

# Internal Audit

# Committee Summaries





## Accounts Receivable

### Overall assurance rating



**Substantial**

### Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	0

We can provide substantial assurance over the adequacy and effectiveness of controls operating over the accounts receivable process for the areas we were able to test. Debtor invoices raised on the Oracle Fusion system are coded appropriately, and the invoice descriptions are consistent with services we would expect to be delivered by the Council. There were no undue delays in invoices being raised or receipts being uploaded and allocated within Fusion. Where an invoice had yet to be paid, we verified that reminders are issued, in accordance with the debt management policy.

Credit memos are raised manually within Fusion by officers in council services or sourced from a feeder system. The reasons for the credit are appropriate, primarily to correct and re-bill for invoicing errors and adjust care invoices for actual services provided. Due to current limitations in the Fusion system our audit scope did not include user accesses, system reporting or the full debt management monitoring and reporting process. Despite this, we were able to carry out sufficient testing to support an assurance opinion over the areas in which we were able to test.

### Context

Since December 2022, Oracle Fusion has been the Council's corporate accounting system. This includes the accounts receivables process that allows invoices to be raised for goods and services provided to customers, income receipted and allocated to accounts, debt to be monitored and managed, and credit memos for cancelled, amended or written off bills to be administered. The Council's debt management policy sets out how outstanding debts are chased, monitored and managed.

### Scope of Audit

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

- Invoice processing.
- Income collection; and
- Cancelling, amending or writing off invoices.

## Commissioning Framework

### Overall assurance rating



**Substantial**

### Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	0

Overall, we can provide substantial assurance that the control framework for Adult Social Care commissioning is adequately designed to mitigate the associated risks. The controls framework provides appropriate assurances on the strategic responsibility and accountability for commissioning, procuring and contract management delivery and quality of Adult Social Care provision.

The Commissioning Toolkit provides an appropriate and consistent approach to commissioning and procuring services and the management of contracts. This enables the council to appropriately fulfil its statutory duty of care, compliance with guidance to procure diverse care provision, and address increasing service demands, user preferences and achieve outcomes. Engagement and consultation with users, providers and stakeholders informs and supports decision making and service delivery.

Monthly management reports contribute to commissioning decisions, which determine future strategies. However, further enhancement of the review process following completion of commissioning would help determine whether strategic outcomes have been achieved and identify lessons learnt. Corporate and service risk registers identified and managed risks and mitigating actions, assisting commissioning objectives and strategies.

Management acknowledges the framework requires updating to include appropriate service restructure responsibilities, management arrangement changes and to reflect the new Care Quality Commission (CQC) assessment approach update, which will be published in early 2024.

### Context

The Care Act 2014 does not specifically mention commissioning; however, themes are mentioned in section 5 titled, promoting diversity and quality in the provision of services. The Care and Support Statutory Guidance provides further explanation and details in chapter 4 titled, market shaping and commissioning of adult care and support.

The council's Live and Age Well Policy Information and Commissioning Service works closely with other services to provide adult social care inclusive of key provision such as, develop and integrate corporate and service policy as well as commission provision across internal and external social care services.

The Commissioning Framework for Adult Social Care, dated 2019, aims to ensure a consistent approach to commissioning, procurement and contract management. It sets out the governance arrangements which underpin the framework and the roles of colleagues and partners who support the service.

### Scope of Audit

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

- Policy and governance
- Commissioning
- Monitoring of performance
- Review and management of outcomes

We compared the controls in place to mitigate risks to achieving business objectives, against the controls we would expect to find, based on the Care Act 2014 and the Care and Support statutory guidance.

