

Internal Audit

Committee Summaries



Case Audits

Overall assurance rating



Limited

Audit findings requiring action

Extreme	High	Medium	Low
0	0	4	0

The audit identified weaknesses in design of the control framework for the management of case audit processes across Adults' Services, and although action is required to enhance aspects of it in support of service objectives and maintaining quality standards, progress has already been made in some areas. This includes introduction of a revised audit and moderation framework incorporating requirements for rates of compliance, providing feedback and recording case notes. Reporting processes have been developed and continue to be enhanced, and a training programme has been launched.

Policies, procedures and guidance exist to support case audit processes, although require review and update to determine a consistent approach so that all staff involved in case auditing are aware of practice requirements, protocols to enhance data recording quality, and promoting a culture of continuous improvement. There is no formal training framework in support of case auditing and currently no service action logs, or defined processes for recording and implementing good practice. Improvements are required to strengthen practice, processes and training, highlight issues, and support reporting to enhance the quality of case recording and the need to correct ratings following moderation.

Initial annual completion targets established for case audits have not been achieved. There is an expectation that managers complete four audits per month, and this is not currently being reached, demonstrated by only 30% of the annual target completed for the six-month period June – November 2023. The service acknowledged the compliance issues and that setbacks encountered in developing guidance and procedure have contributed to this. Dashboards are the primary recording method and reporting source for case audits and moderations. More robust controls are required to strengthen data quality, ensuring collection of key information, and to provide contingency in support of data recording if the dashboard facility is unavailable.

Variations in the way cases are recorded within the case audit tool dashboard, are attributed to enhancements to the reporting function occurring in September 2023, resulting with the introduction of a subsequent version of the report. Although there was no duplication of findings and conclusions, reports have not been consolidated.

Context

Case audit activity is an integral part of the overall Quality Assurance and Practice Improvement Framework. To achieve and improve outcomes for residents, support professional development and promote a culture of continuous improvement, Adult Social Care advocates practice excellence through understanding, auditing, and improving professional practice. The overall aims of the case audit process are to:

- identify, share and celebrate good practice.
- identify where practice needs to improve through a systematic approach to sampling files and developing a continuous improvement process for individuals, teams and the service; and
- provide the senior leadership team with assurance as to the quality of work.

Practice guidance and procedures and the electronic case audit tool, supported by a dashboard to enable recording and performance reporting of audit results, were implemented on 01 June 2023. Initial targets were to complete at least 5,000 case audits a year - representing approximately 25% of the total caseload of 18,000 people with long term support needs. The service continues to review, develop and streamline the case audit process, with updates to guidance and practice standards, support and training for practitioners, and enhancements to performance recording and reporting being progressed.

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, procedure, guidance and training
- case audit and moderation processes
- case audit recording
- monitoring and reporting
- quality and continuous improvement

Management of the Timeliness of Assessments and Reviews

Overall assurance rating



Limited

Audit findings requiring action

Extreme	High	Medium	Low
0	0	4	0

There are some weaknesses in the design of the control framework over the management of the timeliness of assessments and reviews and action is required to enhance aspects of it. Progress has already been made in addressing the issues raised. Although policies, procedures and guidance existed to support assessment and review processes they would benefit from some updating and signposting so that all staff involved in assessment and review procedures are aware of the latest practice and legislative information, and protocols when using Liquidlogic Adults' Social Care System (LAS) to prevent issues with data quality and review scheduling.

There were varying standards in case file data quality, content, and recording. More robust controls surrounding LAS housekeeping and quality checks, including review of work trays, are required to facilitate the accuracy, completeness, consistency of data and timely progression of cases. Statistics from LAS for March to September 2023 indicate that there has been a significant increase in the number of initial outstanding assessments, however, other factors such as seasonal fluctuations affect these figures. Social care workers reported difficulties meeting targets due to capacity and existing backlogs and differing approaches to task allocation and prioritisation was highlighted. Testing also identified practice issues and practitioner error including learning and training requirements.

Operational staff and the Backlog Performance Board have been proactively working with key stakeholders to identify issues and challenges facing the service, and to establish a workplan formulating an approach towards implementation of sustainable improved assessment and review processes.

Context

In 2022, survey findings from the Association of Directors of Adult Social Services showed that nationally more than half a million people were waiting for an adult social care assessment, for care / a review of their care, or a direct payment to begin.

Locally, known delays and issues with backlogs are analysed and reported to management by operational leads and business intelligence via performance boards. Highlight reports are produced including trend analysis, identification of challenges faced, and actions to be taken in teams / areas across the county.

Scope of Audit

Our review has focussed on work being carried out by the Backlog Performance Board, established to report on the council's position for people waiting for care and support, and how backlogs are being addressed.

