

Service area	Operational area of activity	Audit work	Planning principle	Progress/ findings	Assurance
<b>Governance and democratic oversight</b>					
Corporate governance framework	Documentation of the council's governance arrangements: the framework that addresses the council's constitutional decision-making and delegation of powers	Review of the ownership, completeness and currency of documentation the council is required to hold, publicise and periodically review setting out its governance arrangements for decision-making and delegation of powers.	Key component of opinion	All of the documentation that would be expected to be in place to underpin constitutional decision-making and delegation of powers exists, as does most of the wider documentation required by the CIPFA/ SOLACE publication 'Good governance in local government: framework 2016'.	Substantial
	Operation of the scheme of delegation to officers	Review of the introduction of the revised scheme of delegation and its operation in practice.	Coverage of control across the organisation	This work has just begun.	
	Effective oversight of corporate governance by the Audit and Governance Committee	Assessment of the constitution and operation of the Audit and Governance Committee against professional guidance and current best practice.	Key component of opinion	Work on this audit is almost complete and will be discussed with the Leader of the Council as well as committee members before the end of the current administration.	
<b>Business effectiveness</b>					
Risk management	Preparation and use of the corporate risk register	Assessment of the principles and practical operation of risk management arrangements to produce a corporate risk register and respond to the issues it records.	Key component of opinion	The process by which the corporate and service risk registers are prepared is still relatively new and, although there are differences in the extent to which it is understood by individual services, the arrangements are operating as intended overall.	Substantial
Financial governance	Delivery of the council's financial strategy and budget reductions	Risk and control assessment of the measures in place to monitor and achieve planned budget reductions.	Controls to mitigate a significant risk	See PricewaterhouseCoopers' report dated 23 September 2016. On the basis of that work, the committee should take no more than limited assurance that the risks to delivery of the council's financial strategy and budget reductions have been adequately mitigated.	Limited
	Oversight of the Lancashire Pension Fund	Assessment of the governance framework to achieve corporate oversight by the council of the Fund, whose assets are owned by the council.	Controls to mitigate a significant risk	This audit has recently begun and will assess areas of assurance identified in PricewaterhouseCoopers risk and assurance framework.	
	Acting as accountable body for funding	Evaluation of the controls that manage the risks in taking on the role of accountable body, taking a sample of the most significant funding streams.	Coverage of controls across the organisation	This work has been removed from the audit plan, but has been addressed by work on the Lancashire Enterprise Partnership and Better Care Fund.	Not applicable
Performance monitoring	Corporate performance monitoring	Support to management in establishing a revised framework for monitoring and managing achievement of the council's key strategies.	Support to management to improve controls	Work is almost complete and a draft report is being prepared for discussion with management.	
<b>Service delivery</b>					
Children's services	Escalation of matters of strategic or political importance through to the Operations and Delivery management team and beyond if appropriate	Compliance testing of the escalation as appropriate of issues arising within individual caseloads or social care teams. This work could be replicated in other service areas but will be piloted here first.	Controls to mitigate a significant risk, and supporting work relating to risk management	Discussions are continuing with senior management and, although it was previously thought that this work would be deferred until 2017/18, we intend to complete this within 2016/17's work programme.	
	Identification of, and responses to, external feedback on children's services and schools	Assessment of the potential sources of feedback and operational services' responses to these including escalation of the information to senior management.	Controls to mitigate a significant risk	This audit work is continuing but nearing completion, focussing on the control frameworks relating to the county's schools and children with special educational needs or disabilities.	
Children's services continued	Data held on LCS (Lancashire Children's Services system)	Compliance testing of the completeness and accuracy of the data records held on LCS.	Controls to mitigate a significant risk	This work has been removed from the plan as Newton Europe Ltd, the Department for Education	Not applicable

Lancashire County Council internal audit plan 2016/17: progress as at 13 March 2017

