Lancashire County Council

Audit and Governance Committee

Monday, 31st March, 2014 at 2.00 pm in Cabinet Room 'B' - County Hall, Preston

Agenda

Part 1 (Open to Press and Public)

No.	Item	
1.	**Apologies**	
2.	**Disclosure of Pecuniary and Non Pecuniary Interests** Members are asked to consider any Pecuniary and Non Pecuniary Interests they may have to disclose to the meeting in relation to matters under consideration on the Agenda.	
3.	**Minutes of the Meeting held on 27 January 2014** To be confirmed, and signed by the chair.	(Pages 1 - 4)
4.	**Internal Audit Service Progress Report**	(Pages 5 - 12)
5.	**Information Governance Arrangements - Update**	(Pages 13 - 16)
6.	**Directorate for Children and Young People - Update report**	(Pages 17 - 56)
7.	**Adult Services, Health and Wellbeing Directorate – Update report** Report to follow.	
8.	**External Audit** **Lancashire County Pension Fund Audit Plan 2013/14**	(Pages 57 - 72)
9.	**Urgent Business**	

Lancashire County Council

An item of urgent business may only be considered under this heading where, by reason of special circumstances to be recorded in the Minutes, the Chair of the meeting is of the opinion that the item should be considered at the meeting as a matter of urgency. Wherever possible, the Chief Executive should be given advance warning of any Member's intention to raise a matter under this heading.

10. Date of Next Meeting

The next meeting of the Committee will be held on Monday 30 June 2014 at 2.00 pm at County Hall, Preston.

11. Exclusion of Press and Public

The Committee is asked to consider whether, under Section 100A(4) of the Local Government Act, 1972, it considers that the public should be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraph of Part 1 of Schedule 12A to the Local Government Act, 1972, as indicated against the heading to the item.

Part II (Not open to Press and Public)

12. Review of the Authorisation and Governance of Remuneration Payments (Pages 73 - 76)

(Not for Publication – Exempt information as defined in Paragraphs 1, 3 and 5 of Part 1 of Schedule 12A to the Local Government Act, 1972. It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interests in disclosing the information).

I M Fisher
County Secretary and Solicitor

County Hall
Preston

Lancashire County Council

Audit and Governance Committee

Minutes of the Meeting held on Monday, 27th January, 2014 at 2.00 pm in Cabinet Room 'B' - The Diamond Jubilee Room, County Hall, Preston

Present:

County Councillors

K Brown	R Shewan
T Brown	V Taylor
D Clifford	D Westley
C Dereli	B Winlow
A Schofield	

County Councillor R Shewan replaced County Councillor Clare Pritchard on the committee.

Beryl Rhodes – head of finance (Commercial and Central)
George Graham – deputy county treasurer
Mike Jensen – chief investment officer
Ruth Lowry – chief internal auditor
Karen Murray – director, Grant Thornton
Len Cross – manager, Grant Thornton
Roy Jones - assistant county secretary
Cath Rawcliffe – committee support officer

1. Apologies

None received.

2. Disclosure of Pecuniary and Non Pecuniary Interests

None declared.

3. Minutes of the Meeting held on 25 November 2013

Reference was made to Item 5 of the Minutes in respect of the information governance arrangements within the County Council. It was noted that progress was being made on matters previously reported relating to the appointment of a head of Information governance.

Reference was also made to the issue raised at the meeting of the Audit and Governance Committee held on 30 September 2013 relating to the remuneration of the former Chief Executive Officer of One Connect Limited. The Committee was assured that appropriate action was being taken by officers and that a report

would be provided in due course, but that this would not be available until matters had been addressed by Lancashire Constabulary.

Resolved: That the Minutes of the meeting held on the 25 November 2013 be confirmed and signed by the Chair.

4. Accounts of Lancashire County Developments Limited 2012/13

A report was presented by Beryl Rhodes, head of commercial and central finance on the 2012/13 audited Statement of Accounts for Lancashire County Developments Limited (LCDL).

The committee was informed that the company had made a pre-tax profit of £4,663,998 for the period. This was mainly attributable to a £8,212,000 gain on disposal of assets as a result of the fire at the Lancashire Business Park in Leyland. There had also been a loss of £4,054,284 resulting from the reduction in the valuation of property assets following the revaluation of the property portfolio.

Resolved: That the 2012/13 Statement of Accounts for Lancashire County Developments Limited as set out at appendix A to the report, be noted.

5. Update on Treasury Management Activity

A presentation was made to the committee by Mike Jensen, chief investment officer on a review of the county council's treasury management activities for the period from August to November 2013 and included:

- A review of the economic conditions
- An assessment of the appropriateness of treasury strategy within the current and predicted economic environment
- Borrowing activity
- Investment activity
- Actual results measured against 2013/14 prudential indicators and treasury management indicators.

Details of the treasury management activities were presented at appendix A.

Resolved: That the review of treasury management activities for the period from August to November 2013 as shown at appendix A to the report now presented, be noted.

6. Internal Audit Service Progress Report

Ruth Lowry, chief internal auditor, presented the internal audit progress report for the nine months to 31 December 2013.

The report summarised the main issues emerging from the internal audit work completed to date. The report also set out the work performed against the annual

audit plan for the year and the assurance assessment provided where work had been completed, including work to assess progress against management's agreed action plans.

The report highlighted the key issues impacting on the audit plan including the suspension and departure of the former chief executive and a number of matters relating to the council's strategic partnership with BT plc.

It was noted that whilst the Internal Audit Service was itself experiencing difficulties in completing the audit programme as planned, a number of service areas were likewise experiencing delays in implementing the actions agreed as necessary to improve internal controls. Examples of the delays identified during the year to date included the following, which arose from areas that the Internal Audit Service regarded as being of high or moderate risk and most of which had been given either limited or nil assurance:

- Actions relating to initial assessments of direct payments to vulnerable adults and in particular to ensure compliance with the council's responsibilities under the Mental Capacity Act;
- The use by staff of assessment tools for adults social care to ensure the objective and efficient calculation of individual service user budgets;
- Action to support the operation of the Working Together With Troubled Families programme, data management in particular and the need to obtain access to data from different organisations, and the requirement to identify initial needs and track performance;
- Actions supporting the children's social care case file audit process;
- Actions to track the high priority ('starred') recommendations for children's social care made by Independent Reviewing Officers;
- Action to ensure that a regular review of allowances is undertaken to ensure the needs of the adopted and fostered children and their families continue to be met.

The committee raised concern at the delays in implementing the actions agreed and requested that the Executive Directors responsible for the service areas concerned be invited to present progress reports to the next meeting of the committee on 31 March 2014.

The committee also raised concern at the controls in place in relation to Oracle HR/ Payroll and expenses systems which had been given limited and nil assurance respectively. They endorsed the view set out in the report that there was a need to establish more closely the council's expectations of its managers, and to ensure that the council's Oracle HR/ Payroll and expenses systems and other systems were operated more effectively to meet the council's requirements.

Resolved: That:

i) The Executive Director of Adult Services, Health and Wellbeing and the Executive Director of Children and Young

People be invited to attend the next meeting of the committee on the 31 March 2014 to present progress reports on the actions taken to improve internal controls in each of their respective service areas listed above.

ii) The internal audit progress report for the nine months to 31 December 2013 as now presented be noted.

7. External Audit - update report January 2014

Karen Murray, district auditor, presented an update of the audit work proposed to be undertaken in carrying out the 2013/14 Audit.

The report included a summary of emerging issues and developments which the district auditor felt may be relevant to the Council and a number of challenge questions in respect of these emerging issues for the committee to consider.

In response to questions raised by the committee the district auditor confirmed that she was unable to issue the audit certificate until the council had completed its work in respect of the weaknesses identified in respect of procurement and good governance. It noted that a further report would be presented to the committee when the certificate was issued.

Resolved:- That the report be noted.

8. Urgent Business

There were no items of urgent business.

9. Date of Next Meeting

Resolved: That the next meeting of the committee be held on Monday 31 March 2014 at 2pm at County Hall, Preston.

I M Fisher
County Secretary and Solicitor

County Hall
Preston

Audit and Governance Committee
Meeting to be held on 31 March 2014

Electoral Division affected:
All

Internal Audit Service Progress Report
(Appendix A refers.)

Contact for further information:
Ruth Lowry, (01772) 534898

Executive Summary

In the context of fulfilling its responsibility to consider periodic reports of internal audit activity and outcomes, the committee is asked to consider the progress report and outcomes of the Internal Audit Service's work for the eleven months to 28 February 2014 (Appendix A).

Recommendation

The Audit and Governance Committee is asked to consider the Internal Audit Service progress report for the eleven months to 28 February 2014.

Background and advice

The committee may be interested to understand the internal audit work performed, the key issues emerging from it and management's responses to it.

Appendix A to this report summarises the issues emerging from the internal audit work completed since the last report on 27 January 2014.

Internal audit assurance

Internal audit assurance is stated in the following terms:

> ***Full assurance***: there is a sound system of internal control which is designed to meet the service objectives and controls are being consistently applied.
>
> ***Substantial assurance***: there is a generally sound system of internal control, designed to meet the service objectives, and controls are generally being applied consistently. However some weakness in the design and/ or inconsistent application of controls put the achievement of particular objectives at risk.
>
> ***Limited assurance***: weaknesses in the design and/ or inconsistent application of controls put the achievement of the service objectives at risk.
>
> ***No assurance***: weaknesses in control and/ or consistent non-compliance with controls could result/ have resulted in failure to achieve the service objectives.

Lancashire County Council

Consultations

Not applicable.

Implications

Not applicable.

Risk management

This report supports the Audit and Governance Committee in undertaking its role, which includes providing independent oversight of the adequacy of the council's governance, risk management and internal control framework.

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact
Not applicable.		

Reason for inclusion in Part II, if appropriate: Not applicable.

Appendix A

Matters arising from internal audit work completed during the period

1 Introduction

1.1 This report highlights key issues that the Audit and Governance Committee should be aware of in fulfilling its role of providing independent oversight of the adequacy of the council's governance, risk management and internal control framework. It sets out the issues arising from the work undertaken during the period to 28 February 2014 by the Internal Audit Service under the internal audit plan for 2013/14.

1.2 A full table of all the audit work currently planned, progressing and completed for 2013/14 was included at Appendix B of the progress report to the committee's meeting in January, setting out brief notes of the progress made on each project and the outcomes where reviews have been completed. This table has not been reproduced for this meeting, but notes on the outcomes of the reviews completed since January are set out below.

2 Key issues

2.1 As was reported in January, a number of service areas are experiencing delays in implementing the actions agreed as necessary to improve internal controls. Separate reports will be provided to the committee by the Executive Director of Children and Young People and the Executive Director of Adult Services, Health and Wellbeing of the actions in progress and completed.

2.2 In addition, the Assistant Chief Executive is taking forward work with the Human Resources team to begin to address controls that are reliant upon the actions of managers across the council as well as on effectiveness of the Oracle HR/ Payroll and expenses systems. Work will be undertaken with the Learning and Development Team to set out more closely the council's expectations of its managers in operating effective control mechanisms.

2.3 The work completed in the few weeks since the last progress report includes reviews of users' access to the network and of database security, both of which are strongly connected to information governance. The committee is already alert to concerns in this area and, whilst action is now being taken to resolve these, this audit work confirms the need to improve information security.

3 Work completed

3.1 The work completed and on which reports have been issued since the last report to the Audit and Governance Committee is as set out in the table below. Each area has been given a weighting to indicate the degree of risk associated with it.

Audit area	Risk weighting	Assurance
Common controls: ICT controls		
Network user management	Moderate	Limited
Database security	Moderate	Limited
Service specific controls		
Customer Service Centre		
Care Connect	High	Substantial
Adult Services, Health and Wellbeing Directorate (ASHW)		
Non-residential care system	Moderate	Substantial
Residential care system payment and monitoring system	Moderate	Substantial
Directorate for Children and Young People (CYP)		
Working Together With Troubled Families Programme – funding claim submitted in January 2014	Low	Not applicable
Schools and colleges		
Data returns to the Education Funding Agency	Low	Not applicable
Liquid Logic		
Internal Audit support to the implementation projects in ASHW and CYP	High	Not applicable

3.2 The council's internal audit assessments for the year to date are set out in the table below. Of the five assurance reviews completed and reported during the period since 31 December 2013 for the county council, three have provided substantial assurance and two, both relating to ICT controls supporting information governance, have provided limited assurance. The report considered by the committee in January set out more fully the limited and nil assurance reports already issued earlier in the year.

