Matters arising from internal audit work completed during the period to 20 March 2023

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 20 March 2023.

2 Progress against the internal audit plan

2.1 The audits detailed in the tables at section 3.1 have been completed since the last Audit Risk and Governance Committee meeting in January 2023.

2.2 As at the 20 March 2023, 92 audits have either commenced or have been completed, this equates to 82% of the plan. The progress of audits from the 2022/23 audit plan are reported below. We anticipate that the audits that are currently being progressed will be completed before the Annual Internal Audit report is presented to this Committee in July. The scope of any reviews not yet started will be considered for inclusion in the 2023/24 audit plan.

Stage of audit process	Number	Percentage
Complete and reported to committee	63	56%
Draft report stage	10	9%
Progressing	19	17%
Not yet started	20	18%
Total number of audits	**112**	**100%**

2.3 The 10 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
Lancashire Public Health 0-19 Healthy Child Programme
Contract monitoring: Building Schools for the Future (BSF)
Premises compliance
Older People Care Services Financial Management
ICT External Assurances
Microsoft Office 365
Domestic Abuse Strategy
Programme Management Office
Financial management within Woodhill's home for older people

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.

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.

Control area	Assurance
Value Added Tax	Substantial
Blue Badges	Substantial
Recording of Youth Referrals	Substantial
Transition from children's to adult services	Moderate
Schools Thematic Audit Asset Management	Moderate
Highways Equipment Hire	Limited

School Asset Management Audits	Assurance
Penwortham Girls High School	Substantial
Breck Primary School	Substantial
Whitworth Community High School	Substantial
St Joseph's Catholic Primary School	Substantial
Wellfield Methodist and Anglican Church School	Substantial
Hyndburn Park Primary School	Moderate
Christ Church Primary	Moderate
Walverden Primary School	Moderate
SS John Fisher and Thomas More RC High School	Moderate
Water Primary School	Limited

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 review, with an executive summary for each of the reviews being provided at appendix D.

Control area
Department for Education (DfE): Skills Bootcamp Grant Scheme Wave 3
Liverpool Combined Authority Local Energy Hub – Q2 2022/23
Liverpool Combined Authority Local Energy Hub – Q3 2022/23

5 Follow up audit

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 20 March 23					
	Total		Risk rating			
			Extreme	High	Medium	Low
Complete	388	63%	0	16	208	164
Incomplete	11	2%	0	1	7	3
Follow up Scheduled	126	20%	0	18	73	35
Progressing	6	1%	0	0	6	0
Superseded	87	14%	0	14	49	24
Total	618	100%	0	49	343	226

5.2 A total of 11 follow up audits have been completed. As part of these follow up audits fifty-three management actions were reviewed. The table below provides as summary of the status of these actions and an executive summary of each review can be found at appendix E.

	Extreme	High	Medium	Low	Total
Number of actions	0	0	32	21	53
Implemented	0	0	20	13	33
Superseded	0	0	1	2	3
Progressing	0	0	9	2	11
Not implemented	0	0	2	0	2

6 Amendments to the audit plan for 2022/23

6.1 It is important that the audit plan is a flexible plan. The table below details five audits which following discussions with the relevant service areas have been agreed will be removed from this year's audit plan and the scope of these reviews will be considered for inclusion in the 2023/24 audit plan.

Service	Audit Title	Audit Scope
Highways	Highways procurement	Compliance with procurement processes including needs assessment, decision making and value for money.
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.
Commissioning	Contract Management	Arrangements for managing children's social care contracts.
Highways	Contract management	Arrangements for managing delivery of key contracts.
Customer Access	Blue badges	Grant certification.

6.2 Since we last reported to this committee in January 2023, two grant audits have been requested and added to the plan. The table below details the additional audit work we have been requested to complete that was not originally included in the audit plan.

6.3 Significant Internal Audit resources have also been allocated to support the Council post the implementation of the Oracle Fusion System. The implementation of the new system has resulted in a number of challenges in

regard to the functionality and security of the system making the operation of the system difficult. Internal Audit are supporting the Oracle Fusion Project Board in understanding and finding solutions to these challenges. This includes audit challenge and consultancy support designed to add value and improve operations. It also helps Internal Audit understand the risks the Council faces. As such this work enriches and contributes to the overall assurance that can be delivered, will help inform the Annual Audit opinion while also adding value and improving operations.

Control area
Oracle Fusion Support – Post Implementation
Local EV Infrastructure Fund Grant
Biodiversity Net Gain Grant