We 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
- Case files
- Allocation processes
- Assessments, re-assessments, and reviews following allocation.
- Monitoring and performance
- Reporting

Transition from Children's to Adults' Services

Overall assurance rating



Moderate

Audit findings requiring action

Extreme	High	Medium	Low
0	0	2	0

As part of an Adult Services review on Transitions we have highlighted some issues relating specifically to Children's Services. We have not looked at all aspects of Children's involvement in the transition process, therefore we can only provide moderate assurance over the processes and controls in relation to the referral process and ceasing of payments for care packages, for young people moving from Children's Services to Adult Services.

Progress has been made in these areas since the last audit. However, it is still evident that better co-ordination needs to be in place between Children's Services and Adult Services over the referring of cases to the Transitions Team on a timely basis and the ceasing of payments for care packages by Children's Services. We have identified a couple of areas where we consider that the current control framework can be further strengthened, and these have been identified below.

Context

The Care Act 2014 primarily sections 58 to 66 Transition from children to adult care and support requires the council to undertake assessments where there is a significant benefit to do so and at the most appropriate time to ensure a smooth transition from Children's services to adults.

The Transitions Team operates within the Adult Community Social Care, Mental Health, Learning Disability and Autism Service and provides support to young people who are transitioning from Children's services to adults. Referrals may be made for young people from the age of 14 which allows the Team to plan and commission appropriate places particularly for complex cases in advance of the young person turning 18 and moving into Adult Services. There are currently over 770 young people who are managed by the Team and will transition to Adult Services over the next six years. The number of young people that will be transitioning over the next couple of years has increased and current projections anticipate about 150 young people will transition in each year group compared to 2021.

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 Referrals and Payments.

Academisation

Overall assurance rating



Moderate

Audit findings requiring action

Extreme	High	Medium	Low
0	0	3	2

The Academies Team (the Team) has established detailed procedures and guidance to support the conversion process which comply with the Department for Education's (DfE) process and guidance for schools converting to academies. The Team has responsibility for the overall delivery and coordination of academy conversions through liaison with schools, education trusts and other council services, and this process is administered and controlled effectively. Early indication of schools converting is obtained from various sources and supports arrangements for timely conversion. Key tasks are clearly set out in the Project Plan, and progress is monitored effectively by the Team. However, evidence to support these was sometimes inconsistent or difficult to follow, and copies of the final lease agreement and Commercial Transfer Agreement (CTA) were not held in the Team's conversion folder.

An annual Key Performance Indicator (KPI) was agreed with the DfE to complete conversions within six months, consistent with current services' capacity. However, a delay in establishing the start date meant no monitoring has yet been carried out against this target. Three conversions reviewed were completed outside the six-month time limit though within the agreed conversion date, due to reasons outside the council's control. To reduce the risk of delays a periodic review of conversion numbers and pipeline conversions should be performed to assess the impact on resources. Conversion data is shared with teams across the council on MS Teams to support oversight and monitor completion.

Plans to address surplus and deficit balances were consistent with DfE rules and were properly reflected in the CTA. The council recently produced a draft policy on retention of surplus balances, and this was being reviewed at the time of writing. Schools Finance monitor schools to minimise any deficit and, while plans are in place to recover the largest deficit balances, action has been constrained by lack of resources and that SLAs and Notices of Concern do not address recovery plan targets. Further preventive methods, including risk scoring, are being developed though these should be coupled with an approach to deficit recovery which includes coordination with the Education Improvement Service, enhanced Notices of Concern and risk profiling of schools. All schools are due to be visited by Education Improvement by July 2024 and outcomes will feed into the School Improvement Group (SIG) for intervention, including those in financial difficulty. Budgets are delegated to schools and fall under the responsibility of the Head and Chair of Governors who will act upon advice from Schools Finance and School Improvement, where appropriate. If concerns arise, the council could put in place an Interim Board though in reality no panel of governors is available with the relevant skills to be brought in at short notice.

Context

The Academies Act 2010 allows maintained schools to apply to become academies and requires local authorities to promote and take reasonable steps to support schools to convert. The legislation removed the requirement to consult the local authority before opening an academy. There is no legal requirement for schools to convert to an academy unless Ofsted rate them as 'inadequate' or issue two consecutive 'requires improvement' ratings. Nationally, 42% of schools have converted to academies though Lancashire has one of the lowest percentages in England at 13%, with 84 out of 628 schools converting. Of the remaining 544 schools, 286 were diocesan schools and these were moving quickly on their plans for academisation.

