


Internal Audit

Audit Summaries



Budget Savings – Governance

Budget Savings – Governance				
Overall assurance rating	Audit findings requiring action			
 Substantial	Extreme	High	Medium	Low
	0	0	0	1
<p>An effective structure is in place to ensure delivery of the financial savings agreed by the Council can be tracked, monitored, reported and reviewed, and that the status of each saving can be identified along with any required additional actions or support.</p> <p>Proposed budget savings are scrutinised and approved by members who also receive updates on progress. The implementation of these savings is overseen, monitored and reported on at directorate level via financial monitoring boards that are attended by directors and senior managers. Key support is provided by the Head of Financial Services (operational) who maintains a savings tracker that details for each saving who the lead director is, the amount to be saved per year, and the latest Red Amber Green (RAG) status that signifies the progress being made. The tracker is presented and updated at the financial monitoring boards and shared with Members at the Scrutiny Management Board.</p> <p>The work of the Resources directorate financial monitoring board had not always been fully recorded, although there was sufficient evidence that it had taken place. We have agreed an action with the Head of Financial Management (Operational) to more formally record these meetings to ensure its key role in monitoring, challenging and updating savings progress is demonstrated.</p> <p>This review did not incorporate detailed analysis of the accuracy of the status of savings nor sought to obtain evidence that the saving amount stated had been achieved or not. These are areas that we will review and report on separately in another audit that will aim to provide assurance that the financial savings agreed are achievable, had a material effect on the Council's budget, and delivery was accurately reported by services.</p>				

Context

The Council approved savings proposals for 2023/24 totalling £64m as part of a package of savings planned until 2026/27. This was £55m savings identified in each of the Council's directorates and £9m in strategic targets relating to contracts, workforce, design and technology, property and business processes. Members have been updated during the financial year that the savings to be made in 2023/24 had increased to £80m due to new savings being identified and some savings from previous years being delayed as a result of the pandemic.

Cabinet agreed that each directorate will have a Finance Monitoring Board (or equivalent) to ensure the savings assigned to them are delivered on time by challenging and monitoring progress, assisting delivery, and identifying and escalating any issues. Support from Financial Services to all directorates is key to enabling this. If sufficient budget savings are not achieved to address the funding gap, it is possible that the Council is unable to set a balanced legal budget.

Budget Savings – Governance


Scope of Audit

In this audit we have reviewed the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks relating to the following areas:

- Formal agreement and scrutiny of proposed savings; and
- The structure for oversight and reporting of savings delivery.

This audit focused on providing assurance that there is a structure and process in place to ensure that delivery of the financial savings agreed by the Council is tracked, monitored, reported and reviewed. And that the status of each saving is identified and updated regularly for reporting to Members. This review did not incorporate detailed analysis of the accuracy of the status of savings nor sought to obtain evidence that the saving amount stated had been achieved or not. These are areas that we will review and report on separately in another audit that will aim to provide assurance that the financial savings agreed have been achievable, had a material effect on the Council's budget, and delivery was accurately reported by services.

Management of the Council's Property Portfolio

Management of the Council's Property Portfolio				
Overall assurance rating	Audit findings requiring action			
 Substantial	Extreme	High	Medium	Low
	0	0	0	0

We can provide the above assurance on the management of the council's property portfolio, there are adequate and effective controls in place and property assets were managed effectively conforming with council policies. The Property Asset Management Strategy complies with key regulations and guidance, including the CIPFA Strategic Property Asset Management framework, and the Corporate Strategy as well as the Premises Usage Policy 2023.

The Property Asset Management System (PAMS) identifies and monitors all property assets held by the council and data downloaded from it is used to inform decisions. A process flowchart provided a framework for triaging mailbox requests, and guidance for staff on providing appropriate checks, oversight and the approvals procedure. Various spreadsheets monitored mailbox requests and casework decisions when properties were confirmed as surplus or disposals, and supporting information inclusive of email correspondences were retained in casework files. The Team worked collaboratively with other council services and stakeholders, they obtained additional information from Facilities Management and other sources, as and when required. The Team also worked with Corporate Finance to ensure expenditure is kept within budget.

The revised Community Asset Policy sets out amendments for community ownership of surplus land and buildings. The Policy addressed key areas which included strategic priorities, routes to community ownership and management as well as the framework for transferring assets.

Briefing reports and Cabinet papers providing an update on property assets and projects were escalated to senior service managers in Asset Management and Estates to update and inform decision making and approval. The Capital Board and Executive Management Team provided oversight, evaluation and challenge, reviewing property asset proposals and decisions, financial implications and recommendations. In addition, the Asset Management Head of Service provided regular briefing reports to the Cabinet Member for Resources, Human Resources and Property (LCC Deputy Leader) and with directorate and executive management teams. The service completed overarching corporate key performance indicators (KPIs) and performance reports, but no specific ones on this area. They are reviewing if it would be beneficial to introduce further targets.

Context

The Council's property portfolio consists of just under 2000 assets with a value of approximately £2bn inclusive of, libraries, day and residential care centres, highways and depots, office accommodation, cultural and heritage assets, and schools. The council's Asset Management Service provides strategic management of the council's property portfolio, ensuring they support the principles of the corporate and capital strategies. Key responsibilities include development and prioritisation of capital programmes as well as the management of corporate land and buildings for service delivery.

The Property Asset Management Team adopt measures to manage assets efficiently and effectively, they evaluate and inform on property requests decisions, supporting service delivery and facilitating community use and lettings.