Service area	Operational area of activity	Audit work	Planning principle	Progress/ findings	Assurance
	provided by Liquidlogic)			and Ofsted are all currently working in this area.	
	Oversight of schools' financial management	Risk and control evaluation of the arrangements to oversee schools' financial management.	Coverage of controls across the organisation	This work is complete and a draft report has been issued for discussion with management.	
	Certification of claims made under the Working Together with Families Programme	Testing to certify that central government's grant funding requirements have been met. We are required to test 10% of the claims submitted.	Requirement to comply with funding terms	A claim was submitted for sixteen cases in January 2017 and a further 93 cases will be submitted shortly. We have therefore undertaken testing to confirm that the claims will be made in accordance with the funding requirements.	Not applicable
Adults' services	Case management: supervision and support to front-line social workers to ensure safeguarding of service users	Risk and control evaluation of supervision and support arrangements under the new team management arrangements, with full compliance testing.	Controls to mitigate significant risks in a number of individual instances	The service's managers are already aware that current supervision arrangements are not complied with; they are onerous and no longer reflect the new staff structure and the revised operational framework for adult social care. New policies and procedures have been drafted and are being piloted.	Limited
	Data held on LAS (Lancashire Adult Services system provided by Liquidlogic)	Compliance testing of the completeness and accuracy of the data records held on LAS.	Controls to mitigate a significant risk	This audit is being undertaken in conjunction with the three audits of case management below, all of which impact on the data held on LAS. Work is continuing.	
	Case management: assignment of officers to cases	Risk and control evaluation of assignment of cases and workloads, with compliance testing following implementation of new team working arrangements.	Controls to mitigate significant risks in a number of individual instances	A single risk and control framework has been developed for these three areas of case management and work is continuing. We intend to discuss our work and findings with the Adult Services leadership team in April.	
	Case management: timely completion of action to statutory and advisory deadlines	Compliance testing of the timeliness of case management action against the deadlines set in legislation and the council's policies.	Controls to mitigate significant risks in a number of individual instances		
	Case management: delegation of responsibilities to accredited social workers	Compliance testing of the accreditations awarded to social workers to facilitate their taking on enhanced responsibilities for case management decisions.	Coverage of controls across the organisation		
Public health and wellbeing services	Commissioning and oversight of commissioned public health service provision	Risk and control evaluation of joint working with the NHS and voluntary sector to provide services within Lancashire.	Coverage of controls across the organisation	Controls to oversee contracts for the provision of public health services are in place and operating effectively.	Substantial
	Operation of the Health and Wellbeing Board	Assessment of the constitution and operation of the Board against professional guidance, local requirements and current best practice,	Coverage of controls across the organisation	The Lancashire Health and Wellbeing Board has been appropriately constituted and is acting in accordance with its terms of reference.	Substantial
with Corporate commissioning	Operation of the Better Care Fund	Including assessment of the governance arrangements for the council's use of the Better Care Fund.	Coverage of controls across the organisation	The procedures operated within the council to administer the fund are adequate and effective.	Substantial
Corporate commissioning	Commissioning, design and monitoring of the capital programme	Risk and control evaluation of the revised procedures to oversee the whole capital programme, including elements managed by the council for the Lancashire Economic Partnership.	Controls to mitigate a significant risk	A risk and control framework is being documented and agreed with management, and detailed testing of its effectiveness will be undertaken during 2017/18.	
	Provision of school places	Risk and control evaluation of the provision of school places.	Coverage of controls across the organisation	Effective controls are operated to ensure that the council's statutory responsibilities are fully met.	Full
	Operation of the Premises Compliance Team in strategic premises management	Assessment of risk and controls in relation to the council's property assets.	Coverage of controls across the organisation	Since compliance officers were not in place during the year, and given the changes still going on in this area, this work has been deferred into 2017/18.	Not applicable
	Certification of claims made through the Challenge Fund to the Department for Transport	Testing to certify that central government's grant funding requirements have been met.	Requirement to comply with funding terms	The council's use of £5.1 million of grant funding for M65 motorway infrastructure and £5 million for its lighting under the Challenge Fund has been certified	Not applicable