Assurance provided	Number of audit reviews	Percentage of audit reviews
Full	0	0
Substantial	11	46%
Limited	11	46%
Nil	2	8%
Total	**24**	**100%**

3.3 Brief information is provided about each piece of work completed since January is set out below.

ICT controls: network user management

3.4 We have provided limited assurance over the council's network user management controls. The ICT Services team is reliant on the council's managers to complete documentation accurately and on a timely basis to request enabling, amendment and deletion of users' Active Directory accounts.

3.5 Of the network accounts for all the individuals whose employment with the council ended between 1 June and 31 August 2013, approximately 50% were not disabled and there is a risk of unauthorised access to council data. Of the new user accounts sampled 39% were enabled after the employee's start date. Incomplete or inaccurate achieve forms meant that only 22% of change records could be matched with any degree of certainty against Active Directory organisational units.

3.6 As part of the council's improvement of information governance and security, the need for an identity management system has been identified, although the business case is being explored and developed. Until this has been resolved, no further actions have been agreed.

ICT controls: database security

3.7 We have provided limited assurance over database security having re-performed a number of tests on the ISSIS, Oracle Enterprise Resource Planning (ERP) and EXOR databases. These support the council's work on social care, finance and human resources functions, and management information in the Environment Directorate respectively.

3.8 Database security is just one element of information governance and, as we have reported previously (in December 2012) there is a need to define overall security standards, for example requiring regular and systematic review of access rights. In the absence of such standards only limited assurance can be provided over the security of the council's databases.

3.9 Action has been taken since our last audit to lock any user accounts using only default Oracle passwords. However there are still weaknesses in the logical access controls applied to key databases, in particular user privileges with potentially excessive access permissions. Database auditing is active for ISSIS, and Oracle ERP but not for EXOR, and the audit options for ISSIS were not consistent with those for Oracle ERP.

Customer Service Centre: Care Connect Service

3.10 We have provided substantial assurance over the adequacy and effectiveness of the controls in place in respect of the Care Connect Service contact centre, which has been delivered under the management of One Connect Limited. Good practices are in place to ensure that the screening and referral of enquiries/ contact by service users of child and adult social care are timely and appropriate. There is just one contractual performance target in place, and this is the number of telephone calls answered by the Care Connect Service. This does not reflect the work undertaken in respect of emails, which would be a more appropriate indicator of the Service's performance. This issue is

addressed in more detail in the internal audit review of One Connect Limited's performance management, which is nearing completion.

ASHW: residential and non-residential care systems

3.11 We tested a sample of 25 new non residential care and 25 residential care agreements approved during the period April 2013 to August 2013 to confirm that financial approval was timely and appropriate, payment was at the correct rates and related to the service provided, adjustments to payments were reasonable and accurately processed, and the assessment and approval of the care package were undertaken by different officers. In addition we verified that a sample of 10 non residential care case payments and 10 residential care case payments were correctly reflected in the Oracle accounts payable and general ledger systems.

3.12 This work identified no significant issues. However one advance payment had been made to a care provider but not reflected on the residential care payment system, and the care home itself brought this to the team's attention. Very few payments in advance are made and the implementation of the Liquid Logic system will result in changes to the process. We have therefore been able to provide substantial assurance over the financial controls over the residential and non-residential care systems.

CYP: Working Together With Troubled Families Programme – funding claim submitted in January 2014

3.13 At the request of the Department for Communities and Local Government we audited the figures in the January 2014 funding claim. After some adjustment of the claim we have been able to state that the claim is accurate and made in accordance with the Financial Framework for the Troubled Families Programme.

Schools and sixth form colleges: Education Funding Agency claims

3.14 The County Treasurer is obliged to confirm that all the funding received by the council from the Education Funding Agency (EFA) and Skills Funding Agency (SFA) for transfer to the local authority controlled learning providers and maintained school sixth forms has been accurately and fully paid to them.

3.15 We therefore undertook work at a high school and a sixth form college to assess the completeness and accuracy of their data returns to the Education Funding Agency, and we reviewed the Bursary Fund records to ensure that adequate systems were in place to administer the 16-19 Bursary Fund payments to learners in accordance with the EFA's guidance.

3.16 Although we were able to provide full assurance over the school's data, the data provided by the sixth form college was inaccurate and subject to a number of errors, and we can provide no more than limited assurance. This will be reported by the County Treasurer to the EFA at the end of the financial year and has already been reported to the college.

3.17 We have previously issued a newsletter to all schools with sixth forms advising them of common errors and best practice, and we will refresh and re-issue this guidance to schools in advance of the next census return.

School audit visits

3.18 During the year to date we have completed audits of the county's schools with assurance results as follows:

School type	Number of audits	Level of assurance			
		Full	Substantial	Limited	None
High school	13	0	13	0	0
Primary school	30	0	25	4	1
Special school	3	1	2	0	0
Nursery school	1	0	1	0	0
Total	47	1	41	4	1

3.19 The schools for which we can provide only limited or no assurance have been reported previously, and we will follow up all the actions agreed with them to assess whether improvement is being made to the controls over their finances.

Implementation of Liquid Logic's systems to replace ISSIS

3.20 The replacement of the Integrated Social Services Information System (ISSIS) in both CYP and ASHW with systems provided by Liquid Logic is key to improving the control framework over social care and particularly the management of case information. This work has been supported by the involvement of the two Audit Managers on the implementation projects in both the ASHW and CYP directorates, but this work has not been directed towards providing assurance opinions at this point. We have provided input to a number of work streams including user acceptance testing, data migration, system access permissions, and work on the 'dummy run' and 'live proving' stages prior to live operation for CYP. The new Liquid Logic system went live in CYP on 4 March 2014 and will go live for ASHW at the end of 30 June 2014.

Audit and Governance Committee
Meeting to be held on 31st March 2014

Electoral Division affected: None

Information Governance Arrangements - update

Contact for further information:
Andy Wilkinson, 01772 533378, Office of the Chief Executive,
andy.wilkinson@lancashire.gov.uk

Executive Summary

A progress report on Information Governance arrangements within the County Council.

Recommendation

The Committee are asked to note the report.

Background

The Committee have previously requested regular updates on progress in developing robust arrangements to manage the County Council's responsibilities to properly maintain the confidentiality and security of information.

Resources

Since the last report in January, good progress has been made in the provision of meaningful resources to the Information Governance function. A job description has been prepared for a post of Head of Information Governance, it has been evaluated at Grade 13 and the recruitment process has commenced. It is hoped that an appointment can be made by early summer and in the meantime the duties continue to be covered by the External Relations Team Leader (Information Governance lead) based in Democratic Services.

In addition, with effect from the 1st January, 2014, a Grade 10 post was permanently transferred from One Connect Ltd to the County Council to undertake Information Governance work. The post holder is currently seconded to the ISSIS-Liquidlogic replacement team to provide IG support on this business critical project.

More recently, with effect from the 10th March, additional support has been provided by the Business Improvement Team who have released a Business Improvement Officer for two days per week to undertake a specific piece of work relating to the proper management of information assets. This work will assist the Council in meeting several outstanding requirements within the NHS Toolkit. It has also been agreed that with effect from the 1st April, a member of staff from the Internal Audit

Team will be seconded on a full time basis to Democratic Services to assist on Information Governance matters.

NHS Toolkit

Good progress has been made in relation to attainment levels within the Toolkit particularly where they relate to staff awareness and training. The corporate e-learning package has been updated and will be rolled out to all County Council staff shortly. Completion of the package will be mandatory for staff at all levels and Management Team have instructed that if it is not completed successfully within a reasonable period (4-6 weeks) staff will be barred from accessing the corporate network. Regular refresher training for all staff will also be introduced. Paper based materials will be available to those staff who do not have access to the network and their managers will be responsible for ensuing successful completion.

In addition, as part of the Liquidlogic project, all social care staff who require access to the system will have to complete mandatory training which will contain a significant information security element. This is a significant piece of work involving several thousand staff. Again, staff who have not completed the training successfully will not be able to access the system, which will prevent those staff from carrying out their role properly and could therefore lead to disciplinary action. In general, Liquidlogic has better functionality than its predecessor ISSIS (Integrated Social Services Information System) in terms of defining user roles and permissions and restricting levels of access to information which in itself assists the Council in achieving a number of the Toolkit's requirements and strengthens its IG arrangements.

One Connect Ltd have also been able to demonstrate that attainment levels relating to information systems have been met or exceeded and appropriate evidence has been provided.

Although the Council has not been able to attain the required Level 3 accreditation for all categories within the Toolkit by the deadline of 31st March, it has been able to demonstrate excellent progress, that work is progressing well and that it has a project plan in place to achieve the required level in all categories in the near future.

A new version of the Toolkit will be released on the 1st April which will be more aligned to Local Government ways of working and a report on that will be presented to the next meeting of the Committee.

Closer working

It is pleasing to report that One Connect Ltd are keen to work more closely with the Council on IG related matters and discussions are on-going on defining roles, establishing clear lines of communication and sharing of expertise.

Security breaches

An oral update will be given on breaches since the last meeting.

Consultations

N/A

Implications:

N/A:

Risk management

It is important that the County Council continue to make progress in developing robust arrangements to secure information properly and that these arrangements be maintained if the Council is to avoid significant financial and reputational damage.

Financial implications

N/A

Local Government (Access to Information) Act 1985
List of Background Papers

Paper	Date	Contact/Directorate/Tel

Nil

Audit and Governance Committee
Meeting to be held on 31 March 2014

Electoral Division affected:
All

Directorate for Children and Young People Update Report
Appendices A & B refer

Contact for further information:
Louise Taylor, (01772) 531646, Directorate for Children and Young People,
Louise.Taylor@lancashire.gov.uk

Executive Summary

This report provides an update on the actions taken in response to the internal audit report on Children and Young People (CYP) services.

Recommendation

The Audit and Governance Committee is asked to consider the progress report and feedback any questions or concerns.

Background and Advice

Previously the Committee had been informed of a number of areas within CYP directorate where the audit team have given limited assurance.

These include

Adoption allowances (namely SGO/RO payments)
Independent Reviewing Officer (IRO) service (starred recommendations)
Working Together With Families (WTWF)
Case file audits

Attached at Appendix 'A' are the Audit Statements prepared in response to the findings of the Internal Audit Service and Appendix 'B' lists the details of actions taken.

Consultations

Not applicable.

Implications:

This item has the following implications, as indicated:

Lancashire County Council

Risk management

This report is provided for information and consideration as part of the Audit and Governance Committee's role, which includes advising the Council on the adequacy of its strategic risk management processes. There are no specific risk management or other implications.

Local Government (Access to Information) Act 1985
List of Background Papers

Paper	Date	Contact/Directorate/Tel

N/A

Reason for inclusion in Part II, if appropriate

N/A

AUDIT COMMITTEE UPDATE – 31 MARCH 2014

Adoption Allowances – Audit Statement March 2014

An internal audit follow up report was completed in September 2013 on Adoption Allowances. This report was commissioned to ascertain the progress made on the implementation of the recommendations from the full audit undertaken in July 2011. The follow up report provided substantial assurance over the systems in place to manage Adoption, SGO (Special Guardianship Orders) and RO (Residence Orders) systems.

Sufficient progress has made on the implementation of the recommendations. The revised Adoption Allowance Procedures are in the final stages of development, with robust monitoring systems in place to manage the provision of adoption allowances. All allowances now have a signed agreement between the authority and recipients. Adopters are also informed that any changes in circumstances must be reported to the authority and any overpayment would be returned. All families receiving an allowance are reviewed on annual basis and families are informed in advance of this review if any of the children are reaching sixteen years of age. School or college declarations are now sent out routinely to establish evidence of children who have been placed for adoption attend the respective establishment.