Management of the Council's Property Portfolio

Scope of Audit

In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks relating to the following areas:

- Policy, procedures and guidance
- Service delivery
- Service quality
- Performance management

Councils' response to the consultancy work on the use of employment agencies

Councils' response to the consultancy work on the use of employment agencies				
Overall assurance rating	Audit findings requiring action			
 Moderate	Extreme	High	Medium	Low
	0	0	0	0
<p>We can provide moderate assurance over the adequacy and effectiveness of council's response to the review undertaken by KPMG to identify potential savings from the Matrix contract. The Service accepted all of KPMG's recommendations positively and are making good progress to address them, but action is still ongoing to implement a number of the improvement actions identified. An agency action plan had been developed to address and monitor delivery of the recommendations, allocate responsibility and record progress. Some changes to processes have been implemented, such as the introduction of a reporting dashboard on use of agency staff. Several other improvements to existing controls are ongoing and have yet to be embedded. While it is too early to realise the benefits of these changes or to confirm their effectiveness, we can give positive assurance over the action being taken in response to the consultancy's recommendations.</p> <p>Overall, the changes made to date should help ensure a greater level of detail will be provided by agency workers to support their expense and mileage claims and support timely and accurate reporting on spend and the use of agency workers across the council to determine whether the correct use of agency workers is made and if alternative resources could be utilised, such as apprentices.</p>				

Context

The council's service challenge identified potential savings targets across the council, including a minimum target of 2% for third party spend. This also links to the People Services review and strategic savings looking at staffing resources. KPMG were brought in to review the council's third party spend building on experience of identifying savings in this area for other organisations.

The contract with Matrix is due to end in March 2024, it is expected to be extended for a further twelve months to allow a re-tendering exercise to commence. Audit were informed that the contract has changed since it began and there is more use of specialist roles which charge high daily rates, the re-tender will allow the council to challenge and negotiate rates.


Spending on agency workers was similar at £11.02m for 2020/21 and 2021/22, but costs had increased in 2022/23 to £13.47m and a forecast spend of £16m for 2023/24. There are currently over 500 agency workers across the council with a spend of £4.03m up to 12 July 2023, primarily within Adult Social Care who account for 63% of all spend, with 24% on Childrens Social Care, 12% on Resources and 1% on outside core budget in this instance to cover urgent critical need on Fusion.

Councils' response to the consultancy work on the use of employment agencies

Scope of Audit

In this audit we have reviewed the SL&D teams' response to the findings of the consultancy work undertaken by KPMG of the Matrix contract to identify savings due to a potential lack of control and oversight of agency claims.

Section 278 Agreements

Section 278 Agreements				
Overall assurance rating	Audit findings requiring action			
 Substantial	Extreme	High	Medium	Low
	0	0	0	0
<p>The framework of control in place to ensure a section 278 (s278) agreement is formed with developers that wish to make permanent alterations to a public highway and to monitor compliance with such agreements is adequately designed and effectively operated.</p> <p>s278 agreements only proceed where the proposed works are assessed and agreed by an engineer within the Highways Development Support team, and planning permission and fees are received. The wording of s278 agreements and related performance bonds are overseen by Legal Services. Draft and final engrossment documents are reviewed and approved by the Highways Development Support team and developers prior to being signed and sealed. Developer compliance with the requirements of a finalised s278 agreement are monitored by the Highways Development Support team who will only provide final certification of the works should all the terms be met and fees paid.</p>				

Context

A section 278 agreement (or s278) is a section of the Highways Act 1980 that allows developers to enter into a legal agreement with the council (in our capacity as the Highway Authority) to make permanent alterations or improvements to a public highway as part of a planning approval. Such alterations should integrate with the existing highways infrastructure, benefit the public, and ensure accessibility and efficiency for road users. These need to be carried out in a safe manner and completed to a satisfactory standard that doesn't endanger the public and workers nor lead to additional Council expenditure rising from incomplete or unsatisfactory work by a developer.

Work affecting the highway can only begin when both the following have happened:

- A s278 agreement is signed by the developer and the Council (with performance bond or sum agreed), and
- all pre-commencement requirements listed in the s278 agreement have been met and approved by the Council.

The Highways Development Support team assess and instruct Legal Services of the need for a section 278 agreement to be formed with a developer. Legal Services review all requests to determine if they satisfy the legal test and ensure that the s278 agreement that is formed is properly worded and executed so that all parties are clear as to what works are being covered and the agreement can be enforced. The Highways Development and Support team are also responsible for monitoring compliance with the agreement once signed and sealed.

In the period September 2022 to September 2023, Legal Services opened 108 s278 case files. The 10 cases reviewed in this audit had proposed or agreed performance bonds or sums (that reflect the estimated costs of the works) totalling £675,000.