The council supports schools through the conversion process and ensures the council's interests are managed particularly in relation to the treatment of surplus or deficit balances, legal agreements, transfer of staff and land and buildings to the academy. The process is led by the Academies Team and other council services with related responsibilities include Human Resources (HR), Payroll, Legal Services, Design and Construction and Estates. For converter academies, both surpluses and deficits transfer over to the academy trust. In respect of sponsored academies, the council is responsible for any deficits, and whilst surpluses would ordinarily be retained by the council, it can transfer some or all of this to the trust supported by a business case setting out the school's prior intentions to use surplus balances for specific schemes or initiatives.

Scope of Audit

In this audit we 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 and guidance;
- Administration and accountability;
- New conversion identification;
- Project planning and support; and
- Monitoring and performance.

Section 17 Payments

Overall assurance rating



Moderate

Audit findings requiring action

Extreme	High	Medium	Low
0	0	2	0

A policy on S17 payments has been produced, was revised in 2023 and includes guidance on the circumstances in which the funds may be used. The Director of Children's Social Care informed us prior to the start of the audit that payments had been routinely coded as S17 payments when they were not, contributing to an overspend on the allocated budget. We identified nine transactions out of 30, with a total value of around £18,000, which were miscoded in this way and which should have been charged to other Children Looked After budget codes. This resulted in the S17 costs being overstated on budget management reports. We confirmed that the 19 remaining payments were correctly coded as S17 payments and generally complied with the policy.

There is an appropriate authorisation process for S17 payments on the LiquidLogic Childrens' System (LCS) and officers are given access in accordance with their position. Email authorisations are received in some cases. Reports are produced providing detailed information on S17 payments made to support monthly review by managers, including coding and duplicates, but these do not appear to be reviewed in detail. Examination of these would flag payments which should be coded elsewhere.

We confirmed that actual amounts disbursed for individual S17 payments were in accordance with maximum limits specified in the policy. Data analysis revealed some duplicate payments, but these were not significant in number or value and one of the causes was delays arising from problems with Oracle Fusion functionality.

Context

Financial support in terms of goods or services can be offered to children, young people, and parents/ carers under Section 17 of the Children Act 1989 to address identified needs, safeguard and promote the welfare of children within their area who are in need, to prevent the child suffering significant harm or to remove the need for the child to be looked after by the local authorities. The support may be provided with assistance in kind, accommodation, or in exceptional circumstances, in cash.

The budget for S17 payments (Family Support – assistance to families) in 23-24 was £1.3 million, recorded as spent by November 2023. The budget is used by Childrens Social Care teams.

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:

- Payments are made for eligible purposes and the policy is applied consistently across the council.
- Payments are authorised correctly.
- Payments are made for the correct amounts and not more than the policy maximum.
- Management oversight and review of S17 payments.

The Oracle Accounts Payable system is used to process some S17 payments. This audit did not examine to controls within the Oracle Accounts Payable system as this is part of a separate audit.

Delivery of Change Governance

Overall assurance rating



Moderate

Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	0

As part of the council's improvement journey, the Programme and Project Management Office (PPMO) embarked on an exercise in 2021, to review programme change practise and procedures, with a view to enhancing the approach to project and programme management and the functions of the PPMO. A light touch review of the adequacy of the controls employed by the PPMO, in delivering the change and improvement desired by the council, was completed by Internal Audit in June 2023. The review highlighted the need to strengthen the control framework surrounding programme management governance, including the implementation of a standardised/ consistent approach that supports collaborative working, transparency, and scrutiny.

We have therefore undertaken a further review for the PPMO, collaborating with the Director of Organisational Development and Change, to provide independent advice and support in formulating a robust governance framework. It is recognised that a considerable amount of work has been undertaken within the PPMO in recent months to transform project and programme management processes including:

- Undertaking an assessment of all projects/ programmes to produce a list of priorities, which were sanctioned by the Executive Leadership Team in November 2023.
- Development of a change programme triage phase to ensure that all change proposals are processed via the Change Front Door framework, which facilitates the submission, assessment, and prioritisation of new projects, and provides independent scrutiny, and assurance that assumptions on benefits to be realised are correct.
- A Change Digital Board has been established, ensuring change programmes/ projects are subject to senior management approval and oversight.
- A review of the service structure has been undertaken, and key roles and responsibilities agreed to facilitate the effective delivery of change programmes.
- There are key controls that remain outstanding that the Director of Organisational Development and Change is currently endeavouring to implement. These include:
- A documented vision, strategy, and philosophy for delivering change, and a clear change management communication strategy to ensure the message is recognised and well understood throughout the authority, enabling effective stakeholder engagement.
- Change requests documented in business cases that clearly set out the benefits to be realised, costs,

timeline, and that contain good quality/ reliable data to support planning, decision making, and realistic assumptions.

