Internal Audit Plan 2023/24

1. Introduction

1.1. This report sets out the Internal Audit Plan for 2023/24. 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 2023/24 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 quality and continuous improvement
Demonstrates competence and due professional care	Communicates effectively
Is objective and free from undue influence (independent)	Provides risk-based assurance
Aligns with the strategies, objectives, and risks of the organisation	Is insightful, proactive, and future-focused
Is appropriately positioned and adequately resourced	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 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 2023/24

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. A control framework applicable to the council's governance, risk management and control is shown on the following page. 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			
Governance and democratic oversight			
Corporate governance	Decision-making	Oversight and scrutiny	Policy setting
Business effectiveness			
Risk management	Performance management	Organisational design	Financial governance and planning	Working in partnership
Service delivery			
Growth, Environment & Transport	Education & Children's Services	Adult Services and Health & Wellbeing	Resources
Service support			
Legal services	Skills, learning & development	Core ICT systems	Property management	Health & safety	Programme management	Customer access
Business processes			
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 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 2023/24 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 structure which is set out below equates to 16.4 full-time equivalent (FTE). The service currently has one vacant Auditor post. Recruitment for this post will commence in the new financial year.

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.

Lancashire County Council: Internal Audit Service
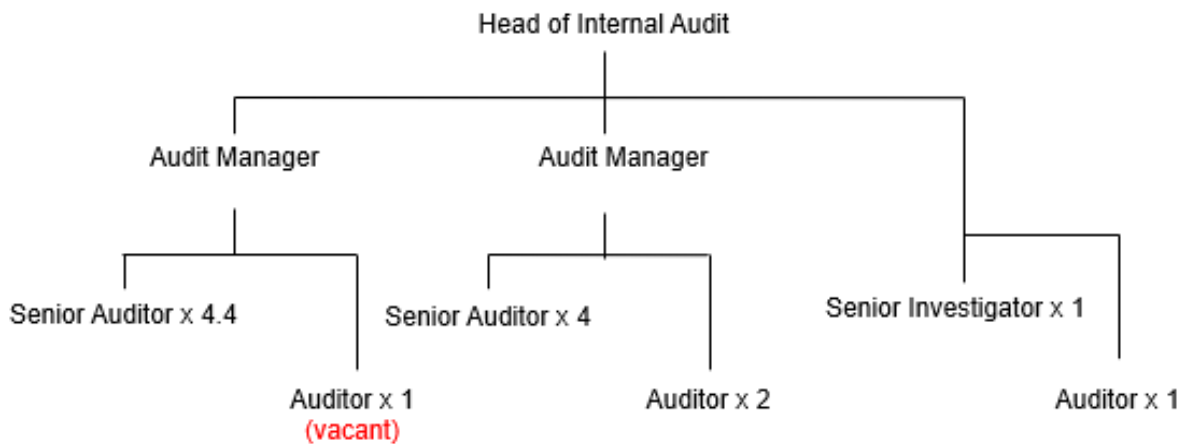
7. Funding and grant certification work

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 consisting of one senior investigator. However, for the financial year 2023/24 an auditor will be supporting the senior investigator. This is to help progress the counter fraud work plan and to provide valuable experience to the auditor in counter fraud and investigations. They will both respond to instances of

suspected fraud or impropriety, and also undertake proactive work to identify and pursue indications of potentially fraudulent activity.

8.2. Work has also commenced on permanently expanding the counter fraud resources. These additional resources will ensure the service can provide an effective response to the current fraud and corruption risks and increase the council's proactive counter fraud work, as well as developing the service to be ready for any future fraud risks. The Counter Fraud Service will increase to five FTE as detailed in the structure chart below. The service plans to recruit to this new post early in the 2023/24 financial year