The adoption service will continue to review progress against the recommendations in line with the new procedures.

An internal audit was taken on Fostering Allowance in July 2011 and provided substantial assurance at that time of the controls in place. A follow up report was undertaken which reported two outstanding recommendations required implementation. These have subsequently been progressed. Namely, that Social workers in the Fostering Service obtain receipts for discretionary items from carers where appropriate and where items have been routinely purchases. There are situations, for example, in a school, where it would not be appropriate for a carer to draw attention to a child's status by requesting a receipt when they would not otherwise do so. In relation to the scheme of delegation, this has been reviewed as part of the new case management system. Fostering managers have received financial training and are responsible for budget management. Finally, the types of payments awarded to foster carers are managed through the Service Manager in line with the foster carers' annual review.

Actions to track the high priority ('starred') recommendations for Children's Social Care made by Independent Reviewing Officers – Audit Statement March 2014

Starred recommendations are now fully detailed in the problem resolution log. One Quality and Review Manager now has lead responsibility for overseeing and auditing starred recommendations on a monthly basis. Discussions take place with the responsible Senior Manager within Children's Social Care regarding any outstanding starred recommendations and escalated if the need arises via the Dispute Resolution

process that is in place. This arrangement commenced in November 2013. Recording of audit activity is retained in the IRO Team, Starred Recommendations folder on the 'R' Drive.

Starred recommendations are also a standard item on the agenda of the monthly Quality & Review Management team meetings. They are also reported to the Safeguarding Inspection & Audit SMT meetings. Work has commenced in respect of a Quarterly IRO report which again will include information in respect to monitoring and tracking of 'starred recommendations'. The first Quarterly IRO report will be completed in March 2014.

The increased demand on CSC and IRO services by the increase in CLA and Children & Young People being subject to CP plans continues to have an impact in some areas of meeting timescales. These continue to be monitored by managers and options looked at to address these

Working Together With Troubled Families (WTWF) – Audit Statement March 2014

A report has been issued and was discussed with the WTWF Governance Group in December 2013 and March 2014. Progress has been made in addressing the actions agreed following the first and second phase of the audit in 2013/14. Audit previously provided a limited assurance over the processes in place supporting the operation of the programme, in particular, data management and the need to obtain access to data from different organisations, including central government. Although significant steps have been taken to improve data extraction for the payment-by-results claim and to maximise the claim, certain criteria for the Troubled Families Unit (TFU) programme have yet to be finalised and agreed by central government. Our WTWF target is to have begun working with 1,841 families by 31 March 2014. As at 31st December 2013, we had begun working with 1,369 families and were therefore at risk of receiving delayed or reduced funding for 2014/15. Throughout the three-year programme, £8.7 million of funding will be made available, £3.5 million of which is made through a payment-by-results scheme. Further, families participating in the approach should, where appropriate, provide written consent that their details can be shared with partner organisations, and audit found inconsistencies in the processes to obtain and record consent. Tracker forms should also be completed by the lead professionals as an assessment tool to identify initial needs and then to track performance against agreed targets.

In response to the above an action plan has been developed and implemented accordingly with current progress outlined below. Given the progress made on the issues identified we would expect a revised assurance level to be secured shortly. Internal audit are planning a follow-up review in late March/ April 2014. Any opinion level obviously depends on controls that were previously in place also continuing to be in place.

Case File Audits – Audit Statement March 2014

The relevant audit reports have been issued and discussed with the children's social care management team in December 2013 and February 2014 Progress has been made in developing systems with additional business support managing some audit activity to improve performance
There are risks linked to service demand alongside the impact of the introduction of protocol. Regular audit systems introduced supports management of those risks.

The case file audit reporting system continues to be refined in order to provide an accurate picture of the range of auditing that is taking place across all the Directorate services .In addition our emphasis is on obtaining qualitative data from audits rather than just increasing the numbers of audits being completed.

A monthly report on audit activity, including case file audits completed is sent to the relevant Directors and Heads of Service who chase any outstanding or deficit areas. A quarterly report is also presented to the Directorate Leadership Team (DLT) for reporting and monitoring purposes. A monthly summary report is sent to each Senior Manager which includes a breakdown of cases audited and themes, trends and areas requiring action. This also identifies those managers completing or not completing audits. An annual report is also planned to be completed in April 2014, although this will not cover a full year of auditing activity.

The case file audit framework is being updated to reflect the continuous improvement changes outlined above. This will incorporate the capturing of audits completed by senior managers and how these will be recorded and reported. The file audit framework will again emphasise on who and how many audits are to be completed.

The recording of case file audits is presently completed via a click web process and self reporting of any additional audits completed. The plan is for the audit tools to be fully integrated within the new LCS Liquid Logic system. Unfortunately this will be delayed and not in operation until September 2014. Therefore the interim arrangements will remain in place. This provides the opportunity as outlined above to review and refine the audits tools prior to full integration. The recent quarter three report showed that there were 2322 audit activities undertaken, although a significant number of these were other audits that were completed against an expected total of 1782. This shows that audit activity is taking place but we are looking at gaining a consistency in the same audit tools being used. The increased demand across services continues to have an impact in some areas in the completion of case file audits using the formal case file audit tools. These continue to be monitored by managers and options looked at to address these.

Adoption Actions

	Recommendation	Management response/ action plan	Follow-up observations/audit testing	Further action required	Update March 2014
1	The Post Adoption Team should ensure that Adoption Allowance Agreements are in place for all adopted children to ensure that allowances are appropriately awarded to adoptive families. (**Medium priority**)	a) All adoption allowance files to be reviewed to identify those files where an agreement is not in place and then for the agreement to be signed. b) Procedure to be rewritten and strengthened to ensure that payments are not authorised until the agreement is signed.	a) Adoption Allowance agreements are now requested to be signed by families on an annual basis; the same time the financial commitments are confirmed. From a sample of ten families, one agreement had yet to be signed and returned (originally requested in September 2012). Payments had not ceased for this family although they had exceeded the required timescales by ten months. b) Although the Adoption Allowance guidance for families was updated in February 2012, and provides information on when an allowance is paid, rates, payment and the annual review, work is currently ongoing to develop the internal procedural guidance for the service.	a) Implemented; and b) Partly implemented. **Revised management response and implementation deadline:** Internal procedures are in development" expected to be completed by January 2014.	Procedures have been amended and implemented ensuring that all allowances have a signed agreement. The revised Adoption Allowance Procedures reflecting this are in the final stages of development

	Recommendation	Management response/ action plan	Follow-up observations/audit testing	Further action required	Update March 2014
2	The Post Adoption Team should: a) Consider reviewing the annual declarations to ensure they are up to date and that they reflect all conditions associated with the allowance; and b) Review guidance to specify the minimum conditions of employment. (**Medium priority**)	This proposal is agreed.	a) The annual declarations have been reviewed and updated to reflect the conditions of funding, and any associated recoupment of monies in the event of either a reduction in allowance or lack of documentation; and b) As per Recommendation 1b).	a) Implemented; and b) Partly implemented. **Revised management response and implementation deadline:** Internal procedures are in development expected to be completed by January 2014.	Clear information is provided in the revised procedures which are almost completed to recipients of the allowance that any changes in circumstances must be reported and that overpayment will be recouped in the event that relevant information has not been provided.

	Recommendation	Management response/ action plan	Follow-up observations/audit testing	Further action required	Update March 2014
3	Proactive checks should be performed on a termly basis to ensure the child continues to attend the stated school/ college. This check could be limited to those children where schooling is not a statutory requirement (i.e. for those children over 16 years old). (**Medium priority**)	It is noted that the post adoption team have access to the relevant database. This is primarily an admin task and there will need to be discussions with ICT to ensure that admin staff can access the data base. A further complication is that at least 25% of the children placed for adoption are placed outside the Lancashire area where the service will not have access to the data base. Management support the concept of more rigorous scrutiny of statements provided by adopters and will consider how this can best be achieved.	The service will be issuing 16-18 education providers with a declaration in August 2013 to confirm that the children currently attend their establishment.	Partly implemented. **Revised management response and implementation deadline:** Internal procedures are in the process of development expected to be completed by January 2014. The procedures will incorporate the requirement to obtain a declaration from adopters in relation to an adopted young person continuing in education.	School/college declarations are sent out routinely in all cases where relevant. Evidence of attendance is required and payment of the allowance is placed on hold if this is not received within the agreed timescale.

	Recommendation	Management response/ action plan	Follow-up observations/audit testing	Further action required	Update March 2014
4	Consideration should be given as to when the annual declarations are issued to ensure up to date information is received from the adoptive families. (**Low priority**)	The issue is whether we change the date for all children or do a recheck of children aged 16+ receiving the allowance which is a relatively small number. Management propose to recheck information for children aged 16+ in September to determine if the educational placement is as forecast in February.	Families are now reviewed on an annual basis by the Business Support Team. The central monitoring by the team also ensures that those children approaching a significant age specified within the guidance (i.e. 18) are identified at the beginning of the financial year and considered appropriately. From the sample tested, all families had been requested for documentation to support their financial assistance.	Implemented.	Has been implemented in full

	Recommendation	Management response/ action plan	Follow-up observations/audit testing	Further action required	Update March 2014
5	All financial assessments completed by families should include a clause informing the families that the council may recoup allowances in the event that evidence cannot be provided to support the claim. (**Medium priority**)	This is agreed.	Families are now made aware of potential claw back in the event of non-compliance through the annual declaration. From the sample tested, all families had received such a letter. However, it was evident that: a) Four families from the sample of 15 had not sent their supporting documentation within the stated timescales, and payments had not ceased or been recouped; and b) Following a recalculation in the financial assessment, the resultant decrease in funding for two families had not been recouped. Also see Audit Finding 13.	Implemented.	Payments are ceased in all cases in the event that recipients have not returned the required documentation within the required timescales.

	Recommendation	Management response/ action plan	Follow-up observations/audit testing	Further action required	Update March 2014
6	The Finance Team should consider requesting a P60 from the adoptive families to enable the council to calculate the allowance more accurately. (**Medium priority**)	This is agreed. In consultation with Finance, it was agreed that 3 pay slips would be requested and if self employed, a copy of the annual audit documentation.	The service now operates an annual review for each family, but the timing throughout the year varies. We reviewed a sample of financial assessments to ensure the calculations were held on each file. For one of the sample of 15, we could not evidence the financial assessment as it was not held on file.	Partly implemented. **Revised management response and implementation deadline:** The revised procedure will include reference to the fact that a copy of the financial assessment must be retained on the file. The Adoption Service Manager will issue a reminder to business support officers responsible for implementing the adoption allowance scheme to ensure that a copy of the assessment is retained on file.	All financial assessments are held on file

	Recommendation	Management response/ action plan	Follow-up observations/audit testing	Further action required	Update March 2014
Residence Order Allowances/ Special Guardianship Orders					
7	The service should ensure that a regular review of allowances is undertaken to ensure the needs of the child and/ or families are met. (**High priority**)	This is agreed. Discussions between Finance, Adoption Service and Children Social Care to be held to determine process and accountability. There should be no need for social workers to visit families for this purpose alone.	From the sample of ten SGO allowances undertaken, one child received an enhanced payment due to the level of care they required. Such enhancements should be reviewed by Children's Social Care every two years; however this had not been done in this case.	Not implemented. **Revised management response:** The Financial Administration Team Manager is to provide a list of all enhancements to the Acting Deputy Head of Children's Care for review, with the possibility of ceasing overdue reviews with immediate effect. The functions of Protocol will also be examined to ensure that either the Social worker is prompted to perform a re-assessment, or that a report can be run on a regular basis to determine all reviews requiring a re-assessment. **Responsible Officers:** Financial Administration Team Manager and Acting Deputy Head of Children's Care **Implementation Date:** March 2014	Relates to SGO Allowances which are managed by CSC and not the Adoption Service CSC update - Implemented – all historical ROA and SGO allowances have been reviewed. The protocol has been agreed with finance for annual reviews with an automatic cessation of payment and re-assessment for change in circumstances and failure by carers to respond to review notices.