Section 278 Agreements

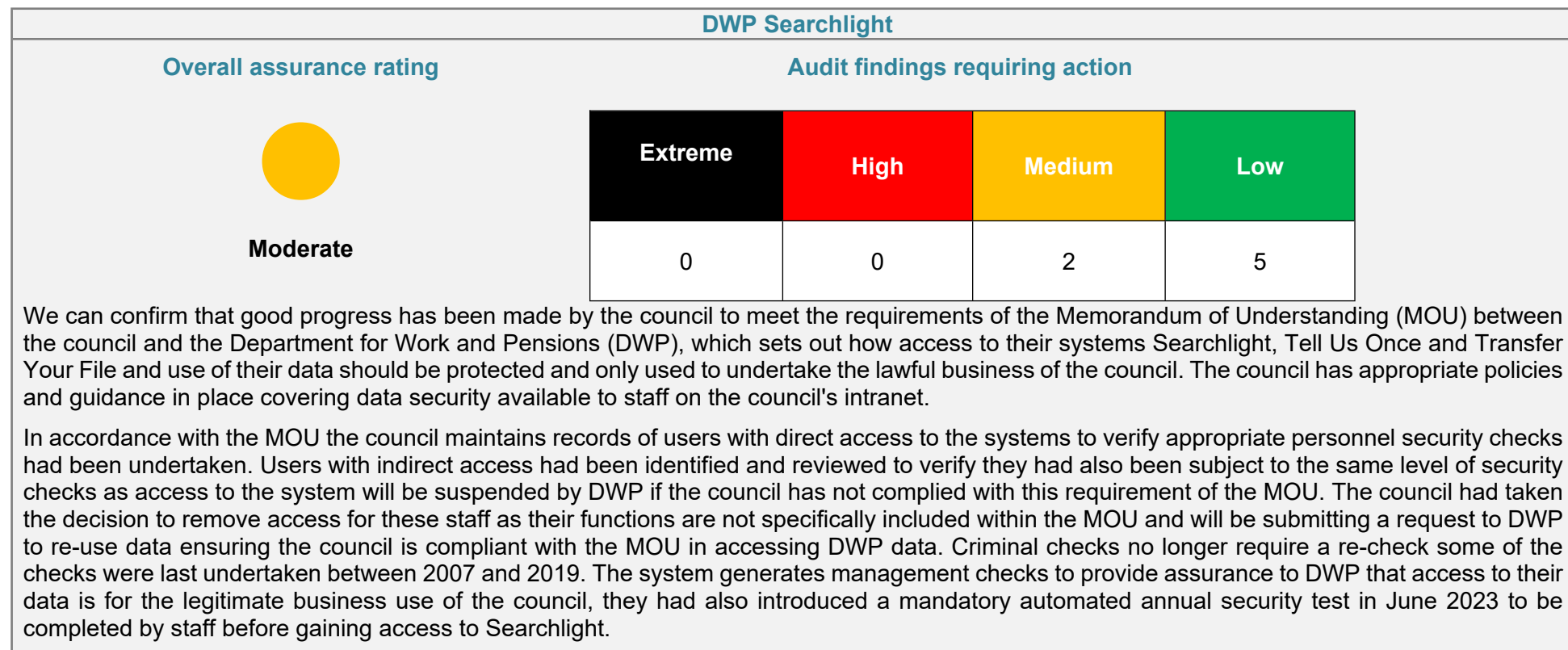
Scope of Audit

In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks relating to the following areas:

- Forming the s278 agreement;
- Bonds, performance sums and fees; and
- Monitoring works agreed with developers.

Our audit focused on the work undertaken by Legal Services to draw up the required agreements from the moment of initial instruction from the Highways Development Support team to the signing and sealing of the engrossments (if applicable). Where finalised, we also reviewed the steps taken by the Highways Service to ensure developer compliance with the requirements of the s278 agreement. In the period September 2022 to September 2023, Legal Services opened 108 s278 case files of which one had led to a finalised s278 agreement being formed with a developer. This agreement was included in the sample of 10 s278 cases opened by Legal Services in this period that we reviewed.

DWP Searchlight



Context

The Department of Works and Pensions (DWP) has increased data sharing across local authorities, but this access to personal data increases the need for greater security responsibilities. To ensure data security is appropriately managed the Memorandum of Understanding (MOU) between the DWP and the council sets out how the council must manage access to data within the DWP Searchlight, Tell us Once (TUO) and Transfer Your File (TYF) systems, with the emphasis on data security. Searchlight allows staff access to benefit and disability information used by the council's Adult Social Care Financial Assessment team to determine if an individual is required to contribute towards the cost of their care; and the Customer Access Service (CAS), Blue Badge team to support the administration of Blue Badges. Additionally, the Registrars Service use the TUO system which enables individuals to inform the council when someone dies, and this information is shared across the council to cancel any services they received. A small number of staff have access to TYF access to customer data to support Local Welfare Provision delivering specific services to target groups.

The MOU is reviewed annually and signed by officers responsible for staff with access to Searchlight and, for the first time this year the officer with responsibility for the cryptographic and IT security standards and countersigned by the council's Section 151 Officer. Non-compliance with the MOU will result in users being suspended, which would greatly impact on the council's ability to provide the above services. Confirmation of benefits received would need to be provided directly by individuals or their representative which would not be as efficient as the council being able to access this data directly.

DWP Searchlight


Scope of Audit

In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks relating to the following areas:

- Governance, policies
- Access
- Training
- Monitoring and incident response

Limitations of scope, an in-depth review of the IT specifications within the MOU has not been included as these were being signed off as being complied to by Digital Services.

Effectiveness of the Safeguarding Adults Board

Adequacy of the Safeguarding Adults Board				
Overall assurance rating	Audit findings requiring action			
 Moderate	Extreme	High	Medium	Low
	0	0	0	0

Overall, we can provide moderate assurance that the control framework for the revised Lancashire Safeguarding Adults Board (LSAB) is adequately designed to mitigate the risks associated with the establishment of governance structures and collaborative working arrangements. A considerable amount of work has been undertaken in recent months to strengthen the control framework, including the development of a structure and terms of reference for the Board, members and subgroups. A three year strategy has been developed, and work is progressing to finalise the budget allocations for the Board, and to develop budget monitoring routines to facilitate a more robust oversight of actual and forecast spend.