## Treasury Management

### Overall assurance rating



**Substantial**

### Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	0

Controls operating within treasury management are adequately designed and effectively operated. A revised Treasury Management Strategy, Investment Strategy and Minimum Revenue Provision statement were all approved at the beginning of the year and treasury management activity complied with these. Advice and reports are obtained from independent advisors on the economic outlook and current returns on investments, on performance and risk and on compliance with Strategy criteria on credit rating, type of investment and investment amounts for the purpose of making decisions in accordance with the strategy. We confirmed that the selection of investments complied with the criteria in the Strategy and investment activity was undertaken within Strategy parameters. Appropriate documentation was retained to provide a record and evidence of transactions. Officers are documented and designated as approved to deal with investment transactions. Interest receivable on investments was correctly calculated, monitored and received. Rates of return on investments were competitive in line with independent advice received. There are no actions proposed in this report.

### Context

The Treasury Management service administers investments and borrowings for the council in accordance with the Treasury Management Strategy, Investment Strategy and Minimum Revenue Provision Statement approved at the beginning of the year. As at November 2023 the gross borrowing was £1,267 million and value of investments was £768 million.

### Scope of Audit

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

- Managing risk whilst investing or borrowing funds.
- Maximising returns on investments and minimising costs of borrowing.
- Managing cash flow to identify cash required for delivering services or available for investment.
- Keeping comprehensive records of transactions.

## Schools Financial Value Standard

### Overall assurance rating



**Substantial**

### Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	0

Schools' SFVS self-assessment submissions are supported by evidence of compliance and are consistent with the expected standards in most cases. Most schools buy in to the council's Financial Services Service Level Agreement (SLA) and have a designated finance officer supporting budget setting and monitoring functions, which supports compliance. Budgets are set consistently, are supported by two-year forecasts and are reviewed by Finance Committees and approved by the Full Governing Board. All schools review the terms of reference for the finance/ resource committee, these were reviewed annually together with whether the committee had the skills and experience to support financial decisions. Following individual school visits, all schools had updated the relevant finance policies and the internal financial regulations, which had appropriate procurement rules defined to provide value for money and which followed the council's model procurement policy and financial thresholds. Schools reviewed the staffing structure, reported in budget monitoring reports, maintained a single central record of staff and reviewed the make-up of their Full Governing Bodies. Most schools maintained a business continuity plan, including arrangements for disaster recovery and continuity, which had been reviewed in the academic year, although three schools could not provide a plan. Schools hold employer and public liability insurance. Asset registers are held but the content and review frequency is inconsistent.

### Context

This annual audit of Schools Financial Value Standard (SFVS) submissions by schools was carried out in line with the 2024/25 internal audit plan. We undertook this review to support the council's S151 Officer's SFVS certification to the Department for Education (DfE). Completion of the Schools Financial Value Standard is a mandatory requirement for local authority-maintained schools. It is designed to help schools self-assess financial management and governance arrangements and identify and address opportunities for improvement.

### Scope of Audit

A sample of questions were reviewed from the SFVS submissions and information provided by 12 schools to assess compliance with the standards. Our audit was conducted in April 2024 and covered the submissions relating to the 2023/24 academic year.

## Lancashire County Pension Fund Governance

### Overall assurance rating



**Substantial**

### Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	0

The governance arrangements in place for managing and monitoring the Lancashire County Pension Fund are adequately designed and operating effectively. We can give assurance that the Council's role as the administering authority for the Pension Fund is clear, as are the responsibilities for administering and monitoring the fund and investment activity, approval of strategies, the provision and receipt of information, independent advice and for decision making. The Council's constitution defines membership requirements and the roles and responsibilities of the Pension Fund Committee acting on behalf of the Full Council, the Lancashire Local Pension Board and Investment Panel.

Our testing confirmed that these bodies comply with the constitution, governance statements and Pension Regulator governance requirements, including in respect of oversight of the administration service and investment strategy and activity undertaken by Local Pensions Partnership Ltd group (LPPL), and the risk management process. Performance activity reports received from LPPL for the administration service and investment activity are kept under review, development to improve the content and monitor the timeliness of these is ongoing. Support to maintain compliance with and keep under review the governance arrangements is provided by the Council's Pensions Team and Democratic Services. We are satisfied that action is being taken by Democratic Services to review the Audit, Risk and Governance Committee and Scrutiny Committee memberships held by the two councillors appointed by the Council to be directors of LPPL (as per the Shareholder agreement) to determine if there is any conflict or perception of a conflict in their roles. Officers will also make any necessary changes to mitigate any conflict that is identified or is perceived to be in place. Consequently, no action has been raised as part of this audit review.