- Effective contingency development built into the planning stage of programmes to anticipate slippage in delivery of schemes.
- Development of detailed processes to facilitate the analysis and monitoring of change programme progress and provide a clear audit trail to determine whether risks are managed to an acceptable level, and objectives met.
- Development of a training strategy for the PPMO, together with wider training/ awareness for services, ensuring HoS and Senior Responsible Officers (SROs), have the skills and knowledge to fulfil their respective change management responsibilities.

We have recorded our findings in the risk and control framework (Section 3).

Context

The PPMO provides transformation, project, and programme management across the council. Functions include preparing the council for new challenges, enabling new means of service delivery, and the implementation of large infrastructure projects. Working to a disciplined project management approach, the PPMO facilitates change via an established work plan, delivered by a mix of programme and project managers, project, and change officers, business change analysts and subject matter experts.

The PPMO is currently implementing a delivery framework improvement plan to create a consistent approach to approving, prioritising, and delivering strategic projects of change. The plan includes reviewing and developing PPMO practice and procedure to ensure it is effectively designed to facilitate implementation of the councils' change programme. A service wide review is underway, incorporating a restructure of the service, a full review of processes, and the implementation of digital solutions to facilitate the necessary changes and governance processes.

Scope of Audit

The scope of this review has involved discussion with the Director of Organisational Development and Change regarding the controls in the following areas:

- Governance and accountability
- Planning
- Monitoring and reporting
- Continuous improvement

Limitation of scope

It was agreed within the 2023/24 internal audit plan, that a full review of the adequacy and effectiveness of the governance arrangements within the council to deliver change would be undertaken. However, it is apparent that at the time of this review, the PPMO improvement journey is in its infancy, with the service currently developing the improvement strategy, and designing, constructing, and embedding new programme change processes into business as usual. It has therefore been agreed that this

review will be undertaken in two parts. This initial review provides an opinion on the adequacy of the control framework. We will revisit this area during the 2024/25 financial year, to audit compliance with the control framework, and undertake testing to give an opinion on its effectiveness.

Occupational Health

Overall assurance rating



Substantial

Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	1

The Occupational Health (OH) Services is provided by Working on Wellbeing Ltd (Optima Health) via a contract managed by the Health Safety and Quality Team (H&S Team).

The H&S Team have adequate and appropriate processes, procedures and comprehensive guidance notes in place to effectively manage the contract and also to provide LCC staff with appropriate information to manage absence situations. The H&S Team have regular monitoring meetings with Optima and key stakeholders to address any issues and they evaluate the contract performance through the weekly progress reports received. During the period January to December 2023, there was no negative customer feedback, thus providing assurance that there are no procedural weaknesses. Checks by the H&S Team are undertaken to confirm that the invoices received for the services provided are correct and they monitor any pattern changes within OH services provided.

A dashboard report is provided to Executive Management Team on a quarterly basis which covers a high-level review of the OH contract performance. There were no significant performance issues reported during this year, other than the significant delays that have been experienced in implementing the managed health surveillance programme. A Lancashire County Council (LCC) Role Risk Matrix has been developed to help address this and Optima's Senior Client Services Manager has taken on responsibility for ensuring the programme is progressed as a priority.

Context

Lancashire County Council (LCC) is committed to promoting a culture of workplace health and wellbeing, and to improve the health of employees, by developing a healthy culture and adopting a systematic approach to occupational health.

The Occupational Health Services is provided by Working on Wellbeing Ltd (Optima Health) via a contract managed by the Health Safety and Quality Team (H&S Team). Optima Health provides occupational health support in relation to preventative action and health promotions, sickness and ill health management and rehabilitation, early intervention and returning to work. Additionally, they act on behalf of LCC when dealing with outside medical agencies such as general practitioners, hospitals and medical

specialists, when there is a need to source further medical evidence to assist them in making recommendations to management in occupational health reports.

The average monthly invoice submitted by Optima to LCC for the services provided is £45k.

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:

- That there is a current, signed and up to date contract in place between LCC and Optima which clearly outlines the roles and responsibilities of each party, additionally there are appropriate LCC policies, procedures and processes in place which enables the H&S Team to effectively manage the contract and LCC staff to access and utilise the Occupational Health Service.
- Occupational accidents and/or illness with respect to their fitness for work or Health surveillance takes place in high-risk areas.
- There is monitoring or reporting at organisational level, which enables LCC to monitor the performance of Optima and gauge from the service users if the service provided is effective, efficient and meets the criteria and the Terms and Conditions of the contract which were agreed.
- Invoices processed for payment to Optima are checked to ensure that the referral numbers and the amounts charged are accurate.

