

## **Matters arising from internal audit work completed during the period to 31 December 2019**

### **1 Introduction**

- 1.1 This report highlights key issues that the Audit, Risk and Governance Committee should be aware of in fulfilling its role of providing independent oversight of the adequacy of the council's governance, risk management and internal control framework. It highlights the issues arising from the work undertaken during the period to 31 December 2019 by the Internal Audit Service under the audit plan for 2018/19.
- 1.2 The council's managers are asked at the end of each quarter to confirm that all remedial actions arising from audit work have been completed by their due date, or else are incomplete or superseded and these statistics are also reported here.

### **2 Key issues**

- 2.1 Audit work is progressing well against an ambitious plan for the year, and is generating largely favourable assurance across a wide range of the council's control framework.
- 2.2 Of the 90 audits now on the audit plan, 36 (40%) are either complete or at the point where draft reports are being prepared and discussed with managers. Whilst that leaves a lot of work still to complete, it should be noted that a total of 51 audits were completed in 2017/18, and 31 in 2016/17.
- 2.3 The plan for the year covers each of council's four directorates and, to some degree, each of the elements of the control framework. Significant assurance has also been provided specifically by Ofsted's work on Children's Services.
- 2.4 Many areas of the council are subject to both improvement plans and cost saving measures (which may also seek to make improvements) but there have been no surprises for the council's managers from the audit work undertaken to date: managers understand where services, systems or processes are not yet as effectively controlled as they would wish. The audit team has generally been given access to undertake its work as planned and the work is being supported by management even in areas that are still subject to development. In some cases where managers are clearly working to improve systems or processes the auditors have assessed, or plan to assess, the adequacy of systems' design but no more, whilst their operation becomes better embedded.
- 2.5 The assurance provided to the end of December 2018 is largely favourable, with 22 of the 27 completed audits giving substantial or moderate assurance. No work has resulted in no assurance being given over the adequacy or effectiveness of controls.
- 2.6 It has already been reported that formal follow-up by the internal audit team is not being undertaken this year, but operational managers are reporting that 76% of the actions agreed to mitigate risks identified through the audit process for 2016/17, 2017/18 and the current year that were due by 31 December 2018 have been completed. Only 5% have been reported as incomplete, although responses are outstanding for a further 6%, amounting to 33 in total.

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### **The council's financial position**

- 2.7 The single greatest issue for the council as a whole for some years has been its financial sustainability. Whilst the council's financial position has not yet been fully stabilised, over the course of the last year considerable work has been done to improve it and the full Council will consider and set the council's budget for 2019/20 in February 2019.
- 2.8 In April 2018 the difference between the council's funding and its expenditure for 2019/20 was forecast to be £88.6 million, and for 2020/21 the gap was £98 million.
- 2.9 In October 2018 a forecast funding gap of £60.6 million remained for 2019/20 and £110.7 million for 2020/21, at which point the level of reserves remaining would be insufficient to bridge the gap. All of the council's services therefore undertook a service challenge review process with the combined aims of maintaining or improving the quality of services whilst also reducing costs. To support this, services' costs were benchmarked against other county councils and were actively encouraged to speak to other high-performing councils and organisations to understand the differences in their costs and outcomes, and how they could be improved.
- 2.10 On 3 December 2018 Cabinet considered £77.2 million of savings proposals resulting from the 43 service challenges, along with the impact of some additional central government funding, primarily to support the national pressures on adults' and children's social care, and an updated assessment of demand and cost pressures. The funding gap now projected for 2019/20 has therefore fallen from £60.6 million to £14.6 million and this can be funded from reserves.
- 2.11 It is now anticipated that available reserves will be more than sufficient to support the council's expenditure until at least 2022/23: the forecast gap in funding has now fallen from £135 million to £46.1 million by 2022/23. However work is continuing under the second phase of the service challenge process to identify further savings and address the structural funding gap to reduce the need for support from reserves in 2020/21 and beyond and so that a financially sustainable position can be achieved.