Lancashire County Council: Internal Audit Service
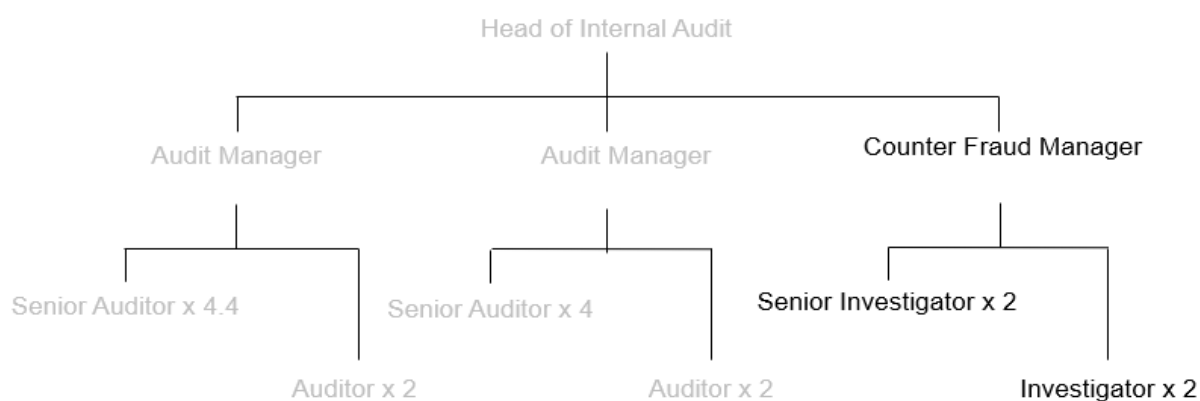
8.3. There are some synergies in the skills required of both Internal Audit and counter fraud work, and the information arising around the investigation of allegations of fraud or impropriety may also indicate potential lapses in controls or of the culture of the organisation which are of interest to the Internal Audit Service. Therefore, the Counter Fraud activities will compliment and support Internal Audit activities.

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 2023/24. 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 2023/24.

Lead directorate	Service	Audit Title	Audit work
Adult Services and Health & Wellbeing			
Governance and Democratic Oversight			
Strategic and Integrated Commissioning	Integrated Commissioning Team	Health Integration	A review to assess the adequacy and effectiveness of the governance arrangements established to progress the health integration agenda. This will include liaising with the Mersey Internal Audit Agency to determine what assurance we can share with each other.
Quality & Improvement	Quality & Improvement	Effectiveness of the Safeguarding Board	A review of the adequacy and effectiveness of the governance arrangements of the Safeguarding Board.
Quality & Improvement	Adult Social Care Business Development	Business planning and governance arrangements	Determine the adequacy and effectiveness of the business planning process, commissioning plans and recently introduced governance arrangements across Adult Services
Adult Services and Health & Wellbeing	Adult Governance	Role of the responsible officer for Adult Services.	Determine the effectiveness of the arrangements in place that enables the Executive Director of Adult Services to fulfil their statutory responsibilities.
Business Effectiveness			
Quality & Improvement	Quality, Contracts and Safeguarding	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.
Public Health	Health, Equity and Partnerships	Management of grants for Drug and Alcohol Services	Determine If there is an effective system in place to ensure that all available grants are obtained, and grant conditions are complied with.
Adult Care and Provider Services	Provider Services	CQC Inspection Readiness	A review of the adequateness and effectiveness of the approach to CQC preparedness within Provider Services

Lead directorate	Service	Audit Title	Audit work
Service Delivery			
Public Health	Health, Equity and Partnerships	Public Health Contingency Audit	Public Health Contingency Audit
Quality & Improvement	Quality, Contracts and Safeguarding	Safeguarding's Service redesign and implementation	A review of the Safeguarding Service posts the redesign to ensure that the changes have embedded, and benefits are being realised.
All teams within the Adults and Children's directorates Finance	All teams within the Adults and Children's directorate Finance	Direct Payments	A review of the actions agreed as part of the 2022/23 direct payments audit. In addition to this detailed compliance testing of the end-to-end process of the management of cases.
All Adults Services	All Adults Services	Case and supervision audits	Determine the adequacy and effectiveness of the process for the managements of case and supervision audits across Adults Services.
All Adults Services	All Adults Services	Management or the timeliness of assessments and reviews	Review the adequacy and effectiveness of the approach by Adults Services to address the backlogs of assessments and reviews.
Adult Care and Provider Services	Provider Services	Client finance arrangements	Review of the adequacy and effectiveness of the client finance arrangements within Provider Services.
Adult Care and Provider Services	Older People Care Services	Older People Finances	A review of the adequacy and effectiveness of the management of cash within the council's residential care homes
Public Health	Health, Equity and Partnerships	Supplementary Substance Misuse Treatment and Recovery Funding 2022-2025	An assessment of compliance with grant conditions.
Public Health	Health, Equity and Partnerships	SSMTR Housing Support Grant	An assessment of compliance with grant conditions.