Use of Council Buildings Under Flexible Working

Overall assurance rating



Substantial

Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	1

We can provide substantial assurance over arrangements to manage the use of council buildings to support the council's flexible working principles and policies, with effective controls in place to identify needs and implement change. A Property Asset Management Strategy was published in 2020 to support delivery of the corporate strategy and objectives through use of the property portfolio. Oversight of strategic delivery was provided through the now disestablished Working Flexibly Programme Board, however further updates will be reported through the Strategic Assets Board. An effective framework operated to manage delivery of projects and service requests based on working flexibly approaches, supporting strategic and operational decision making. Delivery and decision making was informed by comprehensive Power BI data reporting, facilitating discussions about service requirements and staff working arrangements. Collaborative working between services and project leads informed occupancy patterns, utilisation levels, building change requests and office closures.

Regular reviews and consultations with services were conducted to evaluate properties and utilisation, ensuring decisions were correct, justified and complied with corporate principles. The Facilities Management Accommodation Team (The Team) presented updates on progress with the delivery of services' requirements and expectations at Directorate Leadership Teams meetings and worked collaboratively with Asset Management to implement property strategy decisions approved by Executive Management Team, with relevant actions delivered through the Team. The Team supported the use of council buildings under flexible working strategies through regular communications, staff surveys and presentations, and used the Change Influencer network to share information and obtain feedback.

The Head of Service provided monthly updates to the Director of Strategy and Performance and reported as required to the Executive Management Team (EMT) on progress and outcomes. Corporate and service risks and mitigating controls were appropriately identified and managed.

Context

Facilities Management provide a strategic and operational approach to the management of council properties to enable people, places, processes and technology to support delivery of the council's activities. The Service facilitates implementation of the council's working flexibly approaches into workplace settings in line with corporate expectations. Key benefits of working flexibly include reduction of the property portfolio, revenue savings associated with building closures or leasing, potential reduction in mileage claims, travel time and an increase in productivity, and improved staff work life balance helping to improve retention and attract talent.

The council's property portfolio consists of just under 2000 assets including office accommodation, depots, libraries, family centres, day and residential care, cultural and heritage assets and schools, as well as land for future development. The Facilities Management Accommodation Team support the delivery of the property strategy review, including the delivery of working flexibly principles across the office portfolio, internal accommodation space planning and directorate workspace allocations, monitoring of building utilisation data to inform decision making, relocation of services across the county, building refurbishments, and closures in readiness for disposal/sale of sites. This work is delivered across a range of building types, equating to approximately 275 sites within the council's wider portfolio.

The Team workstreams are also commissioned by Asset Management service proposals for strategic change projects driven by the need to update/review buildings or office space requirements, and by direct change requests from Services through the AskFM portal, requiring working space assessment to improve flexibility and accommodation utilisation.

The council's property portfolio, inclusive of freehold, leasehold and management interests, has an approximate value of £2 billion. The running cost of the operational portfolio were £14.2 million in 2022/23 and £14.5 million in 2021/22.

County Hall annual tenants' budget, including rents, service charges and inflation amounted to £907.9k in 2023/24 compared to £845.6k in 2022/23.

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 governance
- Implementation of strategy
- Strategy outcomes
- Performance and risk

Management of Grants – Drugs and Alcohol Service

Overall assurance rating



Substantial

Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	0

There is a grant offer letter which determines the terms and conditions of the grant, and a memorandum of understanding that outlines what the funding is to be spent on, for all five grants which Lancashire County Council have received. The council have populated plans and submitted them to Office of Health Improvement Disparities (OHID), informing them of how the council are proposing to spend the grants.

Grants are appropriately monitored by the Senior Public Health Practitioner and the Public Health Specialist through its own unique budget monitoring spreadsheet and cost centre. Funding due has been received and payments due have correctly been made to the providers in accordance with the plans submitted to OHID and the contract arrangements with the providers.

For each of the providers there is a Grant Agreement / Contract Variation Document which clearly identifies the scope of what the council expects from the providers, these documents are appropriately signed by both parties and dated, with the exception of the Individual Placement and Support Grant and Housing Support Grant which are both in draft format awaiting legal clearance. Monthly or quarterly meetings take place with all the providers whereby performance and progress are discussed and to ensure that the required service is delivered effectively.

Quarterly performance reports are populated and submitted to the OHID for all the required grants. There is also a Public Health Contracts and Procurement Group which meets on a monthly basis whereby any issues in relation to the grants are discussed and addressed and actions are accordingly distributed.

