

## Internal Audit Plan 2022/23

### 1. Introduction

- 1.1. This report sets out the internal audit plan for 2022/23. The Audit, Risk and Governance Committee is asked to consider and approve it under the committee's terms of reference.
- 1.2. The Audit Plan for 2022/23 has been prepared in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS). The PSIAS represent mandatory best practice for all internal audit service providers in the public sector. In accordance with PSIAS, the mission of internal audit is to 'enhance and protect organisational value by providing risk-based and objective assurance, advice and insight'.
- 1.3. The PSIAS require that the Internal Audit Service is delivered and developed in accordance with the Internal Audit Charter. The Internal Audit Charter provides the functional and organisational framework in which Internal Audit operates to best serve Lancashire County Council and to meet its professional obligations under the PSIAS.
- 1.4. The Internal Audit Service aims to achieve the core principles set out by the Chartered Institute of Internal Auditors and reiterated in PSIAS, which are that the service:
- Demonstrates integrity
  - Demonstrates competence and due professional care
  - Is objective and free from undue influence (independent)
  - Aligns with the strategies, objectives, and risks of the organisation
  - Is appropriately positioned and adequately resourced
  - Demonstrates quality and continuous improvement
  - Communicates effectively
  - Provides risk-based assurance
  - Is insightful, proactive, and future-focused
  - Promotes organisational improvement

### 2. The purpose of the audit plan

- 2.1. The council is responsible for a wide range of services across the county, and it is expected that the council's members and senior management are 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 it to a corporately acceptable level, and which operate effectively and consistently in practice. The Chief Executive, Audit, Risk and Governance Committee, and ultimately the council, need assurance that these controls are adequately designed and operating effectively. At the end of the financial year the Chief Executive and the Leader will 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 the council's frameworks of 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, Risk 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 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 require.
- 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

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requirements for future years. The work in any annual plan will rarely be fully complete at the end of the year but will be sufficient to inform the council's annual governance statement shortly after the year end.

### 3. Obtaining the evidence to support an overall opinion for 2022/23

3.1. 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.

3.2. 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. However, information will also be available from less formal sources than planned audit engagements and this will also inform the overall opinion.

3.3. The council's governance, risk management and control framework is shown on the diagram below. The internal audit plan is designed to address, proportionately, the coverage required across this controls framework for the whole organisation. It addresses each of the areas of the overall opinion, each of the areas of control set out in the control framework, and each of the major areas of service delivery. A number of individual audits address some common themes, including contract monitoring, safeguarding, health and safety, and improvement plans that may also inform a more corporate view. The plan also includes work to follow up the action plans agreed by managers as a result of audit work over previous years.

A framework for governance, risk management and control						
<b>Governance and democratic oversight</b>						
Corporate governance		Decision-making		Oversight and scrutiny		Policy setting
<b>Business effectiveness</b>						
Risk management	Performance management	Organisational design	Financial governance and planning		Working in partnership	
<b>Service delivery</b>						
Growth, Environment & Transport		Education & Children's Services		Adult Services and Health & Wellbeing		Resources
<b>Service support</b>						
Legal services	Skills, learning & development	Core ICT systems	Property management	Health & safety	Programme management	Customer access
<b>Business processes</b>						
Financial systems & processes		Procurement		Facilities management		Human resources
Information management		Contract monitoring & management		Payroll processing		
Business continuity				Investment		ICT systems

3.4. A detailed list of each audit in the plan is provided at section nine below and sets out how they fit into this framework. It should be noted that the plan will need to be a

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flexible plan and will almost certainly be subject to change during the year as the council's priorities alter and as the work set out here in outline is scoped in more detail. The committee will be informed of any significant changes as progress is reported during the year.

- 3.5. The Internal Audit Service has appointed an external provider to undertake a programme of specialist ICT audit work for the council. The plan of specialist ICT audit work for 2022/23 is included in the plan set out at section nine below.

#### 4. The context of the audit work for the year

- 4.1. The annual planning process involves consultation with a range of stakeholders, to ensure that their views on risks and current issues, within individual services and corporately, are identified and considered. In order to ensure that the most effective use is made of available resources, to avoid duplication and to minimise service disruption, efforts will continue to be made to identify, and where possible, rely upon, other sources of assurance available.