### Context

The Council is the administering authority for and an employer participating in the Lancashire County Pension Fund (LCPF) and since 2016 has outsourced the Fund's administration and investment functions to the Local Pensions Partnership Ltd group (LPPL). With the London Pension Fund Authority (LPFA) it is one of LPP's two shareholders. At the same time the Council/ Lancashire Pension Fund is LPPL's client, as LPPL provides the Fund's investment and administration functions. It also provides these services to a number of other pension funds. The relationship between the Council and LPFA is governed by various agreements, one of which (the Shareholders Agreement dated 8th April 2016) reserves certain key matters for the determination of the County Council as the administering authority and LPFA rather than LPPL (the "Reserved Matters").

Pension administration services are provided by the administration arm of LPPL, which is called Local Pensions Partnership Administration Limited (LPPA), with investment services being undertaken by the investment arm, Local Pensions Partnership Investments Limited (LPPI). The Pensions Regulator is the UK regulator of workplace pension schemes. The Regulator has a code of practice for the governance and administration of public service pension schemes. It provides practical guidance in relation to the exercise of functions under relevant pensions legislation and set out the standards of conduct and practice expected from those who exercise those functions. The Council's Pensions Team lead the strategic direction of the pension fund, and facilitate the administering authority, service providers and advisers to meet their objectives and ensure regulation compliance. This includes funding, governance, investment strategy and administration strategy. LCPF is the means of pension saving and the provider of retirement security for approximately 190,000 Fund members and over 300 employers across the County. Assets of approximately £11bn are invested to provide retirement security for members.

### Scope of Audit

To review the effectiveness of the governance arrangements put in place by the Council as the administering authority for managing and monitoring LCPF. We have reviewed and tested the adequacy and effectiveness of the controls and processes in place to mitigate the key risks relating to the following areas:

- Arrangements and structure for governing the Pension Fund;
- Compliance with the requirements of the Pension Regulator;
- Oversight of the administration of the Pension Fund ;
- Oversight of the Pension Fund's investment strategy and activity;
- LPPL's interaction with the Pension Fund as a client; and
- Risk management arrangements.

Our testing focused on the arrangements and compliance with the existing requirements of the Council's constitution regarding the Pension Fund. We did this by reviewing the minutes, reports and decisions of the Pension Fund Committee, Lancashire Local Pension Board and Investment Panel focusing mostly on the period 2022 to 2024. Also, by discussion with the Council's Pensions Team and Democratic Services that support and facilitate these meetings. Our review did not incorporate a detailed review of the governance arrangements in place within LPPL, its relationship with the Council as a shareholder nor an analysis of the accuracy of any data submitted by LPPL. Work is also being completed to strengthen and formalise the advice provided to and in support of shareholder directors. These areas are out of the scope of this review but may form the basis of future internal audit reviews.



