

# Matters arising from internal audit work completed during the period to 26 September 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 26 September 2022 by the Internal Audit Service under the audit plan for 2022/23.

## 2 Progress against the internal audit plan

- 2.1 Only two audits from the 2021/22 audit plan have not been fully completed with the results reported to this committee. These are the Special Guardianship Orders, and Mobile Working & Device Reviews. Both are currently at the draft reporting stage and reported at section 2.3 below. The audits detailed in the table at section 3.1 have been completed since the last Audit Risk and Governance committee meeting in July 2022.
- 2.2 Since the last progress report was presented to the Audit Risk and Governance Committee, the service has received nine requests to complete additional audit work that were not part of the original audit plan. Work in these areas has either been completed or is ongoing. Only one audit has been removed from the plan. The details for the changes to the plan are set out below at section 6. The progress of audits from the 2022/23 audit plan including grant audits are reported below.

Stage of audit process	Number	Percentage
Complete and reported to committee	17	16%
Draft report stage	7	8%
Progressing	27	24%
Not yet started/ at the planning stage	56	52%
<b>Total number of audits</b>	<b>107</b>	<b>100%</b>

2.3 The eight audits detailed in the table below are at the draft reporting stage and are currently being discussed and agreed with managers.

Control area
Infection, Prevention and Control
Management of failing care homes
Safeguarding adult reviews
Special Guardianship Orders
SEND Partnership Improvement Plan
Pooled Resource Operation plan (PROp) traded service
Schools Financial Value Standard (SFVS)
CCTV surveillance conducted from the council's estate

Control area
Mobile Working & Device Review

- 2.4 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. Since the last progress report was presented to the Audit Risk and Governance Committee, the service has issued four final audit reports and three follow-up audit reports to these external clients. There are also three 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 Appendix B

Control area	Assurance
Management of Capital Projects	● Substantial
Corporate Parenting Strategy	● Substantial
Payroll and Overpayments	● Substantial
Information governance and UK-GDPR	● Substantial
Better Care Fund	● Moderate
Transport Provision for Children	● Moderate

### 4 Grant certification

- 4.1 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. The table below provides details of this completed work. An executive summary for each of the completed grant audits is provided at Appendix C

Control area
Covid Bus Services Support Grant (CBSSG)
Bus Recovery Funding (BRF)
Bus Service Operators Grant
Adult Weight Management Grant
Inpatient Detoxification Treatment
Universal Drug Grant
Contain Outbreak Management Fund
Social Care Digital Pathfinders Project

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

- 5.1 The Internal Audit Service 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 to be reviewed with the responsible officers. The table below details the status of the agreed management actions.

Action status	As at 26 September 2022					
	Total		Risk rating			
			Critical	High	Medium	Low
Complete/ Superseded	440	78%	0	30	239	171
Incomplete	13	2%	0	1	8	4
Follow up Scheduled 22/23	113	20%	0	9	59	45
<b>Total</b>	<b>566</b>	<b>100%</b>	<b>0</b>	<b>40</b>	<b>306</b>	<b>220</b>

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

- 6.1 It is important that the audit plan is a flexible plan, as was noted when the audit plan was agreed. An audit of the Phase 3 Covid vaccine rollout was originally planned to review the adequacy and effectiveness of the Phase 3 Covid vaccine rollout. This would have focused on compliance with national standards. Following discussions with Public Health colleagues, it is now felt that the risk has reduced significantly as we are in the recovery stage of managing the pandemic. Therefore, the value that could be added by completing this audit has also reduced greatly.
- 6.2 Internal audit has been requested to complete audit assignments that were not originally included in the 2022/23 audit plan. Since we last reported to this committee in July 2022, we have been able to facilitate nine requests to complete additional audit work that were not part of the original audit plan. Work in these areas has either been completed or is ongoing. The service aims to remain flexible in order that it 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.

Control area
Covid Bus Services Support Grant (CBSSG)
Bus Recovery Funding (BRF)
Adult Weight Management Grant
Inpatient Detoxification Treatment
Universal Drug Grant
Contain Outbreak Management Fund
Community Equipment Service
Transport Capital Block Funding Grant
Local Transport Capital Block Funding Grant

## 7 External quality assessment

- 7.1 The Public Sector Internal Audit Standards and the Internal Audit Service's own quality assurance and improvement programme require an external quality assessment to be conducted at least once every five years by a qualified,

independent assessor external to the organisation. The last such review was undertaken in 2017. This was completed by the Chartered Institute of Internal Auditors (CIIA).

- 7.2 It is proposed that the CIIA also complete the next assessment which is due this financial year. The CIIA are independent of the county council and its officers, and the assessor expected to undertake the review undertook the service's last review and has undertaken other work in the public sector.
- 7.3 The intention is that the CIIA would complete the review on the same basis as the 2017 review. The CIIA will validate the service's standards against the Public Sector Internal Audit Standards.
- 7.4 The Head of Internal Audit has held an initial scoping meeting with the CIIA. The CIIA have agreed to provide their formal engagement proposal, which will outline their approach, cost and timescales. Once this is received and deemed to be satisfactory the CIIA will be formally commissioned to complete the review. The results of the review will be reported to the Audit, Risk and Governance Committee.