### **3 Progress against the internal audit plan**

- 3.1 Despite making a number of amendments to the original plan for the year, there remain 90 audits on the plan (section 7 below provides more details). This is a considerably larger plan than those followed in the last two years.
- 3.2 These have progressed as shown in the table on the next page, and the figures presented to the committee in October 2018 are also provided for comparison.
- 3.3 Summaries of the findings of the 11 audits completed and reported during the last quarter are reported in section 5 below.
- 3.4 Amendments to the plan during the year to date are set out in section 7 below.

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Stage of audit process	December 2018		September 2018	
	Number	Percentage	Number	Percentage
Complete and reported	27	30%	16	18%
At draft report stage	9	10%	7	8%
Progressing	32	36%	29	32%
Not yet started	22	24%	38	42%
<b>Total number of audits</b>	<b>90</b>	<b>100%</b>	<b>90</b>	<b>100%</b>

3.5 Draft reports are currently being prepared and discussed with managers on:

- Ordinary residence (for the purposes of adult social care)
- Third party top up payments (for the purposes of adult social care)
- Contract monitoring: direct payment support service
- Children's Services' in-service audit framework
- Section 17 payments to children with disabilities
- Thematic audit of schools' payroll
- Operation of the Highways Asset Management System (HAMS)
- Highways Asset Management System (HAMS) improvement programme
- Customer Access Service business continuity

## 4 The assurance available from completed audit work

4.1 A brief summary of the assurance provided for each of the audits relating to 2018/19 and completed to final report stage by 31 December 2019 is provided in the tables below.

2018/19 assignments relating to:	Total	Assurance provided			
		Substantial*	Moderate*	Limited	None
Governance	0				
Business effectiveness	1		1		
Service delivery	19	7	10	2	
Service support	3	1	1	1	
Business processes	4	2		2	
<b>2018/19 assignments: total to date</b>	<b>27</b>	<b>10</b>	<b>12</b>	<b>5</b>	<b>0</b>
	100%	37%	44%	19%	-
<b>2017/18 assignments: total</b>	<b>51</b>	<b>5</b>	<b>34</b>	<b>12</b>	<b>0</b>
	100%	10%	67%	23%	-
<b>2016/17 assignments: total</b>	<b>31</b>	<b>3</b>	<b>24</b>	<b>4</b>	<b>0</b>
	100%	10%	77%	13%	-

\* For the purposes of comparison, where full assurance has been given in previous years this has been equated to substantial assurance in the current

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year; and where substantial assurance has been given previously, this is now recorded as moderate.

- 4.2 It can be seen that, at this point and allowing for the possibility that the change in categorisation of assurance has resulted in a higher proportion of the most favourable opinions being given, a high percentage of audits are providing favourable assurance.
- 4.3 As the report accompanying the audit plan for the year made clear, there are some areas of the council's operations that are still subject to significant improvement programmes. However arguably the most important of these has been children's social care services. Whilst less internal audit work has been undertaken on Children's Services than their importance might warrant, Ofsted's work and its report in August 2018 give some strong assurance and indicate that clear improvements have been made. Although further improvement is still regarded as necessary, Ofsted's report has been interpreted by the former interim executive director of education and children's services as equivalent to 'satisfactory' or, moderate in the Internal Audit Service's classification.
- 4.4 The table below provides a full list of the assurance provided during the year to date and more details of each of the audits completed over the period since the last report to the committee are set out in section 5.