Lead directorate	Service	Audit Title	Audit work
Public Health	Health, Equity and Partnerships	Rough Sleeping Drug and Alcohol Treatment Grant Scheme 2022-2024	An assessment of compliance with grant conditions.
Public Health	Health, Equity and Partnerships	In Patient Detox Grant	An assessment of compliance with grant conditions.
Public Health	Health, Equity and Partnerships	Individual Placement Funding	An assessment of compliance with grant conditions.
Public Health	Health, Equity and Partnerships	Probation Grant	An assessment of compliance with grant conditions.
Business Processes			
Adult Care and Provider Services	Provider Services	Residential Charging Policy	A review to assess the adequacy and effectiveness of the charging policy. This should include the application of top up fees and contribution waivers in meeting eligible care needs.
Strategic and Integrated Commissioning	Integrated Commissioning Team	Commissioning Framework	A review to assess the adequacy and effectiveness of the commissioning framework, with a particular focus on how past performance, needs assessment and consultation informs future commissioning decisions and procurement activity.
Service Support			
Public Health	Health, Safety and Resilience	Lone Working	A review to ensure that the lone worker policy and supporting procedures are adequately and effectively applied across the council. This will include a review of the case management system to support lone workers.

Education & Children's Services			
Service Delivery			
Policy, Information and	Commissioning	Contract Management	Effectiveness of arrangements for managing children's social care contracts including delivery to specification and quality, payments

Commissioning			and dispute resolution.
Policy, Information and Commissioning	Commissioning	Holiday activities and food programme	A review to assess the adequacy and effectiveness of the Council's administration and delivery of the Holiday activities and food program.
Children's Social Care	Looked After Children and Leaving Care	Section 17 payments	Payments made under Section 17 of the Children Act 1989 to address identified needs, including compliance with policy, repeat payments, approvals and payment controls.
Children's Social Care	Children's Social Care	Overtime payments	Compliance with overtime policy including decision making, approvals and evidence supporting claims.
Children's Social Care	Fostering Service	Fostering payments	Compliance with policy including decision making, management oversight, approvals and payments.
Education, Culture and Skills	Cultural Services	Museum asset security	Implementation of and compliance with new policies and procedures to ensure the security of artefacts held by museums.
Education, Culture and Skills	Education Improvement	Academisation	Effectiveness of the council's role with individual schools during the transfer to academy status.
Education, Culture and Skills	Early Help	Verification of claims made under the Supporting Families Programme	Testing of 10% of all claims made, as stipulated by the Department for Work and Pensions for Q1 of 2023/24

Lead directorate	Service	Audit Title	Audit work
Growth, Environment & Transport			
Business Effectiveness			
Highways and Transport	Customer Access Service	Customer Access Service business continuity	Arrangements for business continuity and emergency planning including risk assessment, mitigating actions and testing.
Service Delivery			
Highways and Transport	Passenger and Integrated	School transport - mainstream and	Effectiveness of systems and processes for managing sufficiency and timeliness of school transport provision. Includes SEND parent/

Lead directorate	Service	Audit Title	Audit work
	Transport	SEND	carer offer and claims processing/ checking and delivery of savings.
Highways and Transport	Highways	Developer support role	Effectiveness in supporting LCC fulfil its consultee role as a highway authority including turnaround, timescales, delays and Pis.
Highways and Transport	Highways	Highways Asset Management System	Adequacy of control framework to ensure accuracy and completeness of the expanded system to inform a replacement planned for 2024.
Highways and Transport	Passenger and Integrated Transport	RAMP system	Administration of invoicing and payment for servicing and repair of LCC and external client vehicles.
Highways and Transport	Public and Integrated Transport	Grant: CBSSG	An assessment of compliance with grant conditions.
Highways and Transport	Public and Integrated Transport	Grant: Bus Recovery Funding Grant	An assessment of compliance with grant conditions.
Growth, Environment and Planning	Public Rights of Way	Public Rights of Way Management Information System	A review to determine the adequacy and effectiveness of the implementation of the 'Love Clean Streets' app for reporting problems on Lancashire's network of public rights of way.
Growth, Environment and Planning	Business Growth	Grant: Liverpool City Region Local Energy Hub	An assessment of compliance with grant conditions.
Growth, Environment and Planning	Business Growth	Grant: Multiply	An assessment of compliance with grant conditions.
Growth, Environment and Planning	Skills and Employment	Grant: DfE Skills Bootcamp	An assessment of compliance with grant conditions.