Two grants will be fully spent by the end of 2023/24, whilst there will be some small underspends for two grants due to unexpected resources and staffing issues. There is however a significant underspend for the Housing Support Grant of £368,175 which may reduce by £90k if the council can find a way to legally reprofile some of the underspend. The underspend occurred was due to delays in arrangements being in place and implemented by the districts, and therefore was out of the council's control. The situation is now resolved and a collaborative agreement with the districts is in the process of being completed.

Context

The Department of Health and Social Care and Department for Levelling Up, Housing & Communities are providing significant additional investment between 2022-2025 to improve services in line with the ambitions of the government's drug strategy (From Harm to Hope), this additional funding focuses on delivering three strategic priorities which are breaking drug supply chains, delivering a world-class treatment and recovery system, achieving a generational shift in demand for drugs.

The grant offered is based on the needs they identify within certain areas of the county; the council does not apply for the grant and there is no provision for them to do so. Due to the size, complexity, and levels of need in Lancashire, the council received all five grants available, from which four are managed by the council and have partnership arrangements with nine third party providers to deliver the service, whilst one relates to Preston City Council.

Grants and Financial Information

Grant	Value in 2022/23	Value in 2023/24
Supplemental Substance Misuse Treatment and Recovery Grant (SSMTRG)	£2,584,679	£4,235,795
Inpatient Detox (IPD) Consortium Grant	£430,109	£430,109
Rough Sleeper Drug and Alcohol Treatment Grant (RSDATG)	£877,809	£877,809
SSMTRG Housing Support Grant (HSG)	£138,969	£873,234
Individual Placement and Support Grant (IPS)	£270,000	£301,329

Previous Audit

This was the first Management of Grants for Drugs and Alcohol audit that has taken place.

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:

- That there are plans in place which clearly states how the council intend to expend the grant money received.
- The grant received has been appropriately coded to the correct cost centre and distributed out to the correct providers in accordance with the terms and conditions or the approved plans.
- Necessary reviews are undertaken with the providers to ensure they can provide the required service effectively and within the timeframes. Additionally, monitoring and reporting processes takes place which provides assurance or highlights concerns to the council and OHID that the grant is being expended conforming to the Terms and Conditions of the funding.

School Financial Controls - Clayton-Le-Woods Church of England Primary School

Overall assurance rating



Moderate

Audit findings requiring action

Extreme	High	Medium	Low
0	0	2	5

Clayton-Le-Woods Church of England Primary School (the school) has appropriate governance arrangements, with a standard committee structure and three resource committee and full governing body meetings per year, the latter clerked by an external supplier. Budget setting, monitoring and financial policy are reviewed by the full governing body and all policies are up-to-date and, except for the Schools Internal Financial Regulations which had no version control or review date, had been reviewed and approved by the governing body. Governors all complete an online annual register of business interests, although one register was not complete, and an annual skills audit is completed based on governor submissions which showed sufficient competence and experience across key areas.

The school buys the council's full school's finance package, with reconciliations completed monthly by the school's finance officer and reviewed by the Headteacher and School Business Manager. The senior leadership team consider the school development plan when discussing the budget planning with the school's finance officer, and once agreed this is submitted to the full governing body. There was adequate separation of procurement duties, with all orders and invoices approved by two separate members of staff. However, users with Finance 6 permissions can authorise both purchase orders and invoices due to the small number of office staff and, although there was clear separation of duties, the deputy head could be set up as an additional user as a contingency in the case of absence. There were ongoing payments to a cleaning supplier which exceeded the minimum value requirement to obtain three quotes, and the school should obtain further written quotes to determine whether the contract provides value for money and report the decision to the governing body. In future, for procurement with a value between £10,000 and £74,999 in aggregate value the school should obtain at least three written quotes. We also suggested the school agree a service level agreement (SLA) with the supplier to define expected service standards.

The school uses a CT389 Petty Disbursement book which staff used for purchases to support curriculum. We confirmed with the school's finance officer that this book is no longer issued, and the school should contact Accounts Payable to update their procedures. We also noted a historical phone bill was paid by direct debit from the unofficial school fund and which was reimbursed from the petty cash disbursement book. Such expenditure should be paid directly from the school account and We proposed the school should raise a purchase order for this service to accurately record expenditure on the school budget.

The school had two lettings, supported by lettings forms with insurance arrangements in place. However, lettings income was paid by cheque into an account operated by the governing body when normally this kind of income should be paid directly into the school's account. The school uses SchoolComms to collect income from parents, the School Business Manager runs a weekly report to alert parents if money is owed and reconciles income to the budget.

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).

The school carried forward a deficit budget amount into 2022/23 -£52,930 and the schools' financial services reports a financial forecast balance of £9228 in surplus carried forward into 23/24. The positive projections were due to increase in high needs funding, increase in early years funding and the Headteacher covering classes.