Lancashire County Council internal audit plan 2016/17: progress as at 13 March 2017

Service area	Operational area of activity	Audit work	Planning principle	Progress/ findings	Assurance
				as meeting the conditions of that funding.	
Economic development	Lancashire Economic Partnership (LEP): governance and accountability	Assessment of the constitution and operation of the Partnership against guidance and local requirements, to ensure the success of the partnership and the effective use of its individual funding streams (Lancashire Enterprise Zone, City Deal, Boost Business Lancashire, Growing Places Fund, Growth Deal Programme).	Controls to mitigate a significant risk	The operation of the LEP is heavily circumscribed by central government and the council is compliant with those requirements.	Substantial
		Establish and assess the assurance framework for the programme, including assurance available from other areas of audit work and any work by other organisations.	Maximising the value of audit work in other control areas	The assurance framework for the LEP was audited by the North West office of the former Department for Business and Skills and by the Government Internal Audit Office, both of which identified only minor administrative points.	Substantial
	Local Growth Fund certification	We have certified that the Department for Communities and Local Government's requirements in respect of Growth Deal funding have been met.	Requirement to comply with funding terms	The council's use of £39.35 million of grant funding under the Local Growth Fund has been certified as meeting the conditions of that funding.	Not applicable
Emergency planning	Adequacy of the plans in place to address emergencies and civil contingencies	Risk and control evaluation of the adequacy of emergency planning, including involvement of appropriate partners and adequacy of testing.	Controls to mitigate a significant risk	There are good practices in place to ensure that emergency response plans are effective, viable, and up to date. There are also areas where action is still required to enhance compliance with the Civil Contingencies Act, but these areas have already been identified and action is being taken or is planned for 2017.	Substantial
Pension fund administration	Administration of the fund to serve its members	Risk and control evaluation, with annual compliance testing, whilst the council has no other source of assurance over this.	Controls to mitigate significant risks in a number of individual instances	This work is close to completion.	
	Accounting for the fund	Risk and control evaluation, with annual compliance testing, whilst the council has no other source of assurance over this.	Controls to mitigate a significant risk	There are no significant issues in relation to accounting for the transactions of the Pension Fund, although officers retaining inappropriate access to the council's financial system is a common theme across a number of systems.	Substantial
	Fund investment management	Assessment with management of the assurance framework and available assurance over the Fund's investments.	Controls to mitigate a significant risk	This work has recently begun and will continue into April 2017.	
		Follow-up of actions agreed in relation to monitoring the performance of the Pension Fund's investments.	Follow-up as required by professional standards	This work has begun and will be undertaken at the same time as that on investment management above.	
<b>Service support</b>					
Business systems	Monitoring of the contract with BTLS	Risk and control evaluation of contract monitoring, with compliance testing.	Coverage of controls across the organisation	Monitoring of the contract within the council is effective.	Substantial
<b>Business processes</b>					
Financial processes	Treasury management	Risk and control evaluation of the controls in place, with annual compliance testing.	Controls to mitigate a significant risk	Compliance testing for 2016/17 has begun and will be completed during April 2017.	
Financial processes continued	Oracle general ledger	Risk and control evaluation of the controls in place, with annual compliance testing.	Controls to mitigate a significant risk	We found no issues other than officers retaining inappropriate access to the system.	Substantial
	Accounts receivable and debt management: central controls	Risk and control evaluation of the controls in place, with annual compliance testing.	Controls to mitigate a significant risk	Work for 2015/16 was reported in September 2016 and, since the action agreed by the Finance Team	Limited

Lancashire County Council internal audit plan 2016/17: progress as at 13 March 2017