	Recommendation	Management response/ action plan	Follow-up observations/audit testing	Further action required	Update March 2014
8	All annual declaration forms should be amended to reflect the implications of not declaring up to date information, and the possibility of recoupment. (**Medium priority**)	This is agreed.	From the sample of allowances tested, all declarations had been updated to reflect the need to declare valid information, with the possibility of recoupment if this is not complied with. However, from the sample of 20 SGO/ ROA families tested, two families had last submitted their declarations in 2011, without recoupment. Also see Audit Finding 14.	Implemented.	Has been implemented in full
9	The service should consider performing proactive checks on the location of the children. For example, with schools, health authorities etc. Such information may be obtained from within the council. (**Medium priority**)	This is agreed.	There was no evidence to support that such checks had taken place. From the allowance testing, we identified a miscoded payment. Through further investigation, the adoption allowance should have been coded as a boarding out payment.	Not implemented. **Revised management response:** Agreed that the Financial Administration Team Manager will ensure that all allowances accurately reflect the status of the child so that they are coded correctly in Oracle. This process will be implemented for the introduction of Protocol. **Responsible Officer:** Financial Administration Team Manager **Implementation date:** March 2014	Require action by the Financial Management Team as opposed to the Adoption Service CSC update – Implemented annually

	Recommendation	Management response/ action plan	Follow-up observations/audit testing	Further action required	Update March 2014
10	The service should consider implementing a consistent policy for families who do not return the annual declaration, and stopping allowances in such an event. (**Medium priority**)	This is agreed.	The annual declarations now state that allowances would cease if not returned. From the testing conducted in Recommendation 8, this did not happen, and allowances continued to be paid.	Not implemented. **Revised management response:** Families will continue to be sent initial and reminder annual declarations. If the family does not respond within 28 days, payments will cease automatically and review can be requested **Responsible Officer:** Financial Administration Team Manager **Implementation date:** Immediate effect	Require action by the Financial Management Team as opposed to the Adoption Service
11	Appropriate authorisation for SGO/ ROA allowances should be sought prior to approval. (**Medium priority**)	This is agreed.	For one of the sample of ten ROA allowances tested, the ROA6 form ("*Permanence Panel - Request for Approval of Post Residence Order Support*" form) had not been signed by either the Team Manager or Area Manager; only the Social Worker.	**Revised management response:** Agreed. The Head of Children's Care will remind staff of the importance to gain all relevant approval prior to submission. **Responsible Officer:** Head of Children's Care	CSC update – Implemented

	Recommendation	Management response/ action plan	Follow-up observations/audit testing	Further action required	Update March 2014
12	The service should ensure they receive and retain a copy of all SGA3 forms prior to approval for payment. (**Medium priority**)	This is agreed.	For one of the sample of SGO allowances tested, payments had begun in May 2013 prior to receiving the SGA3 form.	Partly implemented. **Revised management response:** Agreed. The Acting Deputy Head of Children's Care will remind staff of the importance to gain all relevant approval prior to submission. **Responsible Officer:** Head of Children's Care	CSC update – Implemented

From the follow up observations, it was identified that a number of controls previously operating effectively, did not continue to do so. We have reported these issues separately from the above recommendations.

	Audit findings	Implications	Residual risk	Agreed actions, responsible officers and implementation dates
Adoption Allowances				

13	It was evident that: a) Four families from the sample of 15 had not sent their supporting documentation within the stated timescales, and payments had not ceased or been recouped; and b) Following a recalculation in the financial assessment, the resultant decrease in funding for two families had not been recouped.	Allowances become harder to recoup in the event that they may have been incorrectly claimed.	Medium	In line with the guidelines introduced in 2013, payments will cease to families without the necessary supporting documentation in place. **Responsible Officer:** Financial Administration Team Manager **Implementation date:** Immediate effect.
Residence Order Allowances/ Special Guardianship Orders				
14	From the sample of 20 SGO/ ROA families tested, two families had last submitted their declarations in 2011, without recoupment.	Allowances paid may be inaccurate.	Medium	Payments will cease to families without the necessary declarations in place. **Revised management response and implementation deadline:** Families will continue to be sent initial and reminder annual declarations. If the family does not respond within 28 days, payments will cease automatically and review assessment offered. **Responsible Officer:** Financial Administration Team Manager Implemented.

Independent Reviewing Officers Actions

	Recommendation	Management response/ action plan	Follow-up observations/audit testing	Further action required	Update March 2014
1	Starred recommendations should be:	Senior IRO's have been reminded of their responsibility to update the Problem	From the testing conducted on the 2012/13 starred recommendations log, it was found that:	Not implemented. **Revised Action 1**	Starred recommendations are now fully detailed in the problem resolution log.

	Recommendation	Management response/ action plan	Follow-up observations/audit testing	Further action required	Update March 2014
	a) Fully documented in the Problem Resolution Log to ensure actions are easily identifiable and implemented in a timely manner; b) Discussed on a more formal basis with senior management to ensure all cases have been actioned appropriately; and c) Reported to SMT on a regular basis, with all current outstanding starred recommendations clearly identified/ explained. **(High priority)**	Resolution Log. This will be randomly checked through supervision. A quarterly IRO quality assurance report will be produced detailing all starred recommendations and their progress/outcome and reported to the District/IRO Cluster Meetings and the Safeguarding, Inspection & Audit SMT. Starred recommendations are included in the IRO Annual Report, which is reported to DLT, the LSCB, the Children's Trust and the Corporate Parenting Board and is also a public document.	a) Not all actions had been fully documented or implemented in a timely manner. Through confirmation with the Quality & Review Manager, all actions had been implemented, however the log did not reflect this; b) Although the starred recommendations were raised as part of the Annual Report, the number and status of the actions did not reconcile to the log, therefore suggesting that management may not be aware of all cases; and c) Starred recommendations are raised as part of the monthly SMT meetings, however it was agreed it would be raised to management as part of the Quarterly Assurance Report which has not been produced.	The service should continuously update the 2013/14 starred recommendations log to ensure that: a) All actions are easily identifiable, implemented in a timely manner and agree to reported performance data; and b) Reported to senior management as part of a Quarterly IRO Quality Assurance report. **Implementation date**	One Quality and Review Manager now has lead responsibility for overseeing and auditing starred recommendations on a monthly basis. Discussions take place with the responsible Senior Manager regarding any outstanding starred recommendations. This arrangement commenced in November 2013. Recording of audit activity is retained in the IRO Team, Starred Recommendations folder on the 'R' Drive. Starred recommendations are a standard item on the agenda of monthly Quality & Review Management team meetings. Starred recommendations are also reported to SMT meetings. Work has commenced in respect of a Quarterly IRO report. The first report will be completed in March 2014.
2	The Safeguarding Manager should agree a series of management controls that need to be implemented on a regular basis. These controls should be documented and	Completed. Regular monitoring of management controls is undertaken through supervision of the Senior IRO's and monitoring of reports produced. Work shadowing also takes place to quality assure practice and dialogue takes place with District	There are now standing agenda items within supervision meetings to discuss starred recommendations and caseloads within the team. For all supervision notes sampled, it was evident they were discussed and relevant action taken by the Directorate Safeguarding Manager	Implemented.	

	Recommendation	Management response/ action plan	Follow-up observations/audit testing	Further action required	Update March 2014
	monitored as part of future supervision meetings. Controls should be designed to ensure that any significant issues are detected within the service. **(High priority)**	Managers in respect of performance.	where necessary.		
3	The Children's Social Care Teams should: a) Be reminded to provide the IROs with the relevant information/ reports prior to a CP Conference to ensure they can review the case appropriately; and b) Produce reports identifying outstanding LAC reviews, with CSC Team Managers addressing any actions arising. **(Medium priority)**	This issue has been highlighted in the CLA IRO Annual Report and will be raised again at the Children's Social Care SMT. Monitoring of this issue will continue via the IRO/District Cluster Meetings. Further discussions will take place between the Directorate's Safeguarding Manager and the Head of Children's Social Care to interpret the statutory legal obligations of the IRO Handbook, and set out detailed proposals for the CSC Manual.	From the testing undertaken, it was found that: a) Only 50% of the cases sampled had the ICPC reports completed by the Social Workers more than 3 days prior to conference; and b) From a sample of 10 looked after case reports, only two had been approved by the Team Manager within reasonable timescales.	Not implemented. **Revised Action 2** The Head of Children's Social Care should remind staff of the importance to complete and authorise reports within statutory timescales. **Implementation date**	Teams briefed: a) but impact of service demand upon capacity. b) Liquid Logic will facilitate activity to produce reports – no facility currently. Liquid Logic going live in March c) Work being undertaken to develop a CP document portal which reminds staff of the need to complete social work report to CP conferences in order that this can be shared with other professionals including the IRO. A tentative date for this to go live as May 2014.
4	Once the service is operating at capacity, the IROs should be reminded to produce the full written record of the case and the QA	All IRO's are aware of this requirement and this will continue to be monitored via the Senior IRO's through supervision. As outlined above there are presently capacity	From the sample of 10 cases tested, we looked at both the initial and second review taking place, and found that 90% had taken place within the correct timescales, but only 40% had	Not implemented. **Revised Action 3** IROs should be reminded of the importance of the review taking place and	Caseloads continue to rise due to the increase in the number of CLA and children subject to a CP Plan. DLT approved a request to make two temporary IRO posts

	Recommendation	Management response/ action plan	Follow-up observations/audit testing	Further action required	Update March 2014
	forms within the required timescales, and the relevant performance achieved reported to SMT. **(Medium priority)**	issues as a result of a number of IRO vacancies. Efforts are being made to address this as well as restructuring of the IRO Service to reduce caseloads.	been written within the timescales. It is acknowledged that although the service will soon be operating at full capacity, the number of children becoming looked after has increased significantly, therefore impacting on IRO caseloads. See Recommendation 10 for QA form actions. Performance has been reported to the SMT as part of the 2012/13 Annual Report.	completing written records within required timescales. **Implementation date**	permanent in October 2013. There are currently 4 FT IRO vacancies in the team which impacts on performance in this area. Appointments have been made to two of the posts. Staff will take up these positions in April/May 2014. Interviews are taking place in February in relation to the remaining FT vacancy. External recruitment is being progressed in respect of one FT temporary post. Two agency Grade 9 IROs have been appointed pending recruitment to the vacancies. A periodic sample audit will be completed to monitor compliance with recording requirements and these are reported to DLT on a quarterly basis.
5	Once the service is operating at capacity, they should consider the allocation of cases in accordance with the IRO Handbook. This would enable the service to utilise SMART ways of working, for example, district-based portfolios.	As outlined above there are presently capacity issues as a result of a number of IRO vacancies. This has been recognised by DLT and 4 additional IRO posts have been created (2 temporary and 2 full-time). Recruitment to vacancies is ongoing and a restructuring of the IRO Service is being undertaken in order to reduce	Due to caseloads still being substantially over the stated thresholds in the IRO Handbook, Quality & Review Managers still have to consider caseloads alongside locality for the IROs. The Quality & Review Managers ensure that: a) The same IRO is kept for those CP cases who then become looked after;	Implemented.	

	Recommendation	Management response/ action plan	Follow-up observations/audit testing	Further action required	Update March 2014
	(Medium priority)	caseloads.	b) Caseloads are kept up to date and used as part of the allocation process; and c) Locality is reviewed to allocate the relevant IRO. From the testing performed, IROs have been allocated in line with the current policy.		
6	The service should consider the outcomes of the centralised booking system pilot, and implement a more consistent approach to case allocation. **(Medium priority)**	Agreement made to pilot a centralised booking system for child protection conferences, with this being attached to the Mobile Minute Taking & Transcription Service (MMTTS). Review will take place 6 months after implementation date. Discussions are taking place re the creation of a new post within the service which will manage this area of work.	For the sample of ten CP conferences tested, all had been recorded and set up within the centralised booking system; now managed by the recently introduced administration post.	Implemented.	
7	The Children's Social Care teams should be reminded that: a) The appropriate reports/ processes are discussed with the family 3 working days prior to CP Conferences; and b) Team Manager approval should be sought prior to the	The IRO handbook relates to CLA IRO activity and not the Safeguarding IRO role as outlined under the issue section. However, the timescale for the sharing of child protection reports outlined is correct. This issue has been highlighted in the safeguarding IRO Annual Report and will be raised again at the Children's	From a sample of ten CP conferences, it was found that: a) Only five of the ten cases had been recorded in ISSIS as being discussed with the parent more than 3 days prior to conference. For those children over the age of ten (six of the sample), only two had been spoken to by the Social Worker prior to conference; and b) Team Managers had	Not implemented. **Revised Action 4** The Children's Social Care Teams should be reminded to discuss all conference reports with the families within required timescales, and for Team Managers to review and approve reports prior to	Briefed January 2014 but service demand impacts upon capacity. This was further reiterated at briefing launches outlining changes to CP business processes. See above regarding progression of CP Portal.