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 - St Anthony's Catholic Primary School

Overall assurance rating



Moderate

Audit findings requiring action

Extreme	High	Medium	Low
0	0	1	0

The school asked us to carry out an audit of its financial systems following an external fraud. Our overall assurance opinion takes into account the limitations in the control framework which enabled the fraud, which have been addressed, but otherwise our audit findings indicate that the school's financial management controls are operating effectively.

St Anthony's Catholic 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 review are delegated to the resources committee. 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 which is published on the school's website. An annual skills audit is completed based on governor self-assessments, although one self-assessment had not been submitted as the staff governor had only recently become a member of the full governing body. The school had identified a skills gap in finance and were exploring training opportunities for governors to address this. We acknowledge the school has sufficient competency to provide effective scrutiny and minutes are sufficiently detailed to capture questions and answers on key decisions.

The school operates as a bank account school, with reconciliation completed weekly and uploaded monthly on the school portal, and any issues identified are resolved in a timely manner. The budget is prepared annually and has a surplus. 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 service users paying promptly. The school uses LCC payroll services, with an accurate establishment list and adequate separation of responsibility for review and approval prior to monthly payroll processing.

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 budget is in surplus, with £76,231 total balance carried forward from the 2022/23 financial year and a total operating budget of £76,485 for the 2023/24 financial year.

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 - Weeton Primary School

Overall assurance rating



Moderate

Audit findings requiring action

Extreme	High	Medium	Low
0	0	2	2

Weeton 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 policies while policies are reviewed and approved by the governing body annually. However, we did not see all the policies to confirm this as several were not held. The governors had not returned their annual individual self-evaluations which are used to inform the annual overall assessment of skills and knowledge of the governing body which subsequently had not been completed.

The school buys in to the council's premium school's finance package, which provides monthly reconciliations, budget monitoring and reporting. We noted that higher value purchases were not supported by the appropriate number of quotes as per the school's financial regulation and the council's procurement rules. Governing body minutes had reported monies had been allocated for one of the purchases, another related to a contract for a cleaning service which commenced in 2019. We propose that quotes are requested in accordance with the financial regulations, and these are reported to the governing body.

The school had a surplus and were exempted from clawback in 2022/23 and carried forward £614,520 into 2023/24, and the school has applied for an exemption again this year and are waiting for a decision from the Schools Forum. The school is located on Army barracks and funds had been saved to cover staffing costs for an increase in pupil numbers when the regiment returns in February 2024.

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 2022/23 school budget balance brought forward from 2022/23 was £614,520 and a total operating budget of £1.563m for the 2023/24 financial year. The school was exempted from clawback by the Schools Forum in 2022/23, the school has requested exemption again and is awaiting a decision from the Schools Forum. The school is set on Weeton Army Barracks and had been maintaining reserves for the increase in pupil numbers in 2024 when the regiment is due to return.

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 - Newtown Nursery School

Overall assurance rating



Substantial

Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	0

Newtown Nursery (the nursery) has appropriate governance arrangements, with a standard committee structure and three full governing body and resource committee meetings per year. We noted some scrutiny and recording of questions and answers in the minutes, although this was minimal. The nursery has a budget recovery plan set by Schools Finance Services and requires sign off from the council before agreeing their budget. 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. Annually, all governors complete a register of business interests and a formal competency assessment, and the latter are used to carry out a skills audit which is submitted to the full governing body for approval. The audit indicated sufficient governor competency across key areas.

The Nursery buys into the full School's Financial Services package. The nursery has a budget recovery plan set by Schools Finance Services, and which requires sign off from the council before agreeing their budget. The schools finance officer completes the budget planning process with the support of the headteacher and the school's business manager. Once agreed upon, the budget is presented to the full governing body. As the nursery is funded termly funding can fluctuate throughout the year and this has contributed to deficits. The nursery generated a large amount of their income through increased pupil numbers which, following the pandemic, has since declined and the competition from private nurseries in the area has risen. The nursery has sufficient separation of duties and contingency arrangements for the ordering of goods and services. The council provide payroll services, with the nursery maintaining an accurate establishment list.

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 college. 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 balance brought forward from 2022/23 was -£206,632 and the forecast in year budget deficit was -£42,360. The estimated balance carried forward to 31st March 2024 to -£248,992.

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 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 - Unity College

Overall assurance rating



Substantial

Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	0

Unity College (the college) 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 a register of business interests annually and we confirmed a skills audit was undertaken as part of the annual SFVS review in full governing body meetings with sufficient governor competency across key areas.

The college buys into the basic School's Financial Services package. The budget planning process is completed by the Director of Finance and the Headteacher. Once agreed upon, the budget is presented to the Full Governing Body for approval. The college has sufficient separation of duties and contingency arrangements for the ordering of goods and services. The council provide payroll services, with the college maintaining an accurate establishment list.