## Role of the Responsible Officer for Adult Services

### Overall assurance rating



**Moderate**

### Audit findings requiring action

Extreme	High	Medium	Low
0	1	1	2

The services of the Executive Director for Adult Services (Executive Director), are shared with the Lancashire and South Cumbria Integrated Care Board (ICB), based on 80% ICB, 20% Lancashire County Council (LCC), via a secondment agreement. To facilitate continuity whilst the Executive Director undertakes ICB business, additional director capacity has been secured by way of a Deputy Executive Director of Adult Services (Deputy), who directly line manages the relevant Adult Services directors, providing day to day support and direction to them, and professional support to LCC. There are significant benefits to be secured for residents and for the NHS/local authorities if the secondment arrangement delivers improved integration between health and social care in the county, although, seconding the lead officer to a different organisation presents a risk to the council especially as Adult Services are moving to a Care Quality Commission (CQC) inspection regime. This review has been undertaken at the request of the Executive Director, to consider the operation of the arrangement with a view to identifying and addressing any material risk. We have provided an independent review of the translation of the statutory duties of the Executive Director, through the local leadership and management arrangements, considering the impact and risks of the changing senior management arrangements, and the capacity to continue to provide effective leadership. The review has resulted in a moderate assurance opinion regarding the revised leadership arrangements. A robust control framework supports strategic responsibility and accountability for the planning, commissioning, and delivery of social services for all adult client groups, ensuring adults receive the care and support they need, when they need it. The review has highlighted areas where controls could be strengthened, including formalising the joint funding arrangements between the Council and the NHS, and improving transparency regarding how the Joint Strategic Needs Assessment (JSNA) data is analysed and translated into the Adult Services work/ delivery plan and commissioning cycle. Actions to address these issues are below.

### Context

The Local Authority Social Services Act 1970 Section 6 (as amended following the Children Act 2004) requires that: 'A local authority shall appoint an officer, to be known as the Director of Adult Social Services (DASS), for the purposes of their social services functions, other than those for which the local authority's director of children's services is responsible under Section 18 of the Children Act 2004'.

The DASS (the Executive Director for Adult Services, supported by the Deputy Executive Director for Adult Services), has strategic responsibility for the planning, commissioning, and delivery of social services for all adult client groups. They have a leading role in delivering the Government's wider vision for social care, including delivering better integration between a range of agencies responsible for supporting people with care needs and promoting wellbeing. The postholder should champion the wellbeing of adults in the community and in residential care, provide professional leadership (including delivering workforce planning) and deliver the cultural change.

The statutory duties of the DASS include:

- Accountability for assessing local needs and ensuring the availability and delivery of a full range of adult social services. This involves seeking insights and views from local people, working closely with partners such as the NHS and voluntary organisations, and collating evidence alongside qualitative feedback to identify the needs of the local population and ensure services are tailored to meet those needs, to the appropriate standards.
- Implementation of standards, including ensuring all services are delivered in line with relevant legislation and regulations, as well as promoting best practice and continuous improvement.
- Delivering the local authority's part in improving preventative services and delivering earlier intervention.
- Managing the necessary cultural change to give people greater choice and control over services, tackling inequalities and improving access to services.
- Developing sustainable services that promote independence and minimise the need for intensive home care and residential services.
- Improving social inclusion and wellbeing and considering the wider needs of families and carers in the planning and delivery of the full range of services provided by the local authority.
- Workforce planning, ensuring there are enough skilled and trained staff to provide high-quality care and support services.
- Managing cultural change, promoting a culture of person-centred care, where the individual's needs and preferences are at the heart of all decision making.
- Putting in place an integrated, whole-system approach to supporting communities, collaborating with local partners to ensure all services are delivered in a co-ordinated and seamless way, promoting independence, and enabling individuals to live fulfilling lives.

### Scope of Audit

We have provided an independent professional review of the translation of statutory duties through the local leadership and management arrangements. The review has been conducted on a consultancy/ critical friend basis, offering independent advice and support.

The scope of the review includes the following areas:

- Leadership and governance
- Performance and practice outcomes
- Commissioning and quality
- Priorities and partnerships
- Resources and workforce management
- Culture and change

In conducting the review, we met with the Executive Director for Adult Services, and the Deputy Executive Director for Adult Services, to discuss their respective roles and responsibilities, and referred to the following guidance:

- Department of Health Best Practice Guidance on the role of Director of Adult Social Services
- Local Government Association DASS Overview and Checklist and Test of Assurance
- Local Government Association DASS Guide

## Highways Developer Support

### Overall assurance rating



Moderate

### Audit findings requiring action

Extreme	High	Medium	Low
0	0	3	1

Overall, we can provide moderate assurance on the adequacy and effectiveness of the framework of control in place to provide pre-application planning highway advice service to developers. A base fee is payable which reflects the size and complexity of the development and charges are intended to recover the costs associated in providing the service, however fees had not been reviewed since the service commenced in 2017.