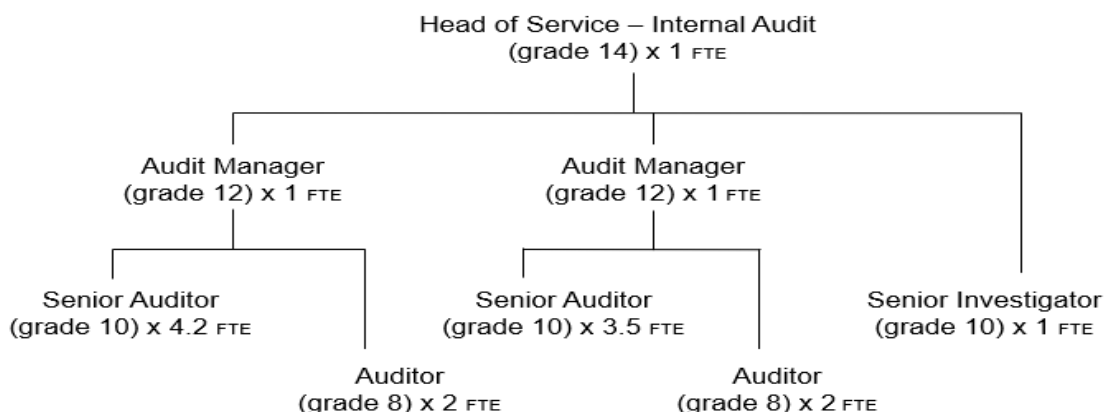
#### 5. The assurance we will provide

- 5.1. The assurance we will provide falls into four categories: substantial, moderate, limited and no assurance.
- Substantial assurance: the framework of control is adequately designed and / or effectively operated overall.
  - Moderate assurance: the framework of control is adequately designed and/ or effectively operated overall, but some action is required to enhance aspects of it and/ or ensure that it is effectively operated throughout the service, system or process.
  - Limited assurance: there are some significant weaknesses in the design and/ or operation of the framework of control that put the achievement of the service, system or process' objectives at risk.
  - No assurance: there are some fundamental weaknesses in the design and/ or operation of the framework of control that could result in failure to achieve the service, system or process' objectives.

#### 6. Internal Audit Service resources

- 6.1. Resource requirements are reviewed each year as part of the audit planning process. The current establishment for the audit team enables sufficient resource to deliver the risk-based plan. The service employs 17 staff in the structure which equates to 15.7 full-time equivalent (FTE) as set out below:

#### Lancashire County Council: Internal Audit Service



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- 6.2. 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. This work accounts for approximately 2.4 FTE staff but is undertaken by individuals across the service.

## **7. Funding and grant certification work**

- 7.1. The Internal Audit Service is required under the funding requirements of certain central government departments to certify certain aspects of the way funding has been spent.
- 7.2. The Department for Levelling Up, Housing and Communities requires the Internal Audit Service to test funding claims submitted by the council's Supporting Families Programme and we work with the Children and Family Wellbeing Service to process the council's funding claims under this programme.
- 7.3. 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 in advance what funding may be subject to such certification, new requirements often emerge during the year and these will be accommodated.

## **8. The Internal Audit Service's responsibilities in relation to fraud and investigations**

- 8.1. In addition to our audit work, the Internal Audit Service provides a dedicated resource to support the council's management team in managing the risk of fraud. It provides a small investigatory service (one senior investigator) to respond to instances of suspected fraud or impropriety, and also undertakes proactive work to identify and pursue indications of potentially fraudulent activity.
- 8.2. 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 the Internal Audit Service.

## **9. Internal Audit Plan 2022/23**

- 9.1. The work set out in the table below is intended to obtain the evidence required to support an overall opinion on the council's governance, risk management, and control processes for 2022/23. Individual elements within the plan may be amended but, taken as a whole, the resulting plan is designed to address the requirement for an overall opinion as set out in the Internal Audit Strategy for 2022/23, as detailed in Appendix B.