	Recommendation	Management response/ action plan	Follow-up observations/audit testing	Further action required	Update March 2014
	conference. **(Medium priority)**	Social Care SMT. Further discussions will take place between the Directorate's Safeguarding Manager and the Head of Children's Social Care to interpret the statutory legal obligations of the IRO Handbook, and set out detailed proposals for the CSC Manual.	approved seven of the ten Social Worker Reports prior to conference; however, two of those were approved on the same day as the conference. The Annual Report was discussed at the CSC SMT meeting in April 2013 to reiterate the importance of reports being outcomes on time.	conference to ensure that they are satisfied of the outcomes. **<u>Implementation date</u>**	
8	Once operating at full capacity, the service should consider that an IRO is responsible for those looked after children also subject to a child protection plan. This would ensure that the child receives consistent support and advice. **(Medium priority)**	A restructure of the IRO service is being undertaken which will ensure continuity of IRO where a child is subject to both child protection and looked after children status.	From a sample of 10 looked after cases, six related to children who had previously been subject to a child protection plan; all of which had retained their original IRO.	Implemented.	
9	The service should ensure that case file audits are undertaken in accordance with the agreed guidance produced by the Safeguarding Manager. It is acknowledged that the Senior IROs are developing an audit tool specific to the IRO Teams to enable them to perform more	A specific IRO audit tool has been developed and will be launched in December 2012. This will form part of the quality assurance of IRO practice during supervision.	The service introduced the audit tool, InfoPath in May 2013; however, this did not meet the needs of the directorate, and in October 2013, has been replaced with a Click Suite audit tool. This has yet to be embedded in line with the agreed case file audit quotas allocated to staff. We have reviewed a sample of IRO supervision notes and established that cases are	Not implemented. **<u>Revised Action 5</u>** The Directorate Safeguarding Manager should ensure that all IROs complete the necessary number of case file audits once the new audit tool has been embedded (a minimum of six audits per month).	Audit is a standard item in IRO supervision and at monthly IRO team meetings. The poor performance of the team in respect of case file audits has been addressed with the IRO team and has been addressed with individual IROs in supervision. Monthly reporting arrangements are in place to monitor compliance against the audit

	Recommendation	Management response/ action plan	Follow-up observations/audit testing	Further action required	Update March 2014
	detailed case file audits. **(Medium priority)**		discussed with the Quality & Review Managers on a monthly basis.	**Implementation date**	requirements for the team and a quarterly report is considered by the Directorate Leadership Team. A review of the Case File Audit Framework and tools are taking place in order to ensure we capture the quality of practice and that we have improved case file audit tools integrated within the new Liquid Logic Protocol case management system.
10	IROs should be reminded to complete QA forms within required timescales. **(Low priority)**	Safeguarding IRO's have been reminded of their responsibility for the completion of the quality assurance checklist following child protection conferences. This is done where child protection concerns have been identified and need to be escalated to the Team/District Manager. A target of 50% has been agreed, with this increasing to 100% completion once fully staffed.	QA forms were superseded in May 2013 through the introduction of InfoPath. However this audit tool did not perform in line with the required specification and in October 2013, was replaced with an alternative Click Suite package. For our sample of 25 cases for looked after children, all required the old method of QA for audit purposes, and it was found that only 45% of audits had been undertaken. It is acknowledged that since the previous review, it has been agreed that IROs complete a minimum of 6 case file audits a month rather than the previously agreed 50%. A sample of 7 IROs were selected, however, only 1 of the IROs had completed their quota of 6 case	Partly implemented. **See Revised Action 5**.	As above.

	Recommendation	Management response/ action plan	Follow-up observations/audit testing	Further action required	Update March 2014
			file audits for September and 2 of the IROs had not completed any case file audits in September.		
11	The process to notify IROs of a change in a child's looked after status should be considered as part of the process mapping exercise when implementing the replacement system for ISSIS. **(Low priority)**	Agreed. CERMS is being superseded by the Resolution Centre, in conjunction with the replacement of ISSIS.	The Resolution Centre has yet to be implemented as part of the replacement project for ISSIS. Process maps have been created in preparation for the implementation of Protocol. IRO processes and procedures have been considered as part of the wider Children's Social Care procedures; mainly the looked after children and child protection process maps. Protocol has yet to be introduced.	Action yet to be taken.	Protocol goes 'live in March 2014.
12	Minutes from conferences should be distributed within required timescales. **(Low priority)**	Delays in the distribution of child protection conference minutes can be attributable to capacity issues within the IRO service, the MTTS and also the local ops admin teams. Managers in the three services are monitoring output and plans are in place to improve turnaround time. Additional capacity has been created within the IRO service and future restructuring should deliver lower caseloads (dependent upon the reduction of children looked after the children subject to a CP plan). The MTTS is in the process of	Decision sheets were only distributed within 48 hours in three out of ten cases sampled. Of these ten, the IROs had actually reviewed the decisions in six cases within timescales, but had not been distributed by the local admin teams.	Not implemented. **Revised Action 6** IROs should be reminded that decision sheets be reviewed and distributed within 48 hours of a conference; and The service should review internal processes to ensure all efficiency savings are identified and implemented with regards to the distribution of decision sheets. **Implementation date**	Reminder sent to IROs regarding the requirement to distribute the conference decision sheet within 48 hours. Periodic sample audit to be completed to monitor compliance with this requirement. Work continues to be moved between teams to address any imbalance of staff/workload ratios. Increasing use is being made of electronic systems for the distribution of documents to professionals, including the future introduction of a child protection document portal as outlined above.

	Recommendation	Management response/ action plan	Follow-up observations/audit testing	Further action required	Update March 2014
		recruiting staff to the vacant minute taker posts within the team. Once staff are recruited and trained up the team should once again be able to turn around all minutes within four working days. Local ops admin teams have had an imbalance of staff/workload ratio across the county and work has been done to move work across teams to address this. Options for centralisation of the post meeting admin work are now being piloted/ considered, with a view to making further improvements to turnaround times for distribution of approved decision sheets and minutes. No additional monies have been provided to MTTS or Ops Admin in relation to growth, therefore as the number of meetings increases there is likely going to be an adverse impact on these two teams being able to deliver in a timely manner.			In addition, at the request of DLT, CYP Business Support Manager colleagues working alongside Admin Managers are undertaking a review of Case Support across CSC and F&A. The initial focus of the review is to deploy additional resources to clear all outstanding backlogs of critical CSC work. The review will also present a longer term plan to effectively manage case support resources across the Directorate in line with operational requirements which will include child protection processes.

Further Findings/Action Plan – Independent Reviewing Officers

Control	Audit findings	Implications	Residual risk	Agreed actions, responsible officers and implementation dates

Control	Audit findings	Implications	Residual risk	Agreed actions, responsible officers and implementation dates
C5	**Contingency arrangements have been approved in the event of loss of key staff including allocation of cases.** From the testing of recent leavers of the service, it was found that two service users originally allocated to a Quality & Review Manager had not been reallocated. The cases were raised with the service, and they have since been reallocated. The service stated that an exception report will be extracted going forward to identify all cases allocated to leavers of the council.	A child may be placed under significant harm if the case is not reallocated.	High	**Action 7** All IRO leavers/ IROs on long-term sickness should have their caseloads reallocated with immediate effect by the Quality & Review Managers. This should be done by producing regular caseload reports to ensure all cases have been reallocated appropriately. **Responsible officer** Monthly exception report of cases without an allocated IRO is being provided. Any cases identified are immediately allocated. The service will prioritise the reallocation of cases, taking into consideration the timescale for CLA reviews and Review Child Protection Conferences. **Implementation date** 1/02/2014
C6	**The IROs are informed of children becoming looked after twice weekly.** In four cases (16% of the sample), the IRO service were only informed of the child becoming looked after at least ten days after this change in status. In one case, the service was only informed 22 days	A child may be placed under significant harm if the case is not reallocated.	Medium	**Action 8** The Children's Social Work teams should inform the IRO service of a child becoming looked after within reasonable timescales.

Control	Audit findings	Implications	Residual risk	Agreed actions, responsible officers and implementation dates
	after the child became looked after.			**Responsible officer** Admin function via SS14. **Implementation date** Briefed January 2014.
C9	**Social Workers should complete their reports within 5 working days of the review.** Of the 25 looked after cases reviewed, one Social Worker report had been prepared and outcomed by the same Social Worker.	Reviews may need to be adjourned in the event that the Team Manager identifies concerns regarding a case.	Medium	**Action 9** The Children's Social Work teams should review all access permissions to ensure that Social Workers are unable to prepare and outcome care plans. **Responsible officer** **Implementation date** Briefed January 2014 but service demand impacts on capacity.

Working Together with Families Actions

Issue	Action	Timescale	Who By	Update March 2014
TFU / LCC definition of worked with	Liaise with DCLG: - Agree Lancashire definition of 'Worked With' - Provide Audit colleagues with evidence of above - Confirm definition with Analysts - Communicate to wider WTWF team and cascade to LMG's	December – January 2014	PH PH JBs Co-ordinators and Area leads	**Implemented** Confirmation of the 'worked with' definition was obtained from Russ Aziz on 30/9/13 and 26/11/13.
Claims Process • What we can claim for • From what date • At what rates • How can we obtain Anti Social behaviour data to support future claims • **Clarification with DCLG regarding families about claiming for families who meet 1 of the criteria and claiming for the family** • **Local criteria to be applied across Lancashire**	Liaise with DCLG:	December – January 2014	PH / JBu / JBs Analysts	**Implemented** Meeting undertaken with audit and analysts on 5th March which clarified the claim process. **Partially implemented** Ongoing discussions with DCLG regarding the claim process. Further to participation in the July 2013 and January 2014 spot checks we have developed a rationale to inform future claims which has been shared with DCLG and detail of which is provided in the fnance report for March Gov Group. I**mplemented** Via existing local nomination form.
Transition Phase • Mechanics/timetable claims • TFU's thinking on Phase 2	Liaise with DCLG - Discuss with WTWF Governance Group - Clarify claims timetable with Analysts - Engage wider WTWF team in discussion re phase 2 - Feedback LCC view to DCLG	January – March 2014	PH / JBu / JBs J Bs PH/JBu/JBs PH	**Implemented** Discussed at WTWF team meetings. Letter sent to DCLG on 16th January and response received on 24th February

National Evaluation	Confirm the levels of information and format required from LCC, (meeting with Ecorys 16/01/14)	January – March 2014	PH / PR	**Implemented** First set of Family Monitoring Data returns submitted on 28th February
Consent	Area Leads to follow up trackers for all 10 sample audit cases Area leads to chase all outstanding trackers and consent forms from LP's LMG's to be actively engaged in above process Report completed action to LCC Auditor	December – January 2014	LE / SA / SR LE to coordinate LE/SA/SR PH	**Outstanding** 10 sample audit cases completed and where a tracker was required this has been requested but not yet obtained. Ongoing as part of area lead role. Ongoing as part of area lead role. In all multi agency cases there will be explicit WTWF consent which forms the contract between the family and the lead professional and further audit testing will provide reassurances in relation to this. Where there is a single agency or information required response the north west data sharing protocol and support District LMG protocols supports the sharing of information between agencies. Also each single agency response will have a consent agreement with the appropriate individual within the family.
Future Claims	Invite LCC Audit colleagues to engage with claims process from beginning to aid understanding and gain expertise and advice on the process.	Jan - March 2014	PH / PR / IR	**Implemented** Jan 2014 claim audited. Meeting undertaken with audit and analysts on 5th March which clarified the claim process
Information Governance	Meet LCC Access to Information Manager to discuss data being processed by analysts. Identify who in the police has access to the programme data and ensure it is restricted to only the analysts. Two groups have access but we are not sure which users are members of this group.	January 2014	PH/ JB / JBu	**Partially Implemented** Information provided to the LCC Access Information manager and assurances sought. **Implemented.** Confirmed with the police that the 2 shared groups are IT support who require access to provide support.

