increasingly aware of their rights it is anticipated that the number of SARs will increase significantly.

6.59 Under the Freedom of Information Act 2000 (FOIA) that came into force on 1 January 2005 anyone has a right to request information from a public authority. The council has two separate duties when responding to these requests – to tell the applicant whether they hold any information falling within the scope of the request, and to provide that information. Under the act the council must respond within a maximum of 20 working days.

6.60 Officers in the Information Governance team are experts in their fields and we observed many examples of good practice. The introduction of information governance champions in each service has also proved very successful, especially in preparing for the introduction of the new GDPR.

6.61 We found general compliance with the established procedures for processing requests and providing appropriate responses, although not all are issued within the statutory timeframes. The Norwel case management system is not being updated consistently with completion dates and case outcomes and is not currently configured to realise the benefits of an integrated case management system.

6.62 Quarterly performance reports are obtained from the Norwel system but require intensive data cleansing before they can be used. Enhancing the reporting functionality of Norwel would further support housekeeping activity and improve operational performance monitoring and reporting.