Pre-application planning highway advice commences on receipt of a signed request form indicating that developers had read, understood, and agreed to the terms of the guidance and the fees had been cleared. A monitoring spreadsheet is maintained to record key dates and information such as dates for when invoices were issued, payment was received, deadline for the response to the developer and the name of the development control officer the case was allocated to. The spreadsheet had not been updated regularly and there are cases showing as work in progress for more than six months. A timesheet is also completed by each officer recording the time spent in providing the advice. Expected income is identified at the start of the financial year and monthly budget monitoring is undertaken by the Financial Management Operational Team and reported to senior managers within the service.

There is no metric in place to measure the impact of providing the pre-planning advice to determine if it has improved the quality of the corresponding planning application and if the expected benefits have been realised, and consideration should be given to gathering information to confirm that the service is delivering benefits.

### Context

The council provides a pre-application highway advice service which, while this is not a statutory duty, is designed to encourage early engagement with developers and consultants to work collaboratively at the initial early stage of the planning process to improve the quality of submitted applications. The National Planning Policy Framework (NPPF) established the need for a streamlined and efficient procedure to ensure the planning process can be delivered. The NPPF highlights that as part of the decision-making process the benefits of a pre-application engagement and 'front loading' process has significant potential to improve the efficiency and effectiveness



of the planning application system. That by working collaboratively at the initial early stage of the planning process, issues are identified early, and developers can resolve these prior to submission for planning approval. The benefits to both developers and the council by improving the quality of planning submissions means there is a higher likelihood of positive outcomes for all parties concerned. This theme continues in the Department for Transport guidance documents "Manual for Streets" (March 2007) and subsequent "Manual for Streets 2" (Sept 2010). Both of which emphasise the need for a collaborative approach for developers, local authorities, and other public agencies to work together, allowing consideration of all relevant issues.

The Highway Authority is a statutory consultee to the planning process. In this role the County Council, through the Development Control Team, considers approximately 5,000 to 6,000 planning consultations each year to determine the impacts to the highway network and its users. On average 2% of these had taken advantage of the pre-application advice service. The council charges for the service and fees are based on the size and complexity of the proposed development.

The Highways Authority processes approximately 6,000 planning application consultations annually of which in 2022/23 116 were pre-applications generating income of £96,720.00. Expected income for 2023/24 is £154k, and at the end of January 2024 £115k had been received from 76 pre-application advice requests totalling £55,650.00 and £60k for a single Section 106 contribution.

## Scope of Audit

We reviewed the adequacy and effectiveness of controls and processes to mitigate the key risks relating to the following areas:

- Policies, procedures and guidance
- Pre-application process
- Fees and charges
- Performance and budget monitoring

## Flexible working arrangements

### Overall assurance rating



**Moderate**

### Audit findings requiring action

Extreme	High	Medium	Low
0	0	2	0

In July 2021, following lifting of the third national lockdown, the council developed a formal working flexibly policy (the policy) and procedures for staff and managers which is accessible on the council Intranet and was communicated to staff and managers at the time of launch. Some services have adopted an approach with most staff working remotely, while others, require staff to be in the office two days a week. Managers supported the policy and whilst views on the benefits and drawbacks of flexible working were dictated by the nature of the work and personal preference there was inconsistency in how managers understood "business need". Some managers were considering the benefits of office-based working as part of the "business need" assessment, and whilst others recognised the importance of these issues, they achieved these through other engagement techniques. The policy makes specific reference to the Advisory, Conciliation and Arbitration Service (ACAS) guidance including the reasons why flexible working requests may not be approved, this is also linked into the managers guidance, though further work is required to improve engagement and consistent application of the policy. Services were mostly able to accommodate flexible working requests, though one service experienced 72 requests in 2023, nine appeals and one case was going to Tribunal. One directorate has been operating under flexible working principles developed in 2017 which were not compliant though a review of these is under way to bring in line with the policy. Managers rely on the professionalism and trust in staff and there is regular engagement and communication with teams and individuals to support oversight and compliance with the policy.