<b>Control area: 2018/19</b>	<b>Assurance</b>	<b>Reported to committee</b>
<b>Business effectiveness</b>		
Communication with staff across the council	Moderate	January 2019
<b>Service delivery: Adult Services and Health &amp; Wellbeing</b>		
Medication practices across Disability Services	Limited	January 2019
Supervision and support to front-line in-house day services care providers in Disability Services	Moderate	October 2018
Supervision and support to front-line social workers in the Patient Safety and Safeguarding Service	Limited	January 2019
Contract monitoring: reablement service	Moderate	October 2018
Contract monitoring: crisis support service	Moderate	October 2018
Contract monitoring: sexual health service	Substantial	October 2018
Public Health expenditure	Substantial	January 2019
Payroll claims and recovery of over/ underpayments to staff in Disability Services	Moderate	October 2018
<b>Service delivery: Education &amp; Children's Services</b>		
External residential placements process	Moderate	October 2018
Contract monitoring: external residential placements	Moderate	October 2018
Special guardianship orders (phase one/ consultancy)	Moderate	January 2019
Schools' Financial Value Standard (SFVS) self-assessments	Moderate	July 2018

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Control area: 2018/19	Assurance	Reported to committee
<b>Service delivery: Growth, Environment, Transport &amp; Community Services</b>		
Concessionary travel: NOW Card	Substantial	January 2019
School bus passes	Substantial	January 2019
Contract monitoring: highways line-marking contract	Moderate	January 2019
The crisis support scheme	Substantial	January 2019
Lancashire Renewables: governance and decision making	Moderate	October 2018
Lancashire Renewables: expenditure	Substantial	October 2018
Contract monitoring: waste landfill	Substantial	July 2018
<b>Service support</b>		
Recovery of costs/ available income from partner organisations	Limited	July 2018
'Step up to Social Work' contract	Moderate	January 2019
Procurement of the new corporate banking contract (phase one/ consultancy)	Substantial	October 2018
<b>Business processes</b>		
Information management: information storage and retention	Limited	January 2019
Oversight of payroll payments	Limited	July 2018
Information management: compliance with the new General Data Protection Regulations	Substantial	October 2018
Financial processes: VAT processing	Substantial	July 2018

- 4.5 The Lancashire Pension Fund is administered and its pooled assets managed by Local Pensions Partnership Ltd (LPPL). LPPL has appointed Deloitte LLP as its own internal auditor and, in addition to the work being undertaken by the council's Internal Audit Service, the council may choose to take some assurance from Deloitte's work on the framework of governance, risk management and control operating over the pension fund. Deloitte disclaims any liability to the council for any reliance it may place on this work but has agreed that its conclusions may be reported to the Audit, Risk and Governance Committee.
- 4.6 As reported in October, Deloitte has completed an audit of the organisation's readiness for the introduction of the General Data Protection Regulations, but not yet the last audit relating to 2017/18, on investment operations. LPPL expects to take this to its own audit committee in February 2019 and it will be reported to this committee in May 2019, along with any other work completed by then under the plan for 2018/19.

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Control area: 2018/19	Assurance
<b>Lancashire Pension Fund</b>	
GDPR readiness assessment	Effective with scope for improvement (reported to committee in October 2018)

- 4.7 Deloitte's classification scheme differs slightly from that used by the Internal Audit Service, and an explanation of the assurance provided by both is set out in Appendix 'B'. Deloitte's classification "effective with scope for improvement" might reasonably be regarded as similar to the "moderate" assurance provided by the Internal Audit Service.

### Grant certification and testing

- 4.8 In addition to providing assurance to the council some audit work is required by various central government departments, to provide them with assurance over the council's use of grant funding and attainment of funding conditions. However none has been undertaken in the period since the committee's last meeting.
- 4.9 It was previously reported that approximately 700 outcome claims will be audited for the Troubled Families Unit as required by the Ministry for Housing, Communities and Local Government's Troubled Families Unit during the current year. However the council's Troubled Families Unit has reassessed the numbers of claims it is likely to make and it is now likelier that this number will be spread over the period to 31 March 2020.
- 4.10 Work has been completed to provide assurance to the Department for Transport that the conditions set for the council's use of funds granted in 2017/18 in relation to local transport capital funding and highways maintenance have been met (amounting to £38.820 million in total).