The budget is prepared annually and has sufficient reserves to cover forecasted in-year deficits. The bank account reconciliation is undertaken monthly by the Director of Finance and then approved by the Headteacher.

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 college. 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 2023/24 college budget had an in-year deficit of -£472,827, reducing the carried forward balance surplus to £1,057,174. The budget report approved by governors showed positive projections of an in-year surplus of £234,381 going into 2024/25, with carried forward projections for 2024/25 totaling £1,291,555.

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 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 - Elm Tree Community Primary School

Overall assurance rating



Substantial

Audit findings requiring action

Extreme	High	Medium	Low
0	0	3	1

Elm Tree Primary School (the school) has appropriate governance arrangements, with a standard committee structure, and one resource committee and three full governing body meetings per year, the latter clerked by an external supplier. Budget setting, monitoring and financial policy are reviewed by the full governing body and all policies were up-to-date and all but the internal financial regulations had been reviewed and approved by the governing body in the past year. All governors complete a register of business interests, and an annual skills audit was completed based on governor submissions which showed sufficient competence and experience across key areas.

The school buys in to the council's full school's finance package, with reconciliations completed monthly by the school's Finance Officer and reviewed by the Headteacher and School Business Manager. The senior leadership team consider the school development plan when discussing the budget planning with the school's Finance Officer, and once agreed this is presented to the full governing body. The Finance 6 user permissions allowed users to authorise both purchase orders and invoices due to a small officer structure, and purchase orders and invoices had been approved by the same user. We acknowledge the difficulty of ensuring purchase orders and invoices are approved by separate people but to reduce the risk of unplanned or inappropriate purchases, access to these tasks should be restricted and additional users should be set up as a contingency in the case of absence. We confirmed procurement rules were followed. The school buys into the council's payroll services and the HR manager notifies LCC of a leaver and maintains the school's single central record.

We were told petty cash was maintained at £2000 to support regular school trips and was stored in a safe to which only the senior leadership team had access, with the HR manager travelling alone to the bank in Wigan to collect the monies. Alternative arrangements, such as a school credit card, should be considered to reduce the risks of carrying relatively large amounts of cash, including staff safety and loss or theft.

The school operates as a bank account school. Income related to dinner money, holiday clubs and school trips etc., was correctly accounted for, and reconciliations were completed and emailed to the council and Headteacher, although we were unable to confirm these were checked. The school's Finance Officer had repeatedly asked that the petty cash expenditure within Finance 6 should be updated in order to show an accurate representation of expenditure on the oracle budget outturn but this had not been actioned at

the time of our visit.

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).

The school carried forward a surplus budget amount into 2023/24 £9558 and the schools' financial services reports a financial forecast balance of -£27,009 in deficit in 2024/25. The predicted deficit assumed that pay scales, national insurance, superannuation and inflation would increase. The school receives High Needs Block (HNB) funding.

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 - Flakefleet Primary School

Overall assurance rating



Substantial

Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	3

Fleetwood Flakefleet Primary School has appropriate governance arrangements, with a standard committee structure and three full governing body meetings per year. Budget setting and monitoring are delegated to the resources committee and the governing body undertake the financial policy review. Governors all complete register of business interests annually and whilst a skills audit had been undertaken and the school considered the governing body had sufficient collective knowledge and experience, we were unable to confirm this as we did not see the completed individual governor skills audits. These are used to inform the overall annual governing body skills audit. The result of the skills audit is due to be reviewed at the next governing body meeting, which had not taken place at the time of our audit visit.

The school buys in to the council's premium school's finance package, which provides monthly reconciliations, budget monitoring and attendance at committee meetings. There is sufficient separation of duties arrangements for the ordering of goods and services. The school had received funding from the Fylde Coast Medical Services to open a community coffee shop within a building set in the school grounds, a Community Interest Company has been set up and the school is preparing to put a letting arrangement in place in the New Year.

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 ended 2022/23 with a deficit balance of £-9,097.00 with a total operating budget of £3.04m for the 2023/24 financial year. The forecasted outturn balance to carry forward to 2024/25 had since improved to £56,160 due to in year savings against staffing costs and additional income received.

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

Overall assurance rating



Substantial

Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	2

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.

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.

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 2022/23 school budget Balance brought forward from 2022/23 - £11,135, with an in-year budget surplus of £6,349. Financial circumstances have since improved, partly due to the headteacher covering for an absent teacher. Discussion around potential deficit were generally attributed to Oracle Fusion's launch and a substantial overpayment for one employee's payroll.

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.