Comparing pre and post COVID-19 operational delivery and service performance is challenging due to technological advancements, process automation, staff capacity issues, and recruitment challenges faced by directorates. We confirmed however that operational goals and targets were in place for services and largely being met with mechanisms for monitoring through regular oversight and reporting. Dashboards facilitating review of service wide activity and performance are under development in conjunction with Business Intelligence. We were unable to isolate the reasons for the increase in sickness absence and attribute this to flexible working. Officers told managers they valued flexible working opportunities offered by the council. The response to targeted surveys on flexible working in 2021 and 2022 was very positive however changes in the flexible working related questions in corporate surveys has meant meaningful comparisons are not possible. Despite additional costs for home office equipment, the council expects to generate around £1m annually by renting vacant office space in County Hall and Christ Church Precinct.

## Context

Flexible working is a term used to describe the council's working arrangements in terms of time, location, and pattern of work. Prior to the Covid19 pandemic, staff had flexibility in the pattern of hours worked within certain constraints and could agree the use of different council locations with line managers. In March 2020 following the national lockdown all non-front-line staff were requested to work from home. Following the exit from the third national lockdown in July 2021 the council considered its approach to flexible working and developed a formal policy and procedures for staff and management which took account of learning during Covid. The policy aims to prioritise flexible work for improved outcomes and quality, promoting a healthy work/life balance to enhance engagement and talent retention, and encourage flexibility in work arrangements by balancing service delivery needs and empowering managers to adapt practices for optimal service.

## 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 compliance;
- Operational delivery;
- Performance monitoring; and
- Wider impact of flexible working.

The use of the council's buildings under flexible working arrangements is outside of the scope of this audit, and we are auditing these arrangements separately at the time of writing this report.

## Oracle R12 data anonymisation

### Overall assurance rating



**Limited**

### Audit findings requiring action

Extreme	High	Medium	Low
0	1	0	0

We have reviewed the adequacy and effectiveness of the control framework supporting the council activity to anonymise data relevant to Lancashire Constabulary (Police) and the Office of the Police and Crime Commissioner (OPCC) held within the archived Oracle R12 platform and have concluded that there are some significant weaknesses in the design and/ or operation of the framework of control that has resulted in the failure to achieve the primary objectives of the data anonymisation exercise.

A project team was established to manage the delivery of the data anonymisation activity and a project steering group provided oversight and governance. The assigned project manager also ensured that both us and Constabulary colleagues were kept informed of project progress throughout.

Specific functional testing was only conducted by Payroll and Procurement colleagues; no testing was conducted by the Human Resources or Finance teams. However, the test results provided to us, and the demonstration provided for us and the Constabulary, showed that Police and OPCC personal information is obfuscated in the Oracle R12 database, and LCC data remains unaffected.

Our own independent testing has now been completed, and whilst it confirms that information extracted from the archived Oracle R12 database has been obfuscated, we did identify an anomaly where second addresses are involved, and additionally, with the appropriate access permissions, it is possible to drill down and view personal information reproduced on journal header descriptions and on both payable and receivable invoices. Whilst we acknowledge that the removal of Police access restrictions does reduce the risk that there will be unauthorised access to the Police personal data not currently obfuscated, our testing also identified that Police supplier data, which includes personal information in some situations, can still be accessed using LCC access permissions.



## Context

Prior to the council implementation of Oracle Fusion, LCC provided a range of Payroll and Oracle HR and Financial system services on behalf of Lancashire Constabulary in accordance with a Memorandum of Understanding (MOU) dated 2018/19. As a result, the Oracle R12 platform hosted by LCC held Personal and Confidential data relevant to both Lancashire Constabulary (Police) and the Office of the Police and Crime Commissioner (OPCC).