Resources

Governance and Democratic Oversight

Corporate Services	Legal, Governance and Registrars	Scheme of delegation to heads of service	Compliance with constitutional delegations including approvals and recording of decisions.
Corporate Services	Legal, Governance and Registrars	Highways S278 agreements	Effectiveness of agreements with developers to cover costs of infrastructure around housing developments including up-front agreement and enforcement.
Corporate Services	Legal, Governance and Registrars	Declarations of pecuniary interests	Review of the effectiveness of the arrangements for the registration, recording, reviewing and monitoring of declarations of pecuniary interests.
Corporate Services	Corporate Finance and Exchequer Services	Department of Work and Pensions Searchlight system	Information sharing, gap analysis and compliance with DWP/LCC Memorandum of Understanding
Finance (Pension Fund)	Pension Fund	Pension Administration	Following the implementation of a new pension administration system a review to determine the adequacy and effectiveness of the administration of the scheme to providing a good quality member experience and to discharge the responsibilities of the scheme manager and pensions board in paying benefits to members. This includes the payment of complete and accurate benefits to each member, in accordance with the Trust Deed and Rules, and in line with service level agreement deadlines.

Business Effectiveness

Finance	Corporate Finance and Exchequer Services	Oracle Fusion support	Consultancy and/or audit work on Fusion implementation. To respond to emerging risks as the fusion programme is implemented.
Finance	Corporate Finance and Exchequer Services	Delivery of budget savings	Arrangements to report delivery of identified action to deliver budget savings by directorates/ services. Includes use of risk registers to identify and manage delivery and service challenge review in 23/24 budget process.

Finance	Procurement	Compliance with procurement rules	Testing compliance with established procurement rules in Digital Services including the operation of counter-fraud controls, financial limits, approvals, tendering and selection.
People	Skills, Learning and Development	Use of employment agencies to support operational activity	Organisational understanding of the agencies/ contractors used including long-term use and IR35 tax arrangements.
People	Human Resources	HR case records	Effectiveness of current HR casework management and record keeping arrangements including investigations, access and security,
People	Human Resources	Retention of staff	Effectiveness of corporate approach to retaining key staff including use of non-standard methods.
Organisational Development and Change	Organisational Development and Change	Governance arrangements for the delivery of change within the organisation	A review to assess the adequacy and effectiveness of the governance arrangements within the council to deliver change.
Organisational Development and Change	Organisational Development and Change	Delivery of budget savings	A review to ensure that the processes in place for the management of the streams of work for the "budget saving" exercise are accurate and there are no interdependencies.
Service Delivery			
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)	Financial management in schools – summary report and opinion	Summary report on findings from audits of the adequacy and effectiveness of financial management arrangements in a sample of schools (schools to be agreed).
Finance	Financial Management (Development & Schools)	Financial management in schools	Adequacy and effectiveness of financial management arrangements in a sample of 15 schools (schools to be agreed).

Strategy and Performance	Facilities Management	Use of the council's buildings under the flexible working arrangements	A review that considers how the council, under the 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.
Strategy and Performance	Digital	Digital Risk identification	Review of the Digital Service risk management processes and their effectiveness to identify, assess, mitigate, record and report digital and cyber risks.
Strategy and Performance	Digital	Key System implementation (HAMS and PAMS)	Review the effectiveness of the project management standards as the projects are planned, procured and delivered. Including the overall program governance structure, the critical roles and responsibilities expected in the business, digital and for vendor personnel involved in the implementation. The effectiveness of the program governance to efficiently identify and resolve critical risks across all functional areas within the program.
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.
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.
Strategy and Performance	Asset Management	Becon	A review to determine if there is adequate and effective management of building maintenance repairs through the Becon system.
Business Processes			
Finance	Corporate Finance and Exchequer Services	Payroll processing including schools	Compliance testing of the key controls, including financial reporting to support the production of final accounts The Scope will include school salaries.

Finance	Corporate Finance and Exchequer Services	Accounts receivable: central controls	Compliance testing of the key controls, including financial reporting to support the production of final accounts.
Finance	Corporate Finance and Exchequer Services	Accounts payable: central controls	Compliance testing of the key controls. including financial reporting to support the production of final accounts.
Finance	Corporate Finance and Exchequer Services	Cash and banking	Compliance testing of the key controls, including financial reporting to support the production of final accounts.
Finance	Corporate Finance and Exchequer Services	General ledger including accounting for the Pension Fund	Compliance testing of the key controls, including financial reporting to support the production of final accounts for both the council and the Pension Fund.
Finance	Corporate Finance and Exchequer Services	VAT	Compliance testing of the key controls, including financial reporting to support the production of final accounts.
Finance	Corporate Finance and Exchequer Services	Treasury management and investment	Compliance testing of the key controls, including financial reporting to support the production of final accounts. The Scope will include pensions.