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Lead directorate	Service	Audit Title	Audit work
<b>Adult Services and Health &amp; Wellbeing</b>			
<b>Governance and Democratic Oversight</b>			
Live Well and Age Well Policy, Information and Commissioning	Policy, Information and Commissioning	Health Integration	A review to assess the adequacy and effectiveness of the governance arrangements established to progress the health integration agenda.
Live Well and Age Well Policy, Information and Commissioning	Policy, Information and Commissioning	Strategic Commissioning and Transformation Board	A review to assess the adequacy and effectiveness of the new governance framework being established to manage and monitor priority and progress against key commissioning activity.
<b>Adult Services and Health &amp; Wellbeing</b>			
<b>Business Effectiveness</b>			
Public Health	Health, Safety and Resilience	Effectiveness of management and control arrangements within the Infection Prevention and Control team	The review will assess the adequacy and effectiveness of the managerial scrutiny, supervision and performance management arrangements conducted in order to obtain assurance that the service is meeting its operational responsibilities to appropriate quality standards and within applicable time and budgetary constraints.
Adult Care and Provider Services	Older People Care Services	Performance Management Framework	A review to assess the adequacy and effectiveness of the Performance Management Framework as a mechanism for assessing achievement of overall service aims and objectives.
Adult Community Social Care	Adult Community Social Care	Social Care Digital Pathfinders Project	Review and certification of the Statement of Income and Expenditure being prepared in support of the Exit Strategy and Plan. The review will provide assurance as to whether expenditure has been incurred in accordance with the grant conditions and confirm whether income and expenditure is complete and accurately recorded.
Adult Care and Provider Services	Older People Care Services	Service Transformation	A review of the adequacy of the arrangements put in place to manage, monitor and progress the different phases of the OP service transformation programme.
Quality & Improvement	Quality & Improvement	Quality Assurance Framework	A review of the adequacy of the Quality Assurance Framework being developed to support an assessment of the council's preparedness for the future CQC inspection process.
<b>Adult Services and Health &amp; Wellbeing</b>			
<b>Service Delivery</b>			
Quality, Contracts and Safeguarding	Quality, Contracts and Safeguarding	Management of failing care homes	A review of the controls to manage failing providers, including consideration of contractual arrangements and lessons learned from CQC and the LSAB.

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<b>Lead directorate</b>	<b>Service</b>	<b>Audit Title</b>	<b>Audit work</b>
Quality, Contracts and Safeguarding	Quality, Contracts and Safeguarding	Safeguarding adult reviews	A review of the adequacy and effectiveness of the processes employed within Lancashire to respond to the multi-agency Safeguarding Adult Reviews initiated by the Lancashire Safeguarding Adults Board. Carried forward from 2021-22 Audit Plan.
Adult Community Social Care	Adult Community Social Care	Social care review arrangements	Audit of the review of packages of care, focussing on timeliness. Carried forward from 2021-22 Audit Plan.
Adult Community Social Care	Adult Community Social Care	Direct Payments - Operational (Adults)	An end-to-end case management review that includes: <ul style="list-style-type: none"> <li>• Staff training/ guidance</li> <li>• Service User capacity to administer</li> <li>• Support planning vs budget</li> <li>• Review processes</li> </ul>
Adult Community Social Care	Learning Disability, Autism & Mental Health	Transitions	An end to end case management review to determine whether the key internal controls relating to the new transition pathway from Children's Services to Adult Social Care services are adequately designed and effectively operated.
Public Health	Health Equity & Partnerships	Phase 3 Covid vaccine rollout	A review that will assess the adequacy and effectiveness of the Phase 3 Covid vaccine rollout, considering compliance with national standards.
Public Health	Health Equity & Partnerships	Lancashire Public Health 0-19 Healthy Child Programme	A review of the adequacy and effectiveness of the contract monitoring arrangements that ensure service quality and delivery is consistent with service specification and payments are appropriately authorised and approved, and service credits are claimed if applicable. The review will also consider the adequacy of the service specification in obtaining assurance that service delivery is meeting the overall aims and objectives of the service provision.
Adult Care and Provider Services	Disability Service	Safeguarding Service User Funds	The review will consider the adequacy and effectiveness of the control framework associated with the council's administration of the finances of service users who lack the capacity to look after themselves. We will review the arrangements as applied to those individuals who are also supported by the council under a Court Appointed Deputy or DWP appointee arrangement. Carried forward from 2021-22 Audit Plan. Previously planned as a follow up audit.
Quality, Contracts and Safeguarding	Quality, Contracts and Safeguarding	Safeguarding adults	An end-to-end case management review of the revised operational processes.
Policy, Information and Commissioning	Policy, Information and Commissioning	Domestic Abuse Strategy	Assessing the adequacy of the council response to its responsibilities under the Domestic Abuse Act, which came into force in April 21.
Public Health	Health Equity & Partnerships	Workforce wellbeing	A review to consider how well information and data about workforce wellbeing is captured, analysed and reported. Additionally, to assess whether the success of the various support mechanisms is reviewed and to determine if and how managers are promoting wellbeing across their teams.
Public Health	Health Equity &	Operation of the	The review will consider the adequacy and effectiveness of the partnership

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Lead directorate	Service	Audit Title	Audit work
	Partnerships	Lancashire Volunteer Partnership	arrangements between Lancashire County Council and Lancashire Constabulary, and will include governance arrangements, and financial management.
Policy, Information and Commissioning	Policy, Information and Commissioning	Commissioning framework	A review to assess the adequacy and effectiveness of the commissioning framework, with a focus on how past performance, needs assessment and consultation informs future commissioning decisions and procurement activity.
<b>Adult Services and Health &amp; Wellbeing</b>			
<b>Business Processes</b>			
Adult Care and Provider Services	Older People Care Services	Financial Management	A review of the adequacy and effectiveness of a range of financial management activities including record keeping and administration and monitoring of income.

Lead directorate	Service	Audit Title	Audit work
<b>Education &amp; Children's Services</b>			
<b>Service Delivery</b>			
Children's Social Care	Front Door, Assessment and Adolescent Services	Multi-Agency Safeguarding Hub (MASH)	Policy and processes for managing referrals including screening, decision making and timeliness.
Children's Social Care	Front Door, Assessment and Adolescent Services	Children's Services Support Hub	The role and impact of the Hub in processing referrals for non-statutory services.
Children's Social Care	Front Door, Assessment and Adolescent Services	Youth offending referrals	Processing of referrals including record keeping, tracking, referrals and review.
Children's Social Care	Looked After Children and Leaving Care	Case Recording	Arrangements to ensure cases are recorded in line with policy including responsibility, timeliness, maintenance, quality, record retention, security and access.
Children's Social Care	Looked After Children and Leaving Care	Special Guardianship Orders	Management of SGO financial support under the new assistance framework.
Education, Culture and Skills	Inclusion	SEND Partnership Improvement Plan	Governance and monitoring to support action plan delivery including role of the SEND Partnership Board.
Education, Culture and Skills	Libraries, Museums and Culture	Museum Security	Processes for the secure holding of assets, building maintenance, maintenance of collection and asset inventories.
Policy, Commissioning and Children's Health		Child poverty	The council's response to increases in child poverty including collaboration across the council and with partners.

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Lead directorate	Service	Audit Title	Audit work
Policy, Commissioning and Children's Health	Equalities and Cohesion	Refugee resettlement from other countries	Financial management and provider procurement processes for resettled citizens of other countries, including Syria and Ukraine.
Policy, Commissioning and Children's Health	Commissioning	Contract Management	Arrangements for managing children's social care contracts.
Children's Services	Children's Services	Direct Payments - Operational (Children's Services)	Review to determine whether the key internal controls relating to the management of direct payments are adequately designed and effectively operated.

Lead directorate	Service	Audit Title	Audit work
<b>Growth, Environment &amp; Transport</b>			
<b>Governance and Democratic Oversight</b>			
Growth, Environment and Planning	Strategic Development	Major Strategic Development Projects	An assessment of the adequacy and effectiveness of the governance and decision-making framework.
<b>Growth, Environment &amp; Transport</b>			
<b>Business Effectiveness</b>			
Growth, Environment and Planning	Business Growth	Community Renewal Funds	A review to assess the adequacy and effectiveness of the administrative arrangements.
<b>Growth, Environment &amp; Transport</b>			
<b>Service Delivery</b>			
Highways and Transport	Waste	Recyclable waste - income maximisation	Arrangements for ensuring the council receives maximum incomes from recyclable and reusable waste left at HWRCs.
Highways and Transport	Design and Construction	Capital programme: project management	Audit of the controls that ensure capital projects are managed efficiently and effectively. Carried forward from 2021-22 Audit Plan.
Highways and Transport	Design and Construction	Schools property maintenance traded service	Management of the service including quality and value of service provision.
Highways and Transport	Customer Access Service	Blue Badges	Compliance with policy and guidance for processing of blue badge applications.
Highways and	Highways	Equipment hire	Arrangements for hire, storage, security and return of equipment and vehicles



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Lead directorate	Service	Audit Title	Audit work
Transport			including decision making and options.
Highways and Transport	Highways	Highways procurement	Compliance with procurement process including needs assessment, decision making and value for money.
Highways and Transport	Highways	Contract management	Arrangements for managing delivery of key contacts.
Highways and Transport	Highways	On-street parking enforcement	Arrangements for enforcing parking regulations including issue of penalty notices, payment and appeals.

Lead directorate	Service	Audit Title	Audit work
<b>Resources</b>			
<b>Governance and Democratic Oversight</b>			
Corporate Services	Legal, Governance and Registrars	Risk Management in Directorates	Assessment of the process to complete risk registers in a sample of services and directorates, including initial risk assessment and scoring, and implementation of mitigating actions.
Corporate Services	Legal, Governance and Registrars	Legal Services outsourced provision	Use of locums and agencies including decision making, selection, value for money and building in-house capacity.
Corporate Services	Legal, Governance and Registrars	Information governance and UK-GDPR	Compliance with regulation and good practice following Brexit.
Finance (Pension Fund)	Pension Fund	Understanding the assurance provided by LPP's internal auditors	Assessment of the assurance over the operation of the Pension Fund by the Local Pensions Partnership Ltd (LPP).
<b>Resources</b>			
<b>Business Effectiveness</b>			
Organisational Development and Change	Organisational Development and Change	Organisational transformation	A review to assess the adequacy of staff engagement, impact assessment and benefits realisation arrangements in delivering the transformation agenda.
Strategy & performance	Commercialisation	Progression of the commercialisation agenda	A review to assess the adequacy of the control framework being developed in support of the commercialisation agenda.
<b>Resources</b>			
<b>Service Delivery</b>			
Finance	Procurement	Compliance with procurement rules	Testing compliance with established procurement rules including the operation of counter-fraud controls, financial limits, approvals, tendering and selection.

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<b>Lead directorate</b>	<b>Service</b>	<b>Audit Title</b>	<b>Audit work</b>
Finance	Financial Management (Development & Schools)	Schools Financial Value Standard (SFVS)	Compliance with SFVS requirements in a sample of schools to support S151 Officer certification.
Finance	Financial Management (Development & Schools)	Schools thematic audit: asset management	Audit of a sample of schools to test compliance with controls for securing assets of value.
Finance (Pension Fund)	Pension Fund	Pensions processing	Processing of pension payments.
Finance (Pension Fund)	Pension Fund	Pensions treasury management	Audit of the treasury management arrangements for pension funds.
Finance	Corporate Finance and Exchequer Services	Direct Payments - Financial Review	Review to establish the scope, frequency and timeliness of financial reviews undertaken to determine that DP funds are being spent only on items identified in the clients support plan, that surplus funds are being effectively clawed back, unauthorised spend recovered and client contributions towards care are being received.
Corporate Services	Human Resources	Attendance/ absence management	Policy and compliance with arrangements for all types of leave, including sick leave. Carried forward from 2021-22 Audit Plan.
Corporate Services	Human Resources	Flexible working arrangements.	Benefits and drawbacks for the council and staff including productivity, manager decision making and understanding and application of rules.
Corporate Services	Skills, Learning and Development	Mandatory corporate training	Audit of processes to ensure that officers requiring mandatory training receive it, inducing needs identification and follow up.
Corporate Services	Skills, Learning and Development	Agency Worker Contract:	Arrangements for managing the contract with Matrix SCM Ltd. including service quality, issue identification and resolution, and value for money.
Strategy and Performance	Asset Management	Contract monitoring: Building Schools for the Future (BSF)	Assessment of the procedures in place to monitor the BSF contracts; their financial performance and in relation to health and safety in school buildings. Carried forward from 2021-22 Audit Plan.
Strategy and Performance	Facilities Management	Use of the council's buildings under the new flexible working arrangements	A review that considers how the council, under the new flexible working arrangements are monitoring the use of individual office spaces and establishing whether the current configuration is working for services. We will also consider how data re office use is influencing portfolio management decisions. Carried forward from 2021-22 Audit Plan.
Strategy and Performance	Facilities Management	School catering service	Consideration of the control framework in place to ensure the nutritional value of meals is balanced with the cost of provision. Carried forward from 2021-22 Audit Plan.

Lead directorate	Service	Audit Title	Audit work
Strategy and Performance	Facilities Management	CCTV surveillance conducted from the council's estate	Confirmation that the council is compliant with GDPR and any requirements related to the use of CCTV cameras and retention of data obtained from them. Carried forward from 2021-22 Audit Plan.
Strategy and Performance	Digital	Digital Programme Management	Carryout a review of Project and Programme Management with a focus on the Project Management team structure, skill sets and workforce planning. The review is to include key stakeholder interviews.
Strategy and Performance	Digital	Office 365	Post implementation review to consider Exchange online configuration, functionality and adoption, creation of Teams, channels and management of data.
Strategy and Performance	Digital	Oracle Fusion	Review to consider critical application governance, contract and support arrangements, security and patching of application, operating system and database, access controls and user management, logging and monitoring and resilience and continuity arrangements.
Strategy and Performance	Digital	IT Service Continuity	Review to consider disaster recovery, IT business continuity arrangements, third party management where applicable, backup data management, storage and recovery, infrastructure asset management, computer room management and incident management.
Strategy and Performance	Digital	Lancashire Constabulary Data Transfer	A review to assess the completeness and accuracy of the data transferred to Lancashire Constabulary on cessation of the support service contract, with an additional focus on ensuring all relevant LCC data is removed by the Constabulary following transfer.
Organisational Development and Change	Organisational Development and Change	Project management	A review to assess the effectiveness of the programme management office in enabling and facilitating delivery of projects and programmes across the council whilst retaining oversight and critical review.
Strategy and Performance	Asset Management	Management of the council's property portfolio	A review to assess the adequacy and effectiveness of the council's property management arrangements, including community assets.
<b>Resources</b>			
<b>Business Processes</b>			
Finance	Corporate Finance and Exchequer Services	Payroll processing including schools	Compliance testing of the key controls, including school salaries.
Finance	Corporate Finance and Exchequer Services	Accounts receivable: central controls	Compliance testing of the key controls.
Finance	Corporate Finance and Exchequer Services	Accounts payable: central controls	Compliance testing of the key controls.

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<b>Lead directorate</b>	<b>Service</b>	<b>Audit Title</b>	<b>Audit work</b>
Finance	Corporate Finance and Exchequer Services	Cash and banking	Compliance testing of the key controls. Carried forward from 2021-22 Audit Plan.
Finance	Corporate Finance and Exchequer Services	General ledger including accounting for the Pension Fund	Compliance testing of the key controls for both the council and the Pension Fund.
Finance	Corporate Finance and Exchequer Services	VAT	Compliance testing of the key controls.
Finance	Corporate Finance and Exchequer Services	Treasury management and investment	Compliance testing of the key controls, including pensions.
Finance	Financial Management (Development & Schools)	Lancashire County Development Limited (LCDL)	Audit of the company's governance and financial control framework, including LCC oversight.
Strategy and Performance	Asset Management	Premises compliance	A review to assess the adequacy of the council's revised premises health and safety compliance arrangements. Carried forward from 2021-22 Audit Plan. Previously planned as a follow up audit.