Following a decision by the Constabulary in 2022 to extract itself from the Oracle Fusion migration project, managed by LCC, there was a requirement for LCC to transfer historical data to them for this to be uploaded to their future operating system. As this dataset contained personal and confidential data relating to LCC (and others), a Data Protection Agreement was drawn up to ensure that both parties to the severed arrangement would subsequently delete or obfuscate data non-relevant to their individual organisations.

The 23/24 Internal Audit Plan provided for a review of the completeness and accuracy of the data transferred to Lancashire Constabulary on cessation of the support service contract, with an additional focus on ensuring all relevant LCC data is removed by the Constabulary following transfer. The scope of this review was later expanded to include consideration of the data anonymisation activities conducted by LCC to remove Police and OPCC data from the archived Oracle R12 platform, which commenced in July 2023. This report provides the results of this latter review.

The audit has been conducted in conformance with Public Sector Internal Audit Standards. We have maintained a watching brief on LCC activity since the start of the project.

## 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:

- Agreement of the approach
- Project governance
- Testing the data anonymisation tool
- Project assurance

## Department for Education (DfE): Skills Bootcamp Grant Scheme Wave 4 + Wave 3 residual

### Grant certification and verification

We can confirm that use of grant funding complied with grant conditions. The statement of grant usage includes a certificate of usage and a statement of expenditure as required by the grant scheme. As the grant is still in progress, we have reviewed budget monitoring arrangements and compliance checking procedures to provide assurance for the statement of grant usage.

The Wave 4 grant proposal of £3m was agreed by Department for Education (DfE) with 50% provided to date and a further £141,446 of funding provided in December 2023 for residual Wave 3 learner costs. To date, there has been £281,049 spent on management costs and £1,976,864.60 paid to multiple training providers for delivery.

We reviewed evidence of actual expenditure for training services and confirmed invoices were specific to the skills bootcamp grant scheme. The compliance process involves each cohort being sample tested by the project officer to confirm learners having signed privacy, complaints and whistleblowing policy and have right to work in the UK. Attendance is also confirmed to ensure learners have fully attended all days and received an agreed number of guided learning hours (with tutor, either in person or online). We were satisfied that funding was solely used for the grants stated purpose, compliance with the grant conditions will be maintained and the review process is effective to confirm milestones are met by providers prior to payment.

### Context

The intention of the Skills Bootcamp grant scheme is to fund a training program across Lancashire, aligned to employer needs and directly linked to employment opportunities in the area. It is currently in Wave 4, with Wave 3 learners still in progress at time of reporting. The total funding awarded by DfE was £3m for Wave 4, the period 1 April 2023 to 31 March 2024, with an additional £141,446 for Wave 3 residual costs relating to the prior financial year.

### Scope

To provide assurance that grant spending complied with grant conditions, to support certification of the Statement of Usage letter. We specifically reviewed the budget monitoring and expenditure to ensure fund have solely been used for the purpose of the grant scheme and the figures provided were accurate.

## Bus Service Operators Grant 2023/24

### Grant certification and verification

We confirmed that funding was receipted by Lancashire County Council for the full amount of £1,866,269 in October 2023. Grant conditions state that funding may be used only for the purposes of supporting bus services (including community transport services run under a section 19 permit), or for the provision of infrastructure supporting such services in that authority's, or a neighbouring authority's, area. We confirmed that all expenditure incurred complied with grant conditions, including staffing charges relating to the bus services, consultancy charges for the development of a Bus Improvement Plan and Enhanced Partnership working, contract payments for community transport providers and for other bus related services provided.

A survey is required to be completed which reports how the authority made use of the devolved funds. The Department for Transport (DfT) is expected to provide this survey in late September 2024 and the authority will ensure that this survey is completed and published online. While we were unable to confirm that this survey was published due to the need to submit a compliance certificate to the DfT by the end of September 2024, we confirmed the council published the survey for 2022/23 funding on its internet page.

A grant certificate containing the grant income received and spent in the financial year was produced and signed off by the Head of Internal Audit and the Chief Executive for submission to the DfT by Public Transport.

