

# Matters arising from internal audit work completed during the period to 31 December 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 by the Internal Audit Service up to 31 December 2022.

## 2 Progress against the internal audit plan

- 2.1 The audits detailed in the table at section 3.1 have been completed since the last Audit Risk and Governance Committee meeting in October 2022.
- 2.2 A thematic school audit of asset management processes was included in the 2022/23 audit plan. Within the scope of this audit, 15 schools were to be reviewed as part of the audit sample testing. However, during the scoping of this audit it was determined that more value could be added to each school by developing a specific audit for each of the 15 schools. Therefore 15 additional audits were added to the audit plan. Work in all these schools has either been finalised or completed up to the draft report stage.
- 2.3 Two other audits have also been added to the plan with six audits being removed. The details for the changes to the plan are set out below at section 5.
- 2.4 As at the 31 December 2022, 78 audits have either commenced or have been completed; this equates to 68% of the plan. The progress of audits from the 2022/23 audit plan are reported below.

Stage of audit process	Number	Percentage
Complete and reported to committee	45	39%
Draft report stage	11	10%
Progressing	22	19%
Not yet started	36	32%
<b>Total number of audits</b>	<b>114</b>	<b>100%</b>

2.5 The 11 audits detailed in the table below are at the draft reporting stage and are currently being discussed and agreed with managers.

Control area
Workforce Wellbeing
School Asset Management Audits
Hyndburn Park Primary School
Breck Primary School
Christ Church Primary
Water Primary School
Whitworth Community High School

<b>Control area</b>
SS John Fisher and Thomas More RC High School
St Joseph's Catholic Primary School
Walverden Primary School
Wellfield Methodist and Anglican Church School
Penwortham Girls High School

- 2.6 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.

### **3 The assurance available from completed audit work**

- 3.1 A brief summary of the assurance provided can be found in the tables below. The matters arising from each of the completed audits are set out in the executive summaries provided at Appendix B, and at Appendix C for the school audits.

<b>Control area</b>	<b>Assurance</b>
Major Strategic Development Projects	● Substantial
CCTV	● Limited
School Catering	● Substantial
Lancashire County Development Ltd. - Financial Management	● Substantial
Children's Social Care Case Recording	● Substantial
Infection Prevention & Control Team – Management arrangements	● Substantial
Safeguarding Adult Reviews	● Moderate
Corporate Mandatory Training	● Limited
Special Guardianship Order - Financial Support	● Limited
SEND Plan - Project Management	● Moderate
Mobile Working & Devices	● Moderate
School Property Maintenance Traded Service	● Substantial
Managing Failing Care Homes	● Moderate
General Data Protection Regulations (GDPR)	● Substantial
Schools' SFVS self-assessment	● Substantial
Operation of the Lancashire Volunteer Partnership	● Limited
Multi Agency Safeguarding Hub	● Substantial
Children's Support Services Hub	● Substantial
Treasury Management	● Substantial
Commercialisation	● Moderate

<b>School Asset Management Audits</b>	<b>Assurance</b>
Brookfield School	● Substantial

Leyland Methodist Junior School	● Substantial
Spring Hill Community Primary School	● Limited
St. Gregory's Catholic Primary School	● Moderate
Our Lady's Catholic High School	● Substantial

## 4 Grant certification and consultancy

- 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.
- 4.2 The Internal Audit Service's work also includes consultancy activities designed to add value and improve operations. Consultancy work can be part of a programme of work planned to primarily meet management needs. It also forms part of our assurance work as there is always an element of consultancy work built into every audit; usually this is in the form of audit recommendations. As such consultancy work enriches and contributes to the overall assurance that can be delivered, while also adding value and improving operations.
- 4.3 The table below provides details of this completed review, with an executive summary for each of the reviews being provided at Appendix D.

Control area
Local Transport Capital Block Funding (Integrated Transport and Highway Maintenance Blocks)
Local Transport Capital Block Funding (Pothole Fund)
Liverpool Combined Authority Local Energy Hub – Q1 2022/23
Supporting Families Grant Qtr1
Supporting Families Grant Qtr2
Business Mileage Claims – analysis of normal commute deductions (consultancy)

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

- 5.1 It is important that the audit plan is a flexible plan. The table below details six audits which, following discussions with the relevant service areas, it has been agreed will be removed from this year's audit plan and added to the 2023/24 audit plan.

Audit Title	Reason for removal.
Health Integration	Health Integration has not progressed as quickly as originally thought due to delays in Parliament passing the required legislation to allow changes to commence.
Older people's Service Transformation	We determined from discussions with the Head of Service that the re-development programme (transformation) of older people's service is still ongoing in particular the review of the charging policies. An independent review by a consultant is also due to be completed in March 2023. Therefore, to avoid duplication of work this will now be reviewed as part of the

	2023/24 audit plan. The results of the consultant's work will help inform the scope of the Internal Audit review.
Quality Assurance Framework	We determined from discussions with the Head of Service that the Quality Assurance Framework is not yet in full operation, however, a team to support the framework should be in post after January 2023. Therefore, to allow sufficient time for the Framework to be embedded this will be reviewed as part of the 2023/24 audit plan.
Use of the council's buildings under the new flexible working arrangements	We determined from discussions with the Head of Service that work is still ongoing and has not progressed as far as was initially thought it would have. Therefore, to allow sufficient progress to be made this will be reviewed as part of the 2023/24 audit plan.
Management of the council's property portfolio	We determined from discussions with the Head of Service that work is still ongoing and has not progressed as far as was initially thought it would have. Therefore, to allow sufficient progress to be made this will be reviewed as part of the 2023/24 audit plan.
Lancashire Constabulary Data Transfer	We confirmed from discussions with the Director of Digital that there have been some technical challenges that have resulted in a delay in the completion of the data transfer. Therefore, this will be reviewed as part of the 2023/24 audit plan following the completion of the data transfer.

5.2 Since we last reported to this committee in October 2022, 17 audits have been added to the plan. However, as detailed in section 2.2 above, 15 of these audits were initially planned to be completed as one large thematic school audit. However, more value could be added to each school by delivering an audit specifically tailored to each school's processes.

5.3 We have also been able to facilitate two requests to complete additional audit work that was not part of the original audit plan. Work in Business Mileage Claims has been completed and work is ongoing for financial management within Woodhill's home for older people. 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 additional audit work we have been requested to complete that was not originally included in the audit plan.

<b>Control area</b>
Business Mileage Claims – analysis of normal commute deductions (consultancy)
Financial management within Woodhill's home for older people
Brookfield School - Asset management processes.
Leyland Methodist Junior School - Asset management processes.
Spring Hill Community Primary School - Asset management processes.
St. Gregory's Catholic Primary School - Asset management processes.
Our Lady's Catholic High School - Asset management processes.
Hyndburn Park Primary School - Asset management processes.
Breck Primary School - Asset management processes.

Christ Church Primary - Asset management processes.
Water Primary School - Asset management processes.
Whitworth Community High School - Asset management processes.
SS John Fisher and Thomas More RC High School - Asset management processes.
St Joseph's Catholic Primary School - Asset management processes.
Walverden Primary School - Asset management processes.
Wellfield Methodist and Anglican Church School - Asset management processes.
Penwortham Girls High School - Asset management processes.