Some key controls remain outstanding that the Board plan to implement these by the end of this financial year. These include:

- A communication and engagement strategy to ensure that the Board effectively engages and communicates with the wide range of stakeholders.
- Performance and continuous improvement mechanisms to monitor and evaluate the effectiveness of the Board, and that of its members in achieving objectives.
- A development and training strategy providing a framework setting out training expectations for all stakeholders, to ensure they receive the appropriate level of training required to safeguard people with care and support needs.

Context

The Care Act 2014 requires a local authority to establish a Safeguarding Adults Board which aims to help and protect individuals who it believes to have care and support needs and who are at risk of neglect and abuse and are unable to protect themselves, and to promote their wellbeing. Section 43 of the Act sets out how the Board should seek to achieve its objective, through the co-ordination of members' activities in relation to safeguarding and ensuring the effectiveness of what those members do for safeguarding purposes.

The LSAB is funded via a pooled budget arrangement based on contributions from Lancashire Constabulary, Lancashire County Council and the Lancashire and South Cumbria Integrated Care Board. It is supported by an Independent Chair to oversee the work of the Board, provide leadership, offer constructive challenge, and ensure independence. The day-to-day work of the Board is undertaken by various subgroups and the Safeguarding Business Unit.

The LSAB has undergone structural changes in recent years. An interim Chair was appointed in November 2022, following the previous Chair stepping down, and a permanent Chair was appointed with effect from 9 May 2023. There has also been changes to the Pan Lancashire (Blackburn with Darwen, Blackpool and Lancashire Authorities) arrangements. Previously, the Authorities' three safeguarding adult boards operated with joint Pan Lancashire subgroups. However, each Authority now has its own dedicated subgroups, except for the Pan Lancashire Safeguarding Adult Review Subgroup.

Effectiveness of the Safeguarding Adults Board

Scope of Audit

The scope of this review has involved discussion with key contacts regarding the controls within the following areas:


- The governance and reporting framework surrounding the LSAB
- Collaborative working arrangements
- Communication and engagement
- Performance and continuous improvement

We compared the controls in place to mitigate risks to achieving business objectives, against the controls we would expect to find, based on the Social Care Institute for Excellence guidance to support the implementation of the safeguarding aspects of the Care Act 2014., and the Association of Directors of Adult Social Services in England. (ADASS) guide to support the development of Adult Social Care Self-Assessment. (See results at Appendix A).

Limitation of scope

As stated above, at the time of this review the LSAB was in a state of flux, having recently appointed a new chair, and undertaking a restructure of the governance arrangements including, membership and subgroups. It has therefore been agreed that this review will be undertaken in two parts. This initial review has involved a discussion with the Chair of the LSAB and the Senior Business Manager regarding the current framework of controls in place, and how they can be strengthened. Our opinion is therefore restricted to the adequacy of the current control framework. We will revisit this area later in the financial year, to audit the operation of, and compliance with the control framework, to determine whether it has been appropriately embedded and give an opinion on its effectiveness.

Safeguarding Redesign

Safeguarding Redesign				
Overall assurance rating	Audit findings requiring action			
 Moderate	Extreme	High	Medium	Low
	0	2	1	3

Based on the review findings we can provide a moderate assurance opinion surrounding the adequacy and effectiveness of the Safeguarding Service post the redesign. Our review has concluded that the framework of control is adequately designed and effectively operated overall, but some action is required to enhance aspects of it and ensure that it is effectively operated throughout to ensure that the changes have embedded, and benefits are being realised.

Policies and procedures exist to support the Safeguarding Governance Framework; however, some require update. The risks surrounding the person requiring safeguarding are appropriately considered, although testing established that there is inconsistency in the method for recording those risks, which contravenes the Safeguarding Policy. Testing also established that there is a lack of clarity on managing safeguarding enquiries that require the strategy and closure stages to be independently authorised.

We are informed by the Head of Service (HoS) that the introduction of a new Safeguarding Assessment form in August 2023 (held within the Liquidlogic Adults System (LAS)), should address the above issues. The form includes updated/ streamlined risk assessment and closure practices and supersedes the previous process. As the form is newly implemented, we are unable to confirm its effectiveness in mitigating the identified risks.

There is evidence of safeguarding enquiries being protracted. It is best practice for enquiries to be concluded within one month, and our sample testing concluded that this is largely adhered to with the average time taken being 35 days. There were however exceptions, with one case taking 143 days to complete, and another 103 days, and it is considered that for one of those cases, the delay in responding promptly to the alert could have posed a safeguarding risk to other persons. There is also an inconsistent approach to the closure of safeguarding enquiries, and not all are appropriately closed on LAS.

A comprehensive training framework exists for safeguarding officers, which includes mandatory courses, but review of the training record matrix suggests that the majority of staff have completed less than half of these.

Context

Section 42 of the Care Act 2014 requires that each local authority must make enquiries (or cause others to do so) if it believes an adult is experiencing, or is at risk of, abuse or neglect. This applies where a local authority has reasonable cause to suspect that an adult in its area:

- has needs for care and support (irrespective of whether the authority is meeting any of those needs),
- is experiencing, or is at risk of, abuse or neglect, and
- as a result of those needs is unable to protect himself or herself against the abuse or neglect or the risk of it (Care Act 2014, section 42)

Safeguarding Redesign

When an allegation about abuse or neglect has been made, a qualified social worker leads enquiries to find out what, if anything, has happened. The enquiry will seek to establish whether any action needs to be taken to prevent or stop abuse or neglect, and if so, by whom.

