

Matters Arising from Internal Audit Work Completed During the Period to 26 March 2024

1 Introduction

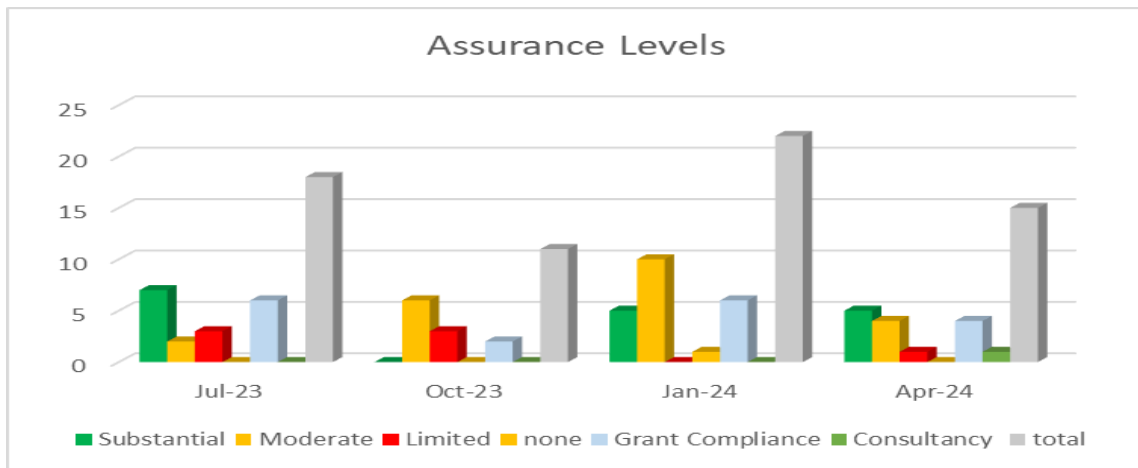
- 1.1 This report highlights key issues that the Audit, Risk and Governance Committee should be aware of in fulfilling its role of providing independent oversight of the adequacy of the council's governance, risk management and internal control framework. It highlights the issues arising from the work undertaken by the Internal Audit Service up to 26 March 2024.

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 on 29 January 2024.
- 2.2 The Internal Audit Annual Plan that was approved by the Audit, Risk and Governance Committee in April 2023 contained 100 audit assignments that the Internal Audit Service planned to complete throughout the 2023/24 financial year. These included a variety of audit assignments ranging from full risk and control evaluation audits, grant audits, school audits and consultancy reviews to be completed across the whole Council.
- 2.3 As at 26 March 2024 the Internal Audit Service had completed and reported the findings for 74 audit assignments. This includes reviews carried over from the previous year's plan and unplanned work requested from service areas during the year. Since the last Internal Audit Progress Report was provided to the Audit Risk and Governance Committee in January, the service has finalised and issued 23 audit reports. There are also currently a further 20 reviews that are at a draft reporting stage or are being progressed.

Stage of audit process	Number of audits on 23/24 Plan	Percentage of audits on 23/24 Plan
Complete and reported to committee	74	74%
Draft report stage	6	6%
Progressing	14	14%
Not Started	6	6%
Total number of audits	100	100%

- 2.4 The bar chart below illustrates the assurance levels provided for each audit assignment completed in the 2023/24 financial year and reported to this committee.



2.5 Presently there are six audits that are at the draft reporting stage, which are currently being discussed and agreed with managers.

Control area
Developer support role - pre-application process
Flexible working arrangements
Role of the responsible officer for Adult Services
Treasury Management
Pensions – Governance Arrangements
Discharge to Assess and Provider Payments

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. The Internal Audit Service for Wyre Borough Council also commission the service to deliver a few individual audit assignments on their behalf.

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.