Case File Audit Actions

	Issue	Implication	Residual risk	Recommendation and management response	Responsible officer and implementation date	Update re Action Taken
1	The Children's Social Care procedure manual includes a file audit framework which details the number of file audits that should be completed each month by management and the CYP audit team. A record of the file audits completed is sent to the CYP Senior Auditor and the results are collated on a spreadsheet. However from the records of completed file audits for 2012 a number of Children's Social Care Managers, District Managers, Senior Managers and the CYP Audit team had not completed the required number of audits. For the 3 month period April to June 2012 the following Districts had not submitted any case file audits – Pendle, Rossendale, Hyndburn Ribble Valley, Chorley and South Ribble, West	If the agreed quota and breadth of case file audits are not completed there is an increased risk that areas of best practice or areas of concern will not be identified and communicated.	High	The Head of Safeguarding, Inspection and Audit and the Head of Children's Social Care should discuss the process for completing case file audits and in particular should: a) Issue all staff with a reminder about completing case file audits; b) Agree a protocol for chasing up outstanding case file audits. It may be appropriate for business support to assist with the collation of case file audit data in the first instance; c) Improve the current monitoring spreadsheet to separately identify district manager audits; and d) Agree reporting	**Responsible officers**: Head of Safeguarding, Inspection and Audit and Head of Children's Social Care. **Implementation date**: 1 May 2013	a) **Aug / Sept 2013:** A consultation exercise was completed in conjunction with all Heads of CYP services. From these conversations, a new Case File Audit Framework was developed, which includes a breakdown of monthly audit submissions as a minimum requirement on a per capita basis by team and service. **Feb 2014**: The Framework is under review following a request from CYP DLT. All involved services are contributing to the revision to ensure an effective framework is in place which the Directorate is confident in implementing. Expected completion April 2014. b) Managers have access to improved information and reporting via a monthly summary report which identifies the cases audited, name of auditor and date of submission. As

	Issue	Implication	Residual risk	Recommendation and management response	Responsible officer and implementation date	Update re Action Taken
	Lancashire and the Audit Team. In addition, only 1 District Manager had submitted a case file audit during the same period. Reminders had not been issued for the outstanding case file audits by the CYP Senior Auditor during this period. We contacted 3 of the districts who had not reported any file audits for the period April to June 2012. 2 of the districts stated that they had performed file audits but that they had not completed the required number. In addition, not all been documented and in some cases there was no record of the case files that had been audited. In the event of an inspection the districts would find it difficult to provide details to Ofsted. The 2 districts had identified themes and shared this with their teams at their district team meetings but not with the wider CSC			arrangements for escalating details of non reporting/ completion. **Management response:** The file audit framework is under review and once agreed will be re-issued to the relevant managers outlining their audit requirements. There is a process in place for the Auditor collating the monthly audit figures to alert relevant managers and escalate to the HOSC where teams have not completed audits Monitoring spreadsheet will be amended to differentiate managers from seniors managers		such, they can easily identify within their own teams who have or have not completed audits and they are in a position to follow this up as necessary. c) Separate spreadsheets are in place and analysed each month for each type of audit completed, including by service area. These capture the designation of the auditor as standard. This means that filters can be applied at any time to identify which managers have undertaken case file audits by process completed and month of submission. d) Monthly audit counts are produced on a scorecard which breaks down the number and type of audits completed by each service. This is shared with Head of Safeguarding, CSC Head of Service and cascaded to senior managers across the directorate. A detailed

	Issue	Implication	Residual risk	Recommendation and management response	Responsible officer and implementation date	Update re Action Taken
	teams. 1 of the district managers has failed to respond to several of our emails and phone calls. We have passed these details onto the Head of Children's Social Care.					quarterly report is also provided to CYP DLT.
2	The case file audit framework also requires other senior managers to complete 1 audit per month but it was not clear who this requirement related to and if they had performed the audits. We have discussed this with the Head of Children's Social Care who has advised us that whilst he does not complete the standard template he does review cases as and when he is required to, for example court cases. Case file audits are also required to be performed by other teams within the directorate such as the Inclusion and Disability Support Service (IDSS) and the Adoption Service. The results of these case	If the agreed quota and breadth of case file audits are not completed there is an increased risk that areas of best practice or areas of concern will not be identified and communicated. Any monitoring reports to senior management may not represent all of the case file audits completed.	High	a) The spreadsheet used to monitor the return of file audits should be extended to also identify and monitor audits completed by district managers and other senior manager audits; and b) The monitoring spreadsheet should also be extended to cover audits completed by other social care teams such as IDSS and the Adoption Service. **Management response:** See above Monitoring spreadsheet has been amended to	**Responsible officer**: Head of Safeguarding, Inspection and Audit. **Implementation date**: See above Completed	a) Now being captured monthly – see above b) The new monitoring spreadsheets identify which individuals and services have submitted audits across all CYP service areas including IDSS and Adoption. There are also supporting spreadsheets for capturing any additional QA / audit work undertaken by teams. These also capture emerging themes / trends and feed into the analysis. c) All audits are collated through the Audit team and the Senior Auditor undertakes monthly overview and analysis work with formal DLT reporting on a quarterly

	Issue	Implication	Residual risk	Recommendation and management response	Responsible officer and implementation date	Update re Action Taken
	file audits are not reported to the CYP Senior Auditor to allow completion to be monitored and common themes. We have met with a Senior Manager within IDSS and have confirmed that they do complete case file audits. IDSS have recently discussed case file audits and have re-confirmed the need to ensure these are completed each month. A paper has also been produced by IDSS identifying the common themes arising from the audits and this has been shared throughout the IDSS team.			include all frontline CYP services		basis. This includes a report on key findings including good practice. An example of how audit work has developed is the cross-service process, which now tracks cases monthly across all DCYP services, allowing an informed overview of the child's (and family's) journey through the CoN prior to becoming open to CSC. Services contributing include: Early Support (and CAF), WTWF, ACERS, Pupil Access, Children Missing Education, Children's Centres, YPS, Parent Partnership, IDSS, YOT and others, alongside a deep-dive of open CSC case files.
3	Discussions with some of the district managers identified that case file audits are not all recorded. For a sample of 20 case file audits that had been reported as completed we could not locate the audit checklist for 9 of the 20 audits. We acknowledge that there are known issues with the	Management are unable to demonstrate that the case file audit has been completed or that it has covered the necessary areas. Issues arising from the case file	High	a) Staff should be reminded of the need to record all case file audits on the checklist and to save the checklist on CERMS; and b) Managers completing case file audits should ensure that all actions	**Responsible officers**: Head of Safeguarding, Inspection and Audit and Head of Children's Social Care. **Implementation date**: **1 May 2013**	a) The interim processes currently in place will last until the audit process in the new LCS (Liquid Logic) system is fully operational, Current methods provide the Audit team with all online audits completed for analysis purposes. As part of this, there are two options for auditors to

	Issue	Implication	Residual risk	Recommendation and management response	Responsible officer and implementation date	Update re Action Taken
	CERMS system which makes it difficult to find or confirm what documents have been stored in CERMS. The case file audit checklist includes a section for the auditor to record any required actions and also a section for the actions to be signed off and dated when completed. For the 11 case file audits that had been documented and saved on CERMS a number of actions had been documented as being required. However, none of the checklists had been updated to indicate that the necessary action had been taken despite there being a section on the checklist to record this.	audits may not be resolved.		required are completed and signed off within the agreed timescales. Given the current system this may mean managers reviewing their previous months audit checklists to ensure all actions have been addressed. **Management response:** A range of audits are undertaken, however managers should complete case file audits using the case file audit tool. The case file audit tool is currently under revision to capture the journey of the child and as part of the Liquid Logic implementation. Until an electronic system is implemented the service relies on self-reporting from managers. Discussion to take place		follow up identified actions: - If during the audit of a case file there are significant concerns that require immediate action, the auditor can email any member of the central Audit team, who will draw the individual audit down, convert it into a Word document and send it back for follow up and saving to the case file. - As standard practice, the Audit team draws down all the audits from the previous month, converts each into Word and sends them back to the relevant team managers, who then cascade the audits to the workers for saving to case files and following up actions. This process has been live for one full quarter now and the Audit team plan to dip-sample early submissions to ensure this process is effective in closing the loop.

	Issue	Implication	Residual risk	Recommendation and management response	Responsible officer and implementation date	Update re Action Taken
				between Heads of Service to determine responsibility for reporting outstanding and completed actions		
	Reports detailing the number of case file audits and the themes arising from the audits have previously been reported to the Safeguarding Steering Group which met on a quarterly basis during 2011. However, this group has not met in 2012 and the information previously reported to this group on case file audits has not been reported to another group. The Safeguarding Steering Group minutes from August 2011 state that quarterly reports on case file audits should be submitted to DLT with monthly reports being sent to the Director of Specialist Services and the Director of Targeted and Assessment Services. We have reviewed the DLT	There is a lack of reporting regarding the case file audit process and senior management may not be aware of the outstanding case file audits and any issues arising from them.	High	Summary reports should be provided to senior management on a regular basis detailing: a) cases audited; b) outstanding audits; and c) details of best practice and issues. **Management response:** System in place to provide summary report on quarterly basis	**Responsible officers**: Head of Safeguarding, Inspection and Audit. **Implementation date**: Completed	Reporting of audit counts, (including shortfalls), broken down into teams and services are now provided monthly to the Head of Safeguarding, Head of CSC and appropriate Directors. Additionally, there is a detailed monthly report plus a summary report done by the Senior Auditor which clearly identifies themes and trends at a very meticulous level. Month-on-month recurrent themes and findings are also reported along with suggestions and recommendations which are intended to identify and cascade good practice and also highlight areas where some adjustment to processes may facilitate progress and improve outcomes for the child. In addition to this, quarterly reporting is now regularly provided for DLT including themes and counts. The Senior Auditor submits reports

	Issue	Implication	Residual risk	Recommendation and management response	Responsible officer and implementation date	Update re Action Taken
	minutes for 2012 and cannot see any reports regarding case file audits. In addition the CYP Senior Auditor advised us that she had not been asked to submit any progress reports for a number of months. There has been no collation of the themes arising from the case file audits since a paper was prepared for DLT in Q4 2011. The number of case file audits completed is recorded on the quarterly safeguarding scorecards but no further details are provided.					and attends DLT to clarify and answer any questions and also to take away further actions as required. **Feb 2014:** A review of the File Audit Framework is now underway, alongside a joint review of the content of the audit tools. This work is intended to ensure that the right tools which ask the right questions are incorporated within the new LCS system and will therefore support all future case file audit work.
	The Safeguarding Peer Review from 2011 included the following recommendation regarding the case file audit process: *Ensure that key themes from casework audit are brought together in summative reports and linked into service plans/supervision/ and*	There is a risk that the best practice and issues identified from the case file audit process are not identified and communicated.	High	Management should ensure that the recommendations raised in the Safeguarding Peer Review are progressed. The status of these recommendations should also be included in any reports to senior management (see recommendation 4).	**Responsible officers**: Head of Safeguarding, Inspection and Audit and other appropriate Heads of Service. **Implementation date**: Completed	1. See above re: timetable and minimum requirements for case file audit for all services, now built into the QA framework for this area of work (and reviewed Feb / March 2014). 2. Manager Summaries are collated which capture additional QA / audit work taking place in teams and which have not been part of the central analysis process