A project to redesign the Safeguarding Adults Service commenced in 2018, and (having stalled due to the impact of the Covid epidemic), came to fruition in March 2021. Various issues led to the redesign including:

- The previous community and Multi Agency Safeguarding Hub (MASH) safeguarding teams did not have a consistent approach to safeguarding, had different management styles and were not geographically aligned.
- There was a significant accumulation of cases in the MASH team (averaging 1000 cases), with no additional resource available to address the backlog.
- The safeguarding enquiry process was inefficient, with the section 42 enquiry process involving multiple individual stages to progress through, and the person at risk receiving multiple contacts from various safeguarding officers.


Consequently, the Head of Service (HoS) has since worked with the safeguarding adults teams to develop and streamline the service, resulting in a single service and management team, and dedicated social workers having responsibility for managing safeguarding cases from start to end. The redesign has also resulted in significant changes to how the service is administered, with the process being streamlined and a Model of Enquiry, for case management has been produced, documenting the process from triage to safeguarding enquiry closure.

Scope of Audit

In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks relating to the following areas:

- The governance and reporting framework surrounding the Safeguarding Adults Service.
- Case management, including review of a sample of safeguarding cases to determine whether the documented processes and controls are operating effectively in practice.
- Performance management and continuous improvement.
- Staff skills and resources.

Payroll system

Payroll system				
Overall assurance rating	Audit findings requiring action			
 Moderate	Extreme	High	Medium	Low
	0	0	0	0

Overall, we did not identify any significant issues within the main payroll process. Employees were occupying authorised posts and testing did not identify anyone being paid who did not or no longer worked for the organisation. However, we were able to undertake only limited testing in certain areas including payments for maternity pay and use of the recruitment system for appointing employees. This was due to problems accessing information from Oracle. Our 'moderate' assurance opinion is based on findings from the testing we were able to undertake. This confirmed controls were adequate but identified two areas where they were not effective. These two areas were a lack of capacity in the Payroll Service to pursue overpayments due to the need to support issues arising from Fusion implementation and insufficient access restrictions to the system for some officers in the Payroll Service.

This review examined transaction processing within the previous version of Oracle (R12) between April 2022 and September 2022, prior to its replacement by Oracle Fusion which at the time of audit had no fully functional reporting suite. We are able to provide moderate assurance on the controls operating over the payroll system during that period.

We have not included any actions in the report as they are largely related to R12 and we expect they would be addressed by the work being undertaken to resolve issues within Oracle Fusion.

Context

The council replaced Oracle R12 with Oracle Fusion at the end of 2022-23. This audit examined transactions on R12 between April 2022 and September 2022 only. It did not examine controls or transactions within the Oracle Fusion system.

Scope of Audit

In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks relating to the following areas:

- Provision of policies and procedures.
- Persons being paid on the payroll system occupy approved posts and the appointments have been properly authorised.
- Persons leaving the organisation are promptly removed from the payroll system.
- Variable/ overtime/ bank holiday hours and sleep ins are paid correctly.
- Sickness/ maternity/ paternity payments are in accordance with council policy.
- Honorariums are appropriately authorised.

Payroll system


- Exception reports are reviewed prior to payroll runs. Monthly payroll runs are authorised and reconciled.

Limitation to scope

This review did not examine:

- Responsibilities and access levels on the Oracle system.
- Controls within the recruitment system used to appoint new employees.
- Controls around setting up new posts by HR on Oracle.
- Oracle Fusion.

Fostering Payments

Fostering Payments				
Overall assurance rating	Audit findings requiring action			
 Moderate	Extreme	High	Medium	Low
	0	0	8	0

The rates of allowances payable to foster carers have been approved by Cabinet. These are programmed on the Liquidlogic Childrens Social Care system (LCS) and paid accordingly to foster carers. The LCS system has appropriate access restrictions and managers have authorisation limits for authorising payments to foster carers. Care Package Line Items (CPLIs) which specify the types of allowance and duration over which they are to be paid are authorised by managers for each child placement.

Data analysis revealed that CPLIs are not always end dated when a placement ends which results in overpayments. We also identified duplicate CPLIs which results in duplicate payments to foster carers and in one case there were triplicate payments. Sometimes duplicate payments are detected by the Accounts Payable team after the LCS file feeds through to the Controcc system and the duplicate payments are suspended in Controcc. The overpaid amounts are not promptly recovered from the foster carer.

Context


As at August 2023 there were approximately 500 inhouse foster carers and 1300 children placements. Maintenance allowances and foster care fees are paid fortnightly to foster carers. Additionally, birthday, holiday and festival allowances are paid on an annual basis. The amounts are based on the age of the child and LCS is used to administer and authorise payments to foster carers. LCS feeds through to Controcc which in turn feeds through to the Oracle Fusion Accounts Payable system to generate payments.

Scope of Audit

In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks relating to the following areas:

- The allowances paid to foster carers are agreed by Cabinet and these are at least the national minimum allowances set by the government.
- Allowances are paid in accordance with the policy agreed by Cabinet and only for the duration of the placement.
- There is an appropriate authorisation and verification process for the payment of allowances.
- Changes to allowances (e.g., moving to a different age band) are made correctly.