Service area	Operational area of activity	Audit work	Planning principle	Progress/ findings	Assurance
				was scheduled to be implemented during the remainder of 2016/17, we have not undertaken any further work (including follow-up of the agreed actions) on this system during the rest of the year.	
	Accounts receivable and debt management: feeder system controls	Risk and control evaluation of the controls in place, with annual compliance testing of a sample of feeder systems.	Controls to mitigate a significant risk	The work reported above on the central controls supporting the accounts receivable system and debt management also addressed the main feeder system, Controcc, which supports adult social care. Testing also incorporated samples from the Symology, CART and MICE systems and the local arrangements within the services that use them (highways assets, transport and street lighting) and therefore no additional work will be separately undertaken this year.	Limited (as above)
	Cash and banking: central controls including checks over completeness and compliance in other locations	Risk and control evaluation of the controls in place, with annual compliance testing.	Controls to mitigate a significant risk	The income identification and allocation process is effective and has been improved by greater automation in recent years. However we noted issues in the operation of the Streamline system we tested at three locations around the county, and also in the operation of the ParentPay system in three schools.	Substantial
	Oversight of payroll payments	Risk and control evaluation of the council's monitoring and oversight of BTLS's processes, with annual compliance testing.	Controls to mitigate a significant risk	Controls to oversee the processing by BTLS of payroll transactions on behalf of the council are effective.	Substantial
	Accounts payable: central controls	Risk and control evaluation of the controls in place, with annual compliance testing.	Controls to mitigate a significant risk	We have prepared a draft report for discussion with the director of resources.	
	VAT	Risk and control evaluation of the controls in place, with periodic compliance testing.	Coverage of controls across the organisation	Work has begun, including follow-up of the actions agreed in 2015/16.	
Investment	Implementation of the treasury management strategy, including refinancing the council's debt	Compliance testing of operational policies and procedures, and work with management to understand the nature of the representations being given to lenders and credit rating agencies.	Controls to mitigate a significant risk	This work is almost complete but will continue into April 2017.	
	Compliance with borrowing limits and any other restrictions on investment	Evaluation of the in-service compliance programme and management's responses to its findings.	Controls to mitigate a significant risk	This work is being undertaken with that above, and will continue into April.	
Procurement	Central procurement: compliance with legislation, financial regulations and standing orders	Risk and control evaluation with annual compliance testing.	Controls to mitigate a significant risk	The Procurement Service has established procedures to ensure that all procurement exercises follow the council's procurement rules and strategy, and the control exerted by that central team is effective.	Substantial
Payroll processing	Effectiveness of inputs to the system: the inputs required and how they are processed	Risk and control evaluation focussed on system inputs.	Controls to mitigate significant risks in a number of individual instances	This audit has been deferred until 2017/18 as work is being undertaken within BTLS and with the council's HR Service to improve the inputs to the system provided by the council.	Not applicable
	Processing of payments by BTLS, using information supplied by	Risk and control evaluation, with annual compliance testing.	Controls to mitigate significant risks in a number	We found no control issues in the process operated by BTLS to process payroll payments to the council's	Full

Lancashire County Council internal audit plan 2016/17: progress as at 13 March 2017

Service area	Operational area of activity	Audit work	Planning principle	Progress/ findings	Assurance
	LCC		of individual instances	staff.	
Human resources (and finance)	Amendments to the council's establishment: completeness, accuracy and currency of records	Risk and control evaluation to ensure that the staff establishment, hierarchies and budgets are aligned, with full compliance testing.	Controls to mitigate a significant risk	Work to establish the scope of this work has begun and will continue into 2017.	
ICT	Possible work may include general IT controls, IT security and continuity planning, and application controls.	External advice is required, including discussions with BTLS, to properly assess the ICT audit work that is appropriate and achievable.	Controls to mitigate significant risks	Discussions with BTLS are progressing into 2017/18, but some assurance over the controls operated on the council's behalf to manage the risks around the use of ICT systems is available and has been provided.	