	Issue	Implication	Residual risk	Recommendation and management response	Responsible officer and implementation date	Update re Action Taken
	learning and development ***Action:*** *1. Develop timetable for casework audits across all relevant services.* *2. Each Service Head to collate themes and learning from casework audits.* *3. Monthly report on audits carried out and the outcomes from them to be produced.* *4. Annual report summarising the issues coming out of casework audits across all services and the actions taken as a result.* ***Timescale:*** *1. September 2011* *2. April each year* As reported at recommendation 4 above some of these actions have not been implemented.			**Management response:** As above		e.g. using different audit tools not available online. The summary sheet also requests details of the case file audits undertaken and emerging themes, which are also fed into the reporting mechanisms. 3. See above – monthly reporting is now in place and outcomes are being cascaded back to all teams via senior managers / Heads of Service. 4. Reporting at this stage has been in place for a full quarter, with the cross DCYP audit process being undertaken monthly. Reviews are underway. Annual reporting is scheduled, but has not yet been undertaken. First annual report will be April 2014, although this will not include a full year, and will be a report on development of the work, processes established and emerging themes / findings since June 2013.
	The current case file audit process is managed outside of the social care system (ISSIS). The process requires high levels of manual	The case file audit process is not embedded in the current social care system. This increases	High	The CYP Audit Team should ensure that the case file audit requirements are fed into the design stage for the replacement social	**Responsible officers**: Head of Safeguarding, Inspection and Audit.	The case file audit requirements have been included within LCS system development, and are being kept under review in consultation with relevant

	Issue	Implication	Residual risk	Recommendation and management response	Responsible officer and implementation date	Update re Action Taken
	intervention and our audit findings have confirmed that the current process is not robust or embedded. The Directorate are currently looking to replace the current social care system (ISSIS) and should ensure that opportunities to embed the process in the replacement system are explored. The following features should be included in any discussions about the new social care system capabilities: - system selection of case file audits to prevent selection bias and to ensure full coverage; - automatic reporting of issues and statistics on completion of case file audits; - automated tracking of required actions and outstanding required actions;	the risk of managers not completing the audits and lessons learnt not being identified and communicated to the workforce.		care system. The design stage should ensure that the case file audit process becomes fully embedded in the system and is not seen as an additional task but part of the ongoing process. **Management response:** Currently in progress, discussions taking place between Senior Auditor and Liquid Logic project team outlining audit and reporting requirements to be integrated into Protocol. Awaiting confirmation from Liquid Logic project team as to how the audit process and reporting will be integrated	**Implementation date**: 25 March 2013	services. The partially-automated audit process within LCS is unlikely to become fully operational before September 2014. In the meantime, the interim arrangements using the online audit tools and analysis and reporting procedures will remain in effect. Whilst some self-sampling remains across services, a peer review process is being considered as part of the current review (March 2014). Additionally, a separate monthly audit cycle has been established via the central Audit team, which includes tracking the child's journey through a deep-dive and cross-service interrogation of different systems. Cases randomly selected centrally for deep-dive audit through CSC files are also cascaded to all services to gather data including Early Support, IDSS, WTWF, ACERS, Pupil Access, CME, Parent Partnership, YPS, Children's Centres, YOT, and Safeguarding input. This means that for 10 cases each

	Issue	Implication	Residual risk	Recommendation and management response	Responsible officer and implementation date	Update re Action Taken
	and - register of common themes to be used as a training tool for staff.					month there is an opportunity to evidence good practice across the CoN, highlight trigger points, and facilitate embedding chronology into future plans. Establishing this process also supports future inspection, as there is a clear process that is familiar to all services whereby collection and and collation of cross-cutting information on individual case files is now in place by interrogating different systems simultaneously. This process has been used successfully to support a mock inspection (Nov 2013) and a large themed audit on Missing Children. Workforce development can in future be reliably informed from findings and themes emerging month on month.

Audit & Governance Committee
Meeting to be held on 31 March 2014

Electoral Division affected:
All

External Audit
Lancashire County Pension Fund Audit Plan 2013/14

Contact for further information:
Karen Murray, 0161 234 6364, Director, Grant Thornton
karen.l.murray@uk.gt.com

Executive Summary

The Audit Plan sets out the nature and scope of work that the Authority's external auditor will carry out to discharge its statutory responsibilities, compliant with the Audit Commission Act 1998 (the Act) and the Code of Audit Practice for Local Government.

This audit plan is specific to the financial year 2013/14 and sets out in broad terms the programme of work required to:

- give a financial opinion on whether the financial statements:

– give a true and fair view of the financial position of the Pension Fund as at 31 March 2014 and of its expenditure and income for the year then ended; and

– have been prepared in accordance with proper accounting practice.

The Audit Plan, setting out the process that underpins the audit is at Appendix A. The Plan will be reported to the Council's Pension Fund Committee on 28 March 2014.

Recommendation

The Audit & Governance Committee is asked to note the External Audit plan for the audit of the County Pension Fund for 2013/14.

Lancashire County Council

Background and Advice

Attached at Appendix 'A' is the external auditor's Audit Plan for the audit of the Lancashire County Pension Fund. The plan sets out the main risk areas which the audit will focus on and how the audit team plans to obtain the necessary assurances. The risks relate to the three key elements of the fund accounts being:

- investments,
- contributions and
- benefits payable.

The fee for the audit of the pension fund has been set at £35,906.

(Note: The scale fee set by the Audit Commission for pension fund audits is based on a formula linked to the size of the net assets of the fund and has no specific risk factors linked to it).

Karen Murray, Engagement Lead, will attend the meeting to present the report and answer any questions.

Consultations

The report has been agreed with the Deputy County Treasurer.

Implications

This item has the following implications, as indicated:

Risk management

No significant risks have been identified.

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact/Directorate/Tel
N/A		

The Audit Plan for Lancashire County Pension Fund

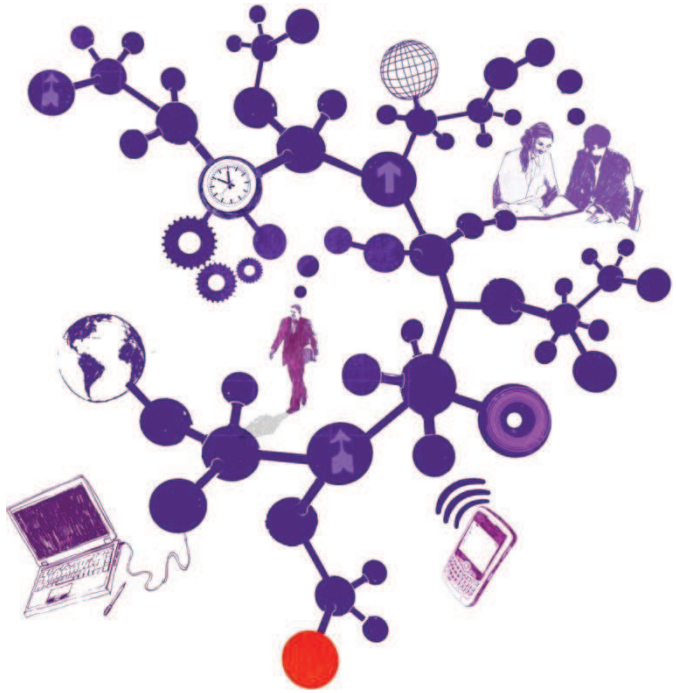
Year ended 31 March 2014

March 2014

Karen Murray
Director
T 0161 234 6364
E karen.l.murray@uk.gt.com

Gareth Kelly
Senior Manager
T 0141 223 0891
E gareth.kelly@uk.gt.com

Ian Pinches
Executive
T 0161 234 6359
E ian.m.pinches@uk.gt.com



The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Fund or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Contents

© 2014 Grant Thornton UK LLP |

Understanding your business

In planning our audit we need to understand the challenges and opportunities your Pension Fund is facing. We set out a summary of our understanding below.

Challenges/opportunities	Our response
1. Increasing complexity of investments within internally managed fund • As part of the diversification of investments, the internally managed funds are being targeted towards more fixed income, credit instruments, emerging market funds and company assets	• We will review the nature of these investments and the methods being used to estimate the fair value of those investments at 31/3/2014. • We will assess the appropriateness of the valuation basis and assumptions being used to arrive at a fair value.
2. Financial Pressures • Pension funds are increasingly disinvesting from investment assets to fund cash flow demands on benefit and leaver payments not covered by contributions and investment income. Investment strategies need to respond to these demands as well as the changing nature of investment markets.	• We will monitor any changes to the Pension fund investment strategy through our regular meetings with management. • We will consider the impact of changes on the nature of investments held by the pension fund and adjust our testing strategy as appropriate
3. Triennial valuation • Following the 31 March 2013 actuarial valuation the scheme is in the process of considering the level of additional employer deficit contributions required and how to fund them.	• We will maintain regular dialogue with management to assess the impact this has on the administration of the pension fund and any required disclosures in the 2013/14 pension fund financial statements.
4. Local government restructuring and outsourcing • With increasing outsourcing services and Directions which require equivalent pensions to be provided to transferred staff, LGPS funds are admitting more private companies. • Increased number of admitted bodies may increase risks for the fund in the event of those bodies failing.	• Through our regular liaison with officers we will consider the impact of any planned large scale TUPE transfers of staff and the effect on the pension fund.
5. Probation trust pension fund merger • Reforms of probation services include the Greater Manchester Pension Fund acting as LGPS Fund for the National Probation Service and Community Rehabilitation Companies. • Regulations have been delayed; transfer may be phased from June 2014.	• We will discuss with officers arrangements in place to effect the transfer including data transfer and transfer of investment assets.

© 2014 Grant Thornton UK LLP |

Developments relevant to your Pension Fund and the audit

In planning our audit we also consider the impact of key developments in the sector and take account of national audit requirements as set out in the Code of Audit Practice and associated guidance.

Developments and other requirements

1. Financial reporting

- There are no significant changes to the Pension Fund financial reporting framework as set out in the CIPFA Code of Practice for Local Authority Accounting (the Code) for the year ending 31 March 2014.

2. LGPS 2014

- Planning and implementing of the Career Average Revalued Earnings scheme (CARE), effective from 1 April 2014, will impact on the workload of the pensions administration team.
- The new scheme is likely to be more complex to administer and will require changes to systems and processes.
- This, together with changes to governance arrangements may impact on the capacity to respond to audit queries.

3. New governance arrangements

- The Act requires an increased governance regime requiring that each scheme appoint a Scheme Manager who will be assisted by a Pension Board.
- The CLG has consulted on these and regulations are expected in 2014 with implementation expected by April 2015 at the latest

4. The Pensions Regulator

- The Act also provides for The Pensions Regulator (TPR) to oversee the operation of LGPS schemes and to set standards of governance and administration.
- The fund will need to monitor compliance with the requirements set by TPR.

5. Structural change and efficiency

- DCLG has signalled its intention to consider the future structure of the LGPS to improve efficiency and performance.
- LGPS management expenses are increasingly under scrutiny. In response, CIPFA intends to issue guidance on reporting in 2014.

Our response

- We will ensure that the Pension Fund financial statements comply with the requirements of the Code through our substantive testing.

- We will discuss with officers the progress and implementation of LGPS 2014 in our regular meetings. If appropriate will report any observations.
- We will plan our audit and agree timetables with officers, including pension administrative staff, to ensure our audit causes minimal disruption.
- In the 2014/15 audit we will consider the changes to the control environment in response to LGPS data requirements.