School Financial Controls Wilson's Endowed Primary School

School Financial Controls Wilson's Endowed Primary School				
Overall assurance rating	Audit findings requiring action			
 Moderate	Extreme	High	Medium	Low
	0	0	1	5
<p>Wilson's Endowed Primary School has appropriate governance arrangements, with a standard committee structure and three full governing and resource committee meetings per year. Budget setting, monitoring and financial policy review are delegated to the resources committee. Governors all complete register of interests annually although these had not been completed consistently and not all governors had completed a skills audit. We acknowledge the school has sufficient governor competency to provide effective scrutiny and minutes are sufficiently detailed to record questions and answers on key decisions.</p> <p>The school has a deficit £-19,781 primarily due to staffing costs, as a decrease in pupil numbers resulted in there being too many staff for the number of pupils in school, combined with recent staff absences which were covered by agency workers. Savings had been identified by the Headteacher to balance the budget within the next four years in agreement with the Schools Finance Team. For example, reducing the number of classes which would then reduce the number of staff. Additional income has been identified for next year as the school is forecasting an increase in the number of SEND pupils.</p> <p>Several purchases had been made by school staff using their own personal credit/ debit cards. Personal credit/ debit cards should not be used for school purchases and we propose that this practice is ceased as warranties for goods are invalidated and the VAT cannot be claimed back and is incorrectly coded. Orders should be raised directly with the supplier.</p>				

Context

As part of the Lancashire County Council's 2023/24 internal audit plan, the Internal Audit Service are reviewing a sample of schools across the county to assess the adequacy of the financial controls and supporting governance arrangements. This report summarises key findings for your school. A further report outlining best practice identified during the audit will be published later this year on the Schools' Portal. Internal Audit's role regarding schools is described in the Scheme for Financing Schools in Lancashire, para. 2.6 (April 2022).

Scope of Audit

In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the follow key risks:


- Governance and operational financial management responsibilities are not clearly understood or carried out, meaning key tasks are not completed correctly or at all, or are not subject to the appropriate scrutiny.
- The school's financial management system does not provide timely or accurate financial information for budget monitoring purposes so

School Financial Controls Wilson's Endowed Primary School

financial decisions are based on incorrect information.

- Inadequate level of knowledge and expertise, resulting in key tasks not being carried out effectively and proposed budgets are ineffective.
- Schools do not set appropriate budgets, meaning academic and organisational objectives and priorities are not delivered.
- Budget targets are not achieved, leaving budget deficits or surpluses not addressed.

School Financial Controls - Barnacre Road Primary School

School Financial Controls - Barnacre Road Primary School				
Overall assurance rating	Audit findings requiring action			
 Moderate	Extreme	High	Medium	Low
	0	0	1	3
<p>Barnacre Road Primary School has appropriate governance arrangements, with a standard committee structure and three full governing body meetings termly with supporting committees including finance & premises and staffing & curriculum. Budget setting, monitoring and financial policy review are delegated to the finance & premises committee. Financial regulations are in place but are out of date and other policies had not been reviewed and approved by the governing body in the past year. All policies should be reviewed and updated in line with the council's model policies, and a review schedule should be maintained. The school now buy into the councils' Schools Financial Services which will give access to the most current policy and guidance. At the time of audit, the school had no access to the model policies on the Schools Portal and on our advice were seeking access through Schools Financial Services. One supplier recorded in a governor's registered business interests had been utilised and this should be discussed at the next full governing body for transparency. The school's governors have sufficient competency to provide effective scrutiny and minutes are sufficiently detailed to capture questions and answers on key decisions.</p> <p>The school operates as a bank account school, with reconciliation completed weekly and uploaded monthly on the Schools Portal, with any issues identified and resolved in a timely manner. The school carried forward a deficit £-41,260 into 2023/2024 primarily due to staffing cost increases due to the pay award and delaying spend for school facilities which led to higher costs when the school decide to commit to spend. Schools Financial Services are working closely with the Headteacher and the governing body to reduce the budget deficit. The school has sufficient separation of duties arrangements for the ordering of goods and services and is supported by Schools Financial Services with reconciliations and budget monitoring. The school was using personal credit or debit cards for smaller orders but as this means VAT cannot be reclaimed and warranties may be invalid the school's credit card or petty cash should be used instead. We could not find a formal letting's agreement for the Barn Owl before and after school club, which should be in place. The school should also consider reviewing lettings costs annually due to rising running cost such as utilities. The school used a private property contractor for maintenance services but there was no contractual agreement in place. The school has an accurate establishment list and adequate separation of responsibility for review and approval prior to monthly payroll processing.</p> <p>The school will be converted to an academy with the Bay Learning Trust in February 2024. This will change the governance arrangements and key financial controls and we have considered this in our findings and proposed actions.</p>				

Context

As part of Lancashire County Council's 2023/24 internal audit plan, the Internal Audit Service are reviewing a sample of schools across the county to assess the adequacy of the financial controls and supporting governance arrangements. This report summarises key findings for your school. A further report outlining best practice found during the audit will be published later this year on the Schools' Portal. Internal Audit's role regarding schools is described in the Scheme for Financing Schools in Lancashire, para. 2.6 (April 2022).

School Financial Controls - Barnacre Road Primary School


Barnacre Road Primary School (the school) is due to convert to an academy, joining the Bay Learning Trust (the Trust) following the Office for Standards in Education, Children's Services and Skills (OFSTED) inspection that found overall rating was inadequate. This is anticipated to change the control framework as processes shift to be managed centrally by the Trust.