### Context

This audit has been conducted to provide assurance to the DfT that the Internal Audit Service considers information and evidence provided by the Public Transport team in support of grant claims submitted for 2023-24 is complete, accurate and compliant with grant terms and conditions as set out in Local Authority Bus Subsidy (Revenue) Grant: Determination 2023/24: No 31/6909 issued on 23 October 2023.

The audit covers the 2023-24 financial year and has been conducted in conformance with the Public Sector Internal Audit Standards. Our audit work was completed during June 2024.

Grant funding was allocated to Lancashire County Council by the DfT to provide support to the authority towards expenditure lawfully incurred relating to bus services or the provision of infrastructure supporting such services.

In line with the grant determination letter, full funding totalling £1,866,269 was received by the council in October 2023. This funding has been spent throughout the 2023-24 financial year, supporting bus station operations through employment of staff, consultancy charges for the development of a Bus Improvement Plan and enhanced partnership working, contract payments for community transport providers and for other bus related services provided.

## Scope

The scope of our work was to confirm receipt of devolved funding and to verify that the expenditure incurred was in accordance with the terms and conditions attached to the grant.

### Core Growth Hub Grant

#### Grant certification and verification

We have examined the Growth Hub core grant funding claims from April 2023 to March 2024 submitted by Lancashire County Council on behalf of the Business Growth and External Funding Team. We have examined records as necessary and obtained such explanations and carried out such tests as we consider necessary.

We found that the Accountable Body has expended monies to cover the eligible expenditure specified in Schedule 1 of the Grant Offer letter, which has been incurred and defrayed during the period 1st April 2023 to 31st March 2024 amounting to:

Activity	Expenditure
Boost 4 Growth Hub Delivery ERDF Match	£145,666
Boost 5 Growth Hub Gateway Service	£73,682
Boost 5 Business Advice Service Including Two Zero	£30,500
Growth Hub CRM System including Maintenance	£18,484
Executive and Performance Management	£30,000
<b>Total</b>	<b>£298,332</b>

Additionally, we can confirm that: -

1. None of the costs were incurred before 1st April 2023.
2. There are no Accountable Body overheads included in the above.
3. The totals at above exclude recoverable Value Added Tax and interest and service charges arising from hire purchase, leasing and credit arrangements.
4. The totals at above exclude any addition for profit by the Accountable Body and profit earned by any company in the Accountable Bodies group (as defined in Schedule 1/1A of the Grant Offer letter and claim form) as a result of work relevant to the project undertaken by the Accountable body or sub-contracted to such company by the Accountable Body.
5. The Accountable Body has maintained adequate records to enable us to report on this claim for payment of grant.

## Context



Lancashire County Council received grant funding from the DBT for the 2023-2024 Core Growth Hub Grant to Local Enterprise Partnerships. The grant was issued to pay Lancashire County Council the "Accountable Body" under Section 11 of the Industrial Development Act 1982. This is to provide advice and guidance via Growth Hubs and simplify access to support for businesses.

The Core Growth Hub Grant is payable quarterly, in advance, for up to 100% of the net Eligible Expenditure incurred by the Business Growth and External Funding Team for the purpose of undertaking the project up to a maximum amount of £298,250, with any overpayments being refundable to Department of Business and Trade.

During the period April 2023 to March 2024, Lancashire County Council submitted four claims (quarterly) as follows: -

<b>Period</b>	<b>Claimed</b>	<b>Actual spend</b>
Quarter 1 (Apr to Jun 23)	£100,500	£101,662
Quarter 2 (Jul 23 to Sep 23)	£51,588	£56,933
Quarter 3 (Oct 23 to Dec 23)	£73,662	£69,688
Quarter 4 (Jan 24 to Mar 24)	£72,500	£70,049
<b>Total</b>	<b>£298,250</b>	<b>£298,332</b>

### **Scope of Audit**

The scope of our work was to verify the accuracy of the grant submissions and to verify that the expenditure incurred was in accordance with the terms and conditions attached to the grant.