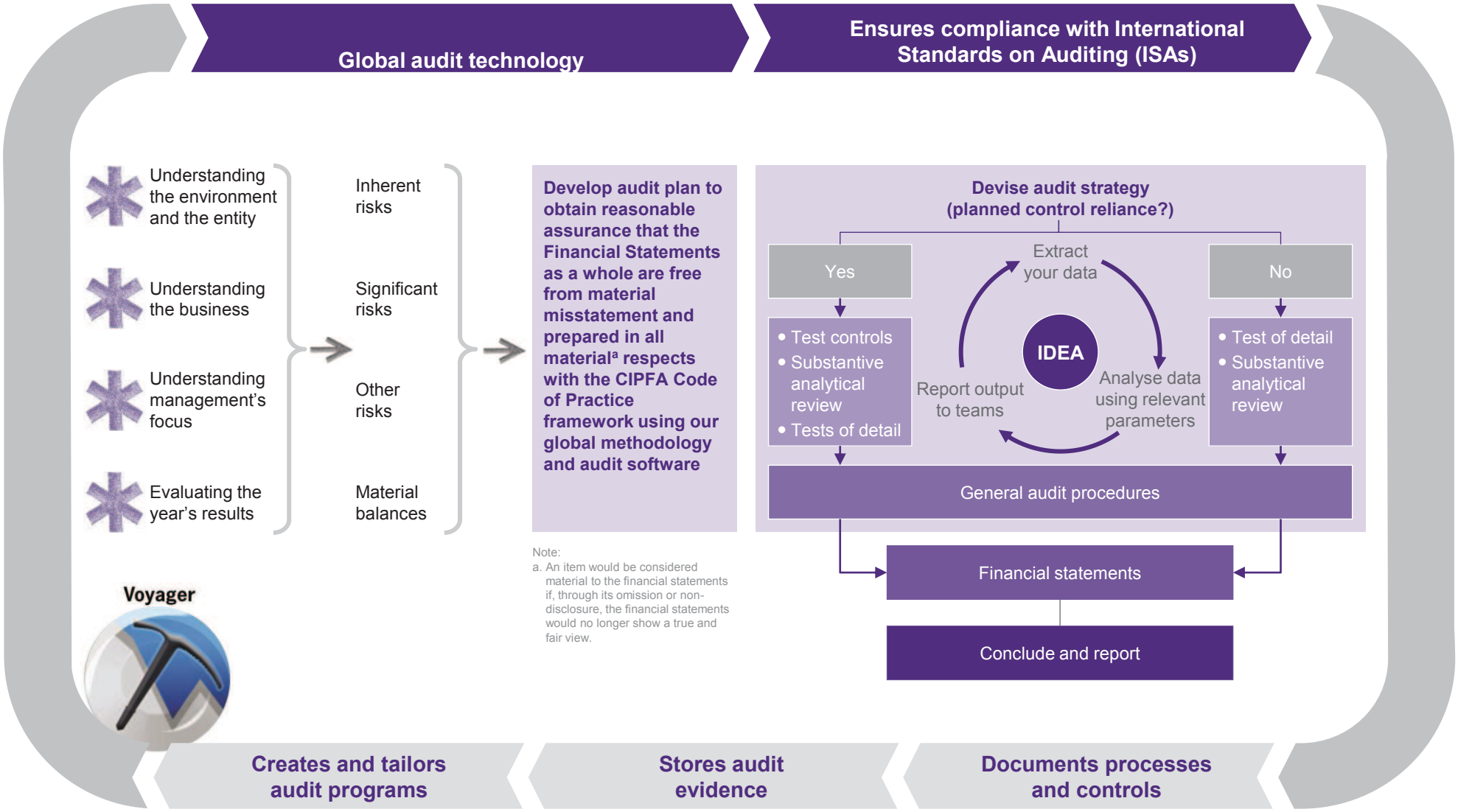
- We will consider the Pension Fund's revised governance arrangements, including the proposed separate annual governance statement, as they develop and share good practice on emerging new arrangements

- We will share our experiences of working with TPR as you prepare for the new regulatory regime.
- From 1 April 2015 we will consider our reporting responsibilities to TPR. We will discuss any report with officers and the Pensions Committee

- We will share with you good practice in reducing administration costs through collaboration or other initiative.
- Once issued, we will consider the CIPFA guidance and discuss with officers
- We will discuss any proposals for structural change and their impact on the pension fund with officers.

© 2014 Grant Thornton UK LLP |

Our audit approach



© 2014 Grant Thornton UK LLP |

Significant risks identified

'Significant risks often relate to significant non-routine transactions and judgemental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgemental matters may include the development of accounting estimates for which there is significant measurement uncertainty' (ISA 315).

In this section we outline the significant risks of material misstatement which we have identified. There are two presumed significant risks which are applicable to all audits under auditing standards (International Standards on Auditing (ISAs)) which are listed below:

Significant risk	Description	Substantive audit procedures
Revenue	Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition.	We have rebutted this presumption and therefore do not consider this to be a significant risk for Lancashire County Pension Fund. this is because: • The nature of the Pension Fund's revenue is in many respects relatively predictable and does not generally involve cash transactions. • The split of responsibilities between the Pension Fund, its Fund Managers and the Custodian, provides a clear separation of duties reducing the risk around investment income. • Revenue contributions are made by direct salary deductions and direct bank transfers from admitted /scheduled bodies and are supported by separately sent schedules and are directly attributable to gross pay making any improper recognition unlikely. • Transfers into the scheme are all supported by an independent actuarial valuation of the amount which should be transferred and which is subject to agreement between the transferring and receiving funds.
Management over-ride of controls	Under ISA 240 there is a presumption that the risk of management over-ride of controls is present in all entities.	• Review of accounting estimates, judgements and decisions made by management • Testing of journal entries • Review of unusual significant transactions

© 2014 Grant Thornton UK LLP |

Other risks

The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures (ISA 315).

In this section we outline the other risks of material misstatement which we have identified as a result of our planning.

Other reasonably possible risks	Description	Planned audit procedure
Investments	Investments not valid Investments activity not valid Alternative Investments not valid Fair value measurement not correct	We will: • See independent verification of year end holdings and in-year purchases and sales from the fund managers and the custodian • review the reconciliation between information provided by the fund managers, the custodian and the Pension Fund's own records and seek explanations for any variances. We may also have to test a sample of purchases and sales during the year back to detailed information provided by the custodian and fund managers. • test the valuation of a sample of the individual investments held by the Fund at the year end. for any unquoted investments we will critically assess the assumptions and basis of underlying estimations of investment values • Complete procedures to enable us to rely on pension fund's property valuers in respect of property investments • Confirm the existence of investments directly with the independent custodian and property valuer or by agreement to relevant documentation.
Benefit Payments	Benefits improperly calculated/claims liability understated	We will: • perform tests of controls over new pensions in payment and associated lump sum benefits. • rationalise pensions paid with reference to changes in pensioner numbers and increases applied in the year together with comparing pensions paid on a monthly basis to ensure that any unusual trends are satisfactorily explained. • compare the movements on membership statistics to material transactions in the accounting records.

© 2014 Grant Thornton UK LLP |

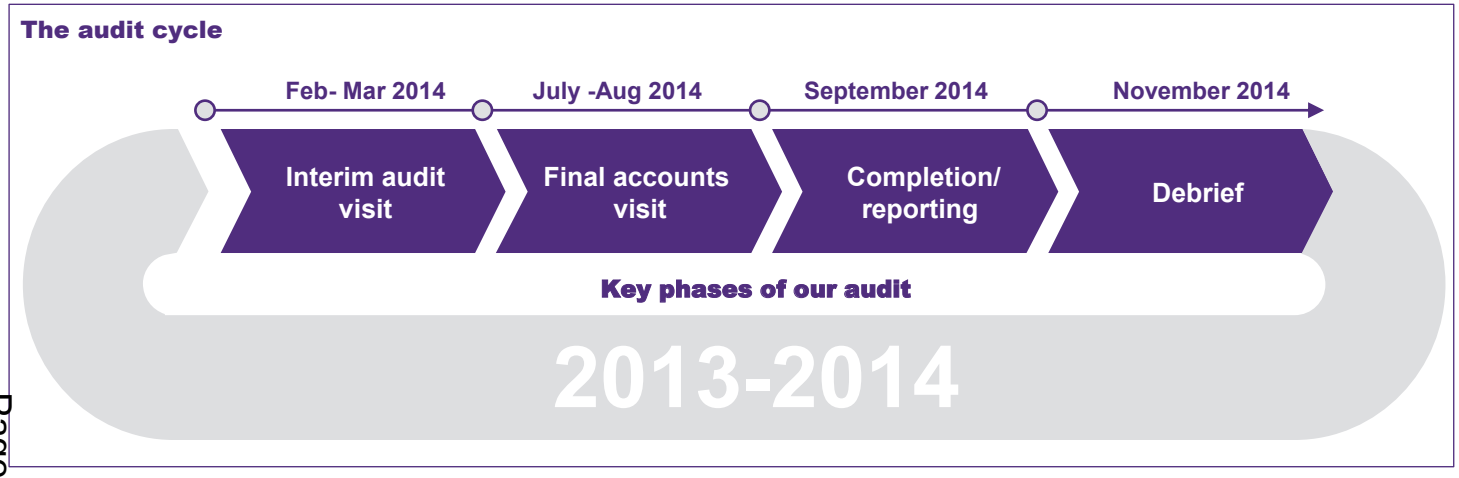
Other risks

The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures (ISA 315).

Other reasonably possible risks	Description	Planned audit procedure
Contributions	Recorded contributions not correct	We will: • perform a test of controls on the Administering Authority's contributions monitoring procedures. • rationalise contributions received with reference to changes in member body payrolls and numbers of contributing pensioners to ensure that any unexpected trends are satisfactorily explained.
Member Data	Member data not correct Regulatory, legal and scheme rules/ requirements not met Actuarial amounts not determined properly	We will • confirm the system of controls and reconciliations covering the determination of member eligibility, the input of evidence into the Pensions Administration System and the maintenance of member records. • substantively test changes to Member Data • examine the reconciliation of membership numbers for each category of member to previous year's figures via retirements, leavers and starters.

© 2014 Grant Thornton UK LLP |

Logistics and our team



Engagement Lead
Karen Murray
T 0161 234 6364
E karen.l.murray@uk.gt.com

Senior Manager
Gareth Kelly
T 0141 223 0891
E gareth.kelly@uk.gt.com

In-charge Executive
Ian Pinches
T 0161 234 6359
E Ian.m.pinches@uk.gt.com

Date	Activity
Feb/ March 2014	Planning
Feb/ March 2014	Interim site visit
March 2014	Presentation of the Audit Plan to Audit and Assurance Committee
July - August 2014	Year end fieldwork
September 2014	Audit Findings clearance meeting with Finance staff
September 2014	Presentation of the Audit Findings to Audit and Assurance Committee
September 2014	Opinion issued

© 2014 Grant Thornton UK LLP |

Fees and independence

Fees

	£
Pension Fund (scale fee)	34,169
IAS19 related work	£1,737
Total proposed fee	**£35,906**

Fees for other services

Service	£
None	Nil

Our fee assumptions include:

- Our fees are exclusive of VAT
- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, and the Pension Fund and its activities have not changed significantly
- The Pension Fund will make available management and accounting staff to help us locate information and to provide explanations

Independence and ethics

Ethical standards and International Standards on Auditing (ISA) 260 require us to give you full and fair disclosure of matters relating to our independence. In this context, we disclose the following to you:

- the in-charge member of our team has a family member who works within the Pension Fund's benefits administration team. To avoid any potential conflicts, this member of our team does not undertake any work on the benefits payable elements of the accounts and is not responsible for the planning or supervision of such work.

We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Audit Findings report at the conclusion of the audit.

We confirm that we have implemented policies and procedures to meet the requirement of the Auditing Practices Board's Ethical Standards.

© 2014 Grant Thornton UK LLP |

Communication of audit matters with those charged with governance

International Standards on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to those charged with governance.

Respective responsibilities

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

We have been appointed as the Council and Pension Fund's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice (the Code) issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Pension Fund's key risks when reaching our conclusions under the Code.

The audit of the Pension Fund's financial statements does not relieve management or those charged with governance of their responsibilities.

Our communication plan	Audit plan	Audit findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issue arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓

© 2014 Grant Thornton UK LLP |

© 2014 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' means Grant Thornton UK LLP, a limited liability partnership.

Grant Thornton is a member firm of Grant Thornton International Ltd (Grant Thornton International). References to 'Grant Thornton' are to the brand under which the Grant Thornton member firms operate and refer to one or more member firms, as the context requires. Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by member firms, which are not responsible for the services or activities of one another. Grant Thornton International does not provide services to clients.

grant-thornton.co.uk

(NOT FOR PUBLICATION: By virtue of paragraph(s) 1, 3, 5 of Part 1 of Schedule 12A of the Local Government Act 1972. It is considered that all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information)

Document is Restricted