Scope of Audit

In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the follow key risks:

- Governance and operational financial management responsibilities are not clearly understood or carried out, meaning key tasks are not completed correctly or at all, or are not subject to the appropriate scrutiny.
- The school's financial management system does not provide timely or accurate financial information for budget monitoring purposes so financial decisions are based on incorrect information.
- Inadequate level of knowledge and expertise, resulting in key tasks not being carried out effectively and proposed budgets are ineffective.
- Schools do not set appropriate budgets, meaning academic and organisational objectives and priorities are not delivered.
- Budget targets are not achieved, leaving budget deficits or surpluses not addressed.

School Financial Controls - Dalton St Michael's Primary School

School Financial Controls Dalton - St Michael's Primary School				
Overall assurance rating	Audit findings requiring action			
 Substantial	Extreme	High	Medium	Low
	0	0	0	2
<p>Dalton St Michael's Primary School (the school) has appropriate governance arrangements, with a standard committee structure and three full governing body and resource committee meetings per year. Budget setting, monitoring and financial policy are reviewed by the full governing body and all policies were up-to-date and had been reviewed and approved by the governing body in the past year. Governors all complete register of business interests annually and we confirmed a skills audit was with sufficient governor competency across key areas.</p> <p>The school buys in to the council's full school's finance package, with reconciliation completed monthly by the school's finance officer and approved by the Headteacher. We noted the school has access to a business manager one day a week, and so had an adequate separation of duties for the ordering of goods and services. The council provide payroll services with an accurate establishment list. The budget is prepared annually, and a deficit was brought forward into 2022/23, with an in-year budget surplus. We noted the potential for a deficit was attributed to Oracle Fusion's launch and a substantial overpayment for one employee's payroll. Financial circumstances have since improved with the Headteacher covering for absent teachers.</p>				

Context


As part of the Lancashire County Council's 2023/24 internal audit plan, the Internal Audit Service are reviewing a sample of schools across the county to assess the adequacy of the financial controls and supporting governance arrangements. This report summarises key findings for your school. A further report outlining best practice found during the audit will be published later this year on the Schools' Portal. Internal Audit's role regarding schools is described in the Scheme for Financing Schools in Lancashire, para. 2.6 (April 2022).

Scope of Audit

In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the follow key risks:

- Governance and operational financial management responsibilities are not clearly understood or carried out, meaning key tasks are not completed correctly or at all, or are not subject to the appropriate scrutiny;
- The school's financial management system does not provide timely or accurate financial information for budget monitoring purposes so financial decisions are based on incorrect information;
- Inadequate level of knowledge and expertise, resulting in key tasks not being carried out effectively and proposed budgets are ineffective;
- Schools do not set appropriate budgets, meaning academic and organisational objectives and priorities are not delivered;
- Budget targets are not achieved, leaving budget deficits or surpluses not addressed.

School Financial Controls Walton-Le-Dale High School

School Financial Controls Walton-Le-Dale High School				
Overall assurance rating	Audit findings requiring action			
 Substantial	Extreme	High	Medium	Low
	0	0	0	2
<p>Walton-Le-Dale High School has appropriate governance arrangements, with a standard committee structure and three full governing body and resource committee meetings per year. Budget setting, monitoring and financial policy review are delegated to the resources committee. We noted that not all policies were up-to-date or had been reviewed and approved by the governing body in the past year. We propose that all policies are updated and a review schedule is added to record the past and next review date. Governors all complete register of business interests annually and while a skills audit had been started it was incomplete as not all competency assessments had been returned. We propose that all governors should complete competency assessment at the next available opportunity and the skills audit should be finished and submitted to the full governing body for review. We acknowledge the school has sufficient competency to provide effective scrutiny and minutes are sufficiently detailed to capture questions and answers on key decisions.</p> <p>The school operates as a bank account school, with reconciliation completed weekly and uploaded monthly on the school portal, with any issues identified resolved in a timely manner. The budget is prepared annually and has a significant surplus, with the School Forum granting an exemption from claw back to allow for significant building works. The school has sufficient separation of duties arrangements for the ordering of goods and services and is supported by the council's Schools Financial Services with reconciliations and budget monitoring. Lettings are effectively managed, with supporting evidence of insurance retained and minimal debt with most service users paying promptly. The school uses Data Plan to provide payroll services, with an accurate establishment list and adequate separation of responsibility for review and approval prior to monthly payroll processing. The assistant headteacher reviews and approves payroll prior to processing and this is subsequently checked by the Headteacher, although we noted that these checks were behind by two months at time of review.</p> <p>The school will be transitioned to an academy, joining the Aspirational Futures Trust later this year or early in 2024. We acknowledge that this will change the governance arrangements and key financial controls and have considered this within our findings and proposed actions.</p>				

Context

As part of the Lancashire County Council's 2023/24 internal audit plan, the Internal Audit Service are reviewing a sample of schools across the county to assess the adequacy of the financial controls and supporting governance arrangements. This report summarises key findings for your school. A further report outlining best practice found during the audit will be published later this year on the Schools' Portal. Internal Audit's role regarding schools is described in the Scheme for Financing Schools in Lancashire, para. 2.6 (April 2022).

Walton-Le-Dale High School (the school) is due to convert to an academy, joining the Aspirational Futures Trust (the Trust) following two consecutive Office for Standards in Education, Children's Services and Skills (OFSTED) inspections that found curriculum areas required improvement. This is anticipated to change the control framework as processes shift to be managed centrally by the Trust.


School Financial Controls Walton-Le-Dale High School

Scope of Audit

In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the follow key risks:

- Governance and operational financial management responsibilities are not clearly understood or carried out, meaning key tasks are not completed correctly or at all, or are not subject to the appropriate scrutiny;
- The school's financial management system does not provide timely or accurate financial information for budget monitoring purposes so financial decisions are based on incorrect information;
- Inadequate level of knowledge and expertise, resulting in key tasks not being carried out effectively and proposed budgets are ineffective;
- Schools do not set appropriate budgets, meaning academic and organisational objectives and priorities are not delivered;
- Budget targets are not achieved, leaving budget deficits or surpluses not addressed.

School Financial Controls Wellfield Academy

School Financial Controls Wellfield Academy				
Overall assurance rating		Audit findings requiring action		
 Moderate	Extreme	High	Medium	Low
	0	0	4	0
<p>We have reviewed Wellfield Academy's governance arrangements and financial controls. The school has been supported by Endeavour Learning Trust (the Trust) since 2017 and is expected to convert to an academy and join the Trust later this year or early in 2024. In readiness for this the school has been aligning its policies, procedures, and governance arrangements with those of the Trust; one key change is they no longer hold separate finance/ resources meetings as this is now included in the full governing board meetings held six times a year. We did note that not all policies had been reported in the governing board meetings as evidence of review and approval. While Wellfield is still a local authority-maintained school the governing board should review these changes to ensure governance processes are appropriate for the school. While Endeavour Community manage the school lettings the income should go directly to the school fund and not to the Trust as it does now.</p> <p>Overall, the school has sufficient separation of duties arrangements for the ordering of goods and services and is supported by the council's Schools Financial Services.</p>				

Context

As part of the Lancashire County Council's 2023/24 internal audit plan, the Internal Audit Service are reviewing a sample of schools across the county to assess the adequacy of the financial controls and supporting governance arrangements. This report summarises key findings for your school. A further report outlining best practice found during the audit will be published later this year on the Schools' Portal. Internal Audit's role regarding schools is described in the Scheme for Financing Schools in Lancashire, para. 2.6 (April 2022).

The school is due to convert to an academy and the expectation is they will join the Endeavour Learning Trust (the Trust). Since 2017, the school has been supported by the Trust and buys in services from them rather than the local authority, for example management support, teaching staff and support staff which currently includes two assistant headteachers, a Pastoral Manager and an ICT technician. Additionally, Endeavour Community manage the letting of the school's premises via an online system and monies go directly into the Trusts bank account as opposed to the school fund account.

The school has been served with a notice of concern from the council due to the high value deficit the school has been carrying for nine years, ranging from (£637,000) to (£845,000) over that time, as at 31/03/2023 it was (£763,375) which equates to almost 30% of the total revenue budget for 2022/23. The deficit had been decreasing annually on average by £34,000 from 2017/18, there was a significant deficit of (£89,816) in 2022/23 due to increases in costs for fuel, teachers' pay award and additional teaching staff bought in from the Trust due to an increase in the school's pupil intake for 2023/24. The school will receive additional funding for the increase in pupils, but this is lagged and will be received in April 2024.


Scope of Audit

School Financial Controls Wellfield Academy

In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks relating to the following areas:

- Governance and finance policies
- Budget planning, monitoring and reconciliation
- Expenditure
- Petty cash/ Imprest accounts
- Income
- Payroll

School Financial Controls St. Mary's R.C. Primary School

School Financial Controls St. Mary's R.C. Primary School				
Overall assurance rating		Audit findings requiring action		
 Substantial	Extreme	High	Medium	Low
	0	0	0	1
<p>St Mary's R.C. Primary School (the school) has appropriate governance arrangements, with a standard committee structure and three full governing body and resource committee meetings per year. Budget setting, monitoring and financial policy are reviewed by the full governing body and all policies were up-to-date and had been approved in the past year. Governors all complete register of business interests annually and we confirmed a skills audit was undertaken with sufficient governor competency across key areas.</p> <p>The school buys in to the council's full School's Financial Service's package, with reconciliation completed monthly by the school's finance officer and approved by the Headteacher. The school has sufficient separation of duties arrangements for the ordering of goods and services and contracts with the council to provide payroll services with an accurate establishment list. The budget is prepared annually and has sufficient reserves to cover forecasted in-year deficits. The school successfully appealed clawback on 2022-23 budget, as the council acknowledged on-going issues with the introduction of Oracle Fusion had impacted financial forecasting.</p>				

Context

As part of the Lancashire County Council's 2023/24 internal audit plan, the Internal Audit Service are reviewing a sample of schools across the county to assess the adequacy of the financial controls and supporting governance arrangements. This report summarises key findings for your school. A further report outlining best practice found during the audit will be published later this year on the Schools' Portal. Internal Audit's role regarding schools is described in the Scheme for Financing Schools in Lancashire, para. 2.6 (April 2022).

Scope of Audit

In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the follow key risks:

- Governance and operational financial management responsibilities are not clearly understood or carried out, meaning key tasks are not completed correctly or at all, or are not subject to the appropriate scrutiny;
- The school's financial management system does not provide timely or accurate financial information for budget monitoring purposes so financial decisions are based on incorrect information;
- Inadequate level of knowledge and expertise, resulting in key tasks not being carried out effectively and proposed budgets are ineffective;
- Schools do not set appropriate budgets, meaning academic and organisational objectives and priorities are not delivered;
- Budget targets are not achieved, leaving budget deficits or surpluses not addressed.