Control area	Assurance
Case Audits	● Limited
Management of the timeliness of assessments and reviews	● Limited
Transition from Children's to Adult Services	● Moderate
Academisation	● Moderate
Section 17 Payments	● Moderate

Control area	Assurance
Delivery of Change Governance	● Substantial
Occupational Health	● Substantial
Use of Council Buildings Under Flexible Working	● Substantial
Management of grants for Drug and Alcohol Services	● Substantial

School Asset Management Audits	Assurance
School Financial Controls - Clayton-Le-Woods Church of England Primary School	● Moderate
School Financial Controls - St Anthony's Catholic Primary School	● Moderate
School Financial Controls - Weeton Primary School	● Moderate
School Financial Controls - Newtown Nursery School	● Substantial
School Financial Controls - Unity College	● Substantial
School Financial Controls - Elm Tree Community Primary School	● Substantial
School Financial Controls - Flakefleet Primary School	● Substantial
School Financial Controls - Dalton St Michael's Primary School	● Substantial

4 Grant certification and consultancy reviews

- 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 provided at Appendix C.
- 4.2 The committee summary for IT / Cyber Incident Response Plan – Advisory Review (Appendix E) contains exempt information and is included in Part II of the agenda.

Grant Audits & Consultancy reviews	Assurance
Liverpool Combined Authority Local Energy Hub – Q1	● Compliant
Liverpool Combined Authority Local Energy Hub – Q2	● Compliant
Liverpool Combined Authority Local Energy Hub – Q3	● Compliant
Bus Recovery Grant and Local Transport Fund	● Compliant
Bus Service Operators Grant	● Compliant
Supporting Families Programme Q4	● Compliant

IT / Cyber Incident Response Plan – Advisory Review	N/A
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5 Follow up audit work

- 5.1 The Internal Audit Service aims to follow up the action plans agreed by managers to address the risks identified through the audit process, to confirm that action has been taken. The plan for the year therefore includes an allocation of time for this work and the actions agreed to be reviewed with the responsible officers. The status of each management action is established by either the completion of a follow up audit as reported in section 5.3 below, or by seeking management assurance as to the progress made in the implementation of each agreed management action.
- 5.2 The tables below detail the status of the agreed management actions, including the financial years that any outstanding management actions were agreed. Since last reporting to the committee, the number of incomplete management actions has reduced from 95 to 36. Of the 36 actions not yet implemented, 14 relate to actions of which the action owners are yet to provide a status update.

Action status	Total – Lancashire County Council					
	Total		Risk rating			
			Critical	High	Medium	Low
Complete	162	64%	1	18	84	59
Incomplete	16	6%	0	7	6	3
Progressing	27	11%	0	10	13	4
Superseded	16	6%	0	2	10	4
Awaiting management Response	18	7%	0	2	10	6
Implementation date not due	14	6%	0	4	5	5
Total	253	100%	1	43	128	81

Incomplete management actions by year						
2021/22	14	39%	0	1	6	7
2022/23	14	39%	0	10	4	0
2023/24	8	22%	0	2	3	3
Total	36	100%	0	13	13	10

- 5.3 Six follow up audits have been completed. As part of these follow up audits, four management actions were reviewed. The table below provides a summary of the status of these actions and an executive summary of each review can be found at Appendix D.

	Extreme	High	Medium	Low	Total
Number of actions	0	1	15	8	24
Implemented	0	1	11	5	17
Superseded	0	0	1	1	2

Progressing	0	0	3	2	5
Not implemented	0	0	0	0	0

- 5.4 The results of the Digital Services Procurement audit were reported to the last committee meeting held on 29 January 2024. The Committee asked if a further update could be provided for this meeting as to the progress being made in implementing the management actions. Management assurance has been received from the Head of Procurement that both the high and the extreme priority management actions agreed as part of the original audit have been implemented. The management assurance demonstrates that the service has taken swift action to address the risks identified during the Internal Audit review. Work is ongoing to ensure that the changes are fully embedded and works effectively for all future procurement. The management assurance received is set out at Appendix E, included in Part II of the agenda.

6 Amendments to the audit plan for 2023/24

- 6.1 There have been no amendments to the Internal Audit Annual Plan since the last Audit, Risk and Governance Committee meeting.