## 5 Issues arising from completed audit work

- 5.1 The matters arising from each of the completed audits are set out in the narrative below.

### Communication with staff across the council (Moderate assurance)

- 5.2 The dissemination of corporate information down to staff at all levels is necessary to ensure staff are aware of corporate priorities and key messages, and feel part of their team and the wider council. Managers need to be aware of issues arising within their teams if they are to manage risk effectively and make timely decisions, particularly regarding matters of strategic or political importance. However a single uniform arrangement would not be appropriate for communication across the whole organisation as the workforce is large, dispersed and varied.
- 5.3 We tested a relatively restricted sample but found that managers are clear about their organisational structures and the staff they are responsible for. Staff and managers feel comfortable raising matters of importance with their line managers, who are generally approachable, available and responsive to the issues raised.
- 5.4 Formal team meetings take place at management levels on a regular basis. Team meetings with front line staff do not always take place but, where they do, are generally two-way and participative, and participants feel comfortable raising any

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issues. There is variable practice in relation to formally documenting the meetings.

- 5.5 There is also variable practice for the provision of formal documented one-to-one meetings with line managers, although this is likely to improve if the new performance engagement process is adopted and embraced across the organisation.

### **Medication practices across Disability Services** (Limited assurance)

- 5.6 Medication is managed within three service areas within the Adult Disability Service: Day Services, Short Break Services and Domiciliary Services. Each service area has a medication handling and administration policy which meets the requirements of National Institute for Clinical Excellence (NICE) guidance and are accessible to staff either electronically or in hard copy as appropriate.
- 5.7 Service users in Day Services and Short Break Services normally bring in sufficient medication for the duration of their stay, whilst medication for service users in Domiciliary Services is held by the service. Managers and staff are responsible for ensuring that all service users are supported to maintain their health and have access to treatment should they require it.
- 5.8 Managers ensure that all staff receive appropriate training to support service users in administering their medication and that appropriate records have been maintained, although we found some delays and absences in undertaking refresher training or completing the annual observation checks. We found examples of incomplete medication records and inconsistencies between medication records and support/ care plans, although we found no examples of medication maladministration. In a small number of instances medication had not been stored in its original container or did not contain a legible label.
- 5.9 Although audits are undertaken by team managers periodically, these are not always conducted effectively or recorded, especially in relation to the proper completion of the medication administration record (MAR) charts, as errors we identified during our audit process had not previously been detected by managers.

### **Supervision and support to front-line social workers in the Patient Safety and Safeguarding Service** (Limited assurance)

- 5.10 Controls to ensure staff are supported and supervised in maintaining their professional requirements and personal development are adequately designed in general but inconsistently applied.
- 5.11 There are examples of good practice across the service including various forums to provide support and to discuss experiences and challenges, review performance and to learn. There are comprehensive records of personal supervision in the majority of cases and actions are set and followed up.
- 5.12 The policy applicable to Adult Social Care services also sets the framework for an effective and consistent approach to the supervision of staff in two of the Patient Safety and Safeguarding Service teams in the Public Health service: the Quality Improvement team, and Safety Specialist Community Based Support Safeguarding team. Nurses working in the Infection Prevention and Control Team and registered with the Nursing and Midwifery Council are also required to

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undertake continuing professional development to maintain their registration but are not covered by any specific supervision policy.

- 5.13 Where the Adult Social Care policy is applicable, it is not consistently applied and the standard of supervision varies. Comparison of a selection of formal supervision records with the policy's requirements highlighted discrepancies in terms of the frequency of appropriate one-to-one supervisions, the maintenance of up to date supervision contracts (where applicable), and the absence of processes for management to monitor the quality and frequency of supervision. Further, social workers in their 'assessed and supported year in employment' (ASYE) are subject to an additional supervision framework but one of the two ASYE social workers in our sample was not receiving the necessary supervision and support.
- 5.14 The other two teams in the Patient Safety and Safeguarding Service do not require specific professional supervision but it is expected that they will engage with the council's new performance engagement process. This will facilitate appropriate support for all employees and is intended to ensure that all have the right skills to achieve their work objectives and feel supported in their personal and professional development and wellbeing.

### **Public health expenditure**

(Substantial assurance)

- 5.15 We have provided assurance that the ring-fenced grant to support the council's public health provision has been spent in accordance with guidance provided by the Department of Health.
- 5.16 There are a number of areas where the documentary evidence underpinning the charges to the Public Health grant could be enhanced to document more clearly the rationale for assessing specific expenditure items as eligible, or to support apportioned charges. However there are appropriate explanations for the items we queried and we have not identified any inappropriate use by the council of the public health grant funding.

### **Special Guardianship Orders** (Moderate assurance over the controls' design)

- 5.17 The Special Guardianship Regulations 2005 allow close relatives of children needing permanent care outside their birth family to seek parental responsibility under a special guardianship order. The council has approximately 900 children in 600 special guardianship placements.
- 5.19 Prospective special guardians are means-tested to establish the financial resources they need, and conditions for these financial assessments are set out in statutory guidance. Since August 2018 a fostering and adoptions team officer has carried out these assessments, rather than the case social worker, to ensure that the conditions are applied equitably and consistently.
- 5.20 A large backlog of financial assessments has built up since then, resulting in financial offer letters being issued late and missed court hearings. Additional resources from the welfare rights team and business support are being used to clear the backlog, and it is intended that this will be cleared by the end of January 2019. To meet tight court deadlines, prospective special guardians have in some cases been informed of their financial support package before the supporting evidence has been fully checked but they have been told that the figures are provisional and may be altered.

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5.21 We have carried out an initial assessment of the adequacy of the new control framework, and further controls have been identified to enhance it. We will audit compliance against the framework in the second half of 2019/20, to give time for the new controls to become fully operational.

### **Concessionary travel: NOW Card**

(Substantial assurance)

5.22 The concessionary travel scheme (NoWcard) provides free, off-peak local bus travel to older and eligible disabled people. It is operated by Lancashire and Cumbria County Councils, Blackburn with Darwen and Blackpool Councils and the district councils. The county council, as the travel concession authority, administers the statutory scheme, and there are around 340,000 active cards.

5.23 Up-to-date policies and procedures are in place that comply with national scheme requirements and ensure local compliance with the scheme, including age and disability eligibility criteria. A NoWcard webpage describes the application process and gives guidance and advice to applicants. Applications are normally submitted by post, but can also be completed by telephone and an online application process is being developed. Users' eligibility for cards is correctly and consistently assessed and decisions are supported by evidence. There is an effective system for reporting and blocking the use of lost, stolen or damaged cards.

5.24 Monthly performance data is reported to inform decision-making within the council and information is shared with partners relating to operational, administrative and financial issues. Information retention periods are complied with but user access to IT systems and network files should be reviewed to ensure that access is restricted to individuals with a valid business need.

### **School bus passes**

(Substantial assurance)

5.25 The Education Act 1996 requires the council to ensure that suitable home to school travel arrangements are made where necessary to facilitate attendance at school by eligible children. Eligibility is determined by walking distance from home to school, unsafe routes, family income, special educational needs and disability or mobility problems.

5.26 The council's provision is set out in its 'Home to mainstream school transport policy 2018/19' which is up to date and complies with the requirements of the Education Act. Guidance on entitlement, eligibility and application process is published on the council's website and the scheme is publicised alongside the school admissions process. Applicants' eligibility is correctly and consistently determined in line with policy. Applications, relevant criteria and decisions are recorded and appeals are considered initially by an officer not involved in the process, and subsequently by the Student Support Appeal Committee.

5.27 Paper records for current applications are securely stored but the Impulse Education system contains personal data, and system user access permissions should be reviewed as some officers no longer in the team still have access to the system.

5.28 Payments for lost or damaged cards are entered onto Oracle financials, where they are monitored. Reminders are issued for overdue payments and debt is then pursued through the council's debt collection process.

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5.29 The council works closely with operators to share information and contractual obligations, for example through the Driver's Handbook issued to all drivers. Some operators do not submit, or are late in submitting, signed confirmation that they have received and distributed the council's Safeguarding and Contract Compliance document, although this is an annual requirement. Monthly performance statistics are reported although these should be reassessed to determine whether they continue to meet senior managers' needs.

### **Contract monitoring: highways line-marking contract** (Moderate assurance)

5.30 A framework agreement is in place with three contractors, covering the application, installation, maintenance and removal of marking materials, surfacing and studs to roads. It addresses the contracting procedure, terms and conditions, rates schedule, specifications and standards, and requires warnings to be issued for poor performance, which can lead to contract termination.

5.31 Work orders raised on the Highways Asset Management System (HAMS) are clear and concise. The framework agreement should be used to validate invoices prior to payment and to facilitate quality checks and, where work schedules were provided with invoices, we confirmed that the charges agree to framework rates. However four out of ten invoices we tested were not supported by a work schedule and one did not match the requisition order so it is unclear how, or if, the invoice total was validated prior to payment.

5.32 The checks required on 10% of works against the specification and quality standards do not always take place and, although inspections are recorded on HAMS, there is insufficient detail to capture the work done and its findings. Revised checks have now been developed which should help improve quality checking and invoicing in future. Contractors are notified of unsatisfactory work and asked to rectify it, and wider concerns over performance are managed by the Procurement Service's contracts team. Sanctions can be applied and action has been taken to address repeated performance issues in one case, including dispute resolution meetings. The contractor involved has withdrawn from the contract.

### **The crisis support scheme**

(Substantial assurance)

5.33 The crisis support scheme is designed to assist the most vulnerable people in meeting short-term needs and to promote their continued independence within the community. The scheme focuses on three key areas of provision: food, heating and essential household items. There is an annual budget of £500,000 and during 2017/18 the council received 5,364 referrals, and granted 2,015 awards.

5.34 The scheme is well controlled to ensure that the service's objectives are met. There is an overarching crisis support policy, although this needs to be updated, together with detailed process guides for the administration of the scheme. Eligibility checks are undertaken, and the identity, financial status and circumstances of applicants is confirmed before support is granted. This is limited per person or family, in line with the policy. Customers are signposted to additional support from groups within the community, including Citizens Advice, social care and the Lancashire Wellbeing Service.

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5.35 The scheme is delivered by external providers and there are contracts in place with clear service specifications and pricing mechanisms. Providers' invoices are reconciled prior to authorisation for payment, and there is regular monitoring of expenditure on the scheme. There is regular performance monitoring and performance indicators are reported to senior management.

### **'Step up to Social Work' contract**

(Moderate assurance)

5.36 The 'Step Up to Social Work' programme is a post graduate social work programme aimed at high calibre graduates entering the social work profession. The council is the lead authority in a regional partnership with Blackpool and Blackburn with Darwen Councils and Manchester Metropolitan University. The fifth cohort of 16 students started in January 2018, funded by a grant of £581,000 from the Department for Education. The partnership complies with the grant conditions, and an annual grant statement of usage is signed and submitted by the council's director of finance.

5.37 There is a comprehensive process for selecting and appointing applicants including rigorous assessments and verification of qualifications. Student progress is reviewed by placement mentors and the university. All placements for the fourth cohort were successful and a sample was reviewed by the Practice Assessment Panel to confirm their fitness for practice. Retention and progression are monitored and reviewed as part of the 'assessed and supported year in employment' programme and thereafter by Children's Services.

5.38 A procurement exercise was not conducted before the county council appointed the university to provide training for cohorts 4 and 5, although the Public Contracts Regulations 2015 give flexibility on how such services can be procured. The Procurement Service has advised that, for the sixth cohort, a direct award can be made by the head of service and recorded as a delegated decision. This will be added to the contracts register, and the Procurement Service will be involved in future procurement decisions.

### **Information management: information storage and retention**

(Limited assurance)

5.39 The council has legal and regulatory responsibilities in relation to information governance under the Data Protection Act 2018, the General Data Protection Regulations (GDPR) and the Freedom of Information (FOI) Act 2000. Amongst other things these require records to be stored securely in a way which facilitates any searching, and requires records to be retained for specified periods.

5.40 An electronic records management system (Documentum) has been implemented which is used by some services but others still save records outside this system on shared and local drives. The Records Management Service has produced policies and guidance in relation to information storage and retention and these are available on the intranet. However there is no mechanism to monitor and report corporate adherence to these requirements, and services are not familiar with the guidance.

5.41 Information which has exceeded the legal retention period should be deleted but within a sample of nine teams we examined no exercise is undertaken periodically to purge information. Filing systems in some teams do not allow information which has exceeded the retention period to be quickly identifiable

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although in the sample of teams we examined folders are set up in a way which facilitates searching for information when required, for example to address FOI requests. The Documentum system has inbuilt controls to manage records retention but resource constraints within the Core Systems team mean that this system must be implemented on a project by project basis.

### 6 Managers' progress in implementing actions

6.1 As at the end of December 2018, 308 actions agreed following audit work during 2016/17, 2017/18 and 2018/19 were due for completion. Their current status is set out in the table below.

Numbers of actions agreed during 2016/17, 2017/18 and 2018/19							
	September 2018		December 2018				
	Total		Total		Risk rating		
					High	Medium	Low
Complete	190	70%	230	76%	18	118	94
Superseded	38	14%	39	13%	6	19	14
Incomplete	22	8%	16	5%	3	10	3
Awaiting responses	20	8%	17	6%	1	11	5
<b>Total</b>	<b>270</b>	<b>100%</b>	<b>302</b>	<b>100%</b>	<b>28</b>	<b>158</b>	<b>116</b>

6.2 The process of following up actions has caused some of them to be questioned and rejected, sometimes in favour of an alternative, sometimes as no longer relevant, or occasionally as too ambitious (in particular where they require amendments to software and systems).

6.3 Where actions have been superseded, it is often because some alternative action is being taken: we have not logged and are not monitoring the alternative action but understand that services are actively addressing the issues raised. In some cases a service, system or process has changed or is being changed to the extent that the actions agreed are no longer relevant. This is the case for example in relation to actions to improve the process by which young adults make the transition from receiving children's services to accessing adults' services: five actions have been superseded because the process is subject to a wholesale review and redesign.

### 7 Amendments to the audit plan

7.1 The head of internal audit, chief executive and director of resources, and the director of finance, have worked to reassess the council's framework of internal control and the audit plan for the year. This has also been discussed with the executive directors and will inform the audit plan for 2019/20 too. In addition and as would be expected as the year progresses, a number of audits have been added to the plan, removed from it, or amended. These changes are set out below.

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### **Work carried forward from 2017/18**

7.2 A number of audits were incomplete as the outcomes of the plan for 2017/18 were reported in April and July 2018 and were therefore carried into this year's plan. These are as follows and are all now complete:

- Communication with staff across the council
- Contract monitoring: reablement service
- Contract monitoring: crisis support service
- Contract monitoring: sexual health service
- Contract monitoring: external residential placements
- Contract monitoring: highways line marking
- Contract monitoring: waste landfill
- Recovery of costs/ available income from partner organisations
- Oversight of payroll payments

### **New work added to the plan**

7.3 Additional audit work has been added to the plan and the following work is already complete:

- Verification that public health funding is being spent on appropriate public health functions
- Special Guardianship Order financial support (phase one of the audit only)

7.4 Other new work is progressing or is still being planned:

- Children's services improvement plan
- Hospital discharge and the use of short and long term residential care
- HAMS improvement plan