

# Matters Arising from Internal Audit Work Completed During the Period to 30 June 2022

## 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 highlights the issues arising from the work undertaken during the period to 30 June 2022 by the Internal Audit Service under the audit plan for 2022/23.

## 2 Progress against the internal audit plan

2.1 The majority of the 2021/22 audit plan has been completed. The audits detailed in the table at section 3.1 have been completed since the last Audit Risk and Governance committee meeting in April 2022.

2.2 Work to deliver the 2022/23 audit plan has commenced and is ongoing, with risk and control frameworks currently being developed with service managers and detailed testing is under way. The progress of audits from the 2022/23 audit plan are reported below.

Stage of audit process	Number	Percentage
Complete and reported to committee	0	0%
Draft report stage	0	0%
Progressing	13	16%
Not yet started/ at the planning stage	67	84%
<b>Total number of audits</b>	<b>80</b>	<b>100%</b>

2.3 The two audits detailed in the table below are at the draft reporting stage and are currently being discussed and agreed with managers. Draft reports have been issued for both.

Control area
Corporate Parenting Strategy
Transport Provision for Children

2.4 There are 80 audits on the audit plan (excluding follow-up work and grants). Since the plan was agreed by the Audit, Risk and Governance Committee in April 2022, we have received 5 requests to complete additional audit work that was not part of the original audit plan. Work in these five areas has either been completed or is ongoing. No audits have been removed from the plan. The details for the changes to the plan are set out below at section 5.

2.5 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. In Quarter 1 of the 2022/23 financial year the service has issued 15 final audit reports and 2 follow-up audit reports to our external clients. There are also 3 further audits at the draft reporting stage.

### 3 The assurance available from completed audit work

- 3.1 A brief summary of the assurance provided can be found in the table below. The matters arising from each of the completed audits are set out in the executive summaries provided at Appendices C – Y.

Control area	Assurance
Admission of Employers to the Pension Fund	● Substantial
Council's Appointee and Deputy Role	● Substantial
Covid Funding Streams	● Substantial
General Ledger	● Substantial
Community Test and Trace	● Substantial
Facilities Management Cleaning Service	● Substantial
Accounts Receivable	● Substantial
Procurement During Covid	● Moderate
Recruitment	● Moderate
Disclosure and Barring Service (DBS) Policy and Process	● Moderate
Contract Monitoring – Residential Care Providers	● Moderate
Children Looked After - Sufficiency Strategy	● Moderate
Children's Safeguarding Assurance Partnership	● Moderate
Older People Care Services - Safeguarding Alerts	● Moderate
Older People Service - Sickness Absence Management	● Moderate
Contract Monitoring Homecare Framework Providers	● Moderate
Debt Management	● Moderate
Payment Card Industry Data Security Standards	● Limited

#### Grant certification and special investigations

- 3.2 In addition to providing assurance to the council, some audit work is required by various central government departments, to provide them with assurance over the council's use of grant funding and attainment of funding conditions. A special investigation was also completed into the circumstances of an attempted bank mandate fraud against the council. The table below provides details of this completed work.

Control area
Culture Recovery Fund - Grants Programme
Peer Network Funding to Local Enterprise Partnerships (LEPS) Grant
Core Growth Hub Grant Funding to Local Enterprise Partnerships
Liverpool Combined Authority Local Energy Hub – Q3 2021/22
Skills Bootcamp

#### 4 Follow-up of actions agreed arising from earlier audit work

- 4.1 The Internal Audit Service normally aims to follow up the action plans agreed by managers to address the risks identified through the audit process, to confirm that action has been taken. The plan for the year therefore includes an allocation of time for this work and the actions agreed in earlier years are being reviewed with the responsible officers.
- 4.2 As reported to the Committee during the last meeting in April 2022, a wider review of previously agreed management actions had commenced. The aim of this review was to establish the number of management actions that remain outstanding and therefore still require implementation.
- 4.3 As part of this review, we have assessed 554 management actions and sought status updates from managers across the council. From this review we established that 356 have been implemented and 83 have either been superseded as the risk profile has changed since the original audit, or further audit work in the same area has now provided additional assurance over the subject area.
- 4.4 The remaining 115 management actions are outstanding, of these 96 have a follow up review scheduled in the 2022/23 financial year as part of our normal follow up process. The remaining 19 outstanding management actions will continue to be followed up by seeking management assurance as to the progress made in their implementation.

Action status	As at 30 June 2021					
	Total		Risk rating			
			Critical	High	Medium	Low
Complete	356	64%	0	16	191	149
Incomplete	19	3%	0	7	8	4
Follow up Scheduled 22/23	96	17%	0	2	55	39
Superseded	83	15%	0	14	47	22
<b>Total</b>	<b>554</b>	<b>100%</b>	<b>0</b>	<b>39</b>	<b>301</b>	<b>214</b>

#### 5 Amendments to the audit plan for 2022/23

- 5.1 It is important that the audit plan is a flexible plan, as was noted when the audit plan was agreed. At this stage of the financial year there are no audits that have been removed from the audit plan.
- 5.2 Internal Audit have been requested to complete audit assignments that were not originally included in the 2022/23 Audit plan. Since the Audit plan was agreed by the Audit, Risk and Governance Committee, we have been able to facilitate 5 requests for support and advice from various service areas across the council. We aim as a service to remain flexible in order that we can support and add value to the council when unexpected and fast-paced changes in risks occur. The table

below details the audit work commenced or completed that was not originally included in the Audit plan.

<b>Control area</b>
Skills Bootcamp Grant Scheme
Peer Network Funding to Local Enterprise Partnerships (LEPS) Grant
ASC Covid Grants for Care Providers - Readiness for The Covid-19 Enquiry
Bank Mandate Special Investigation
Liverpool City Region Local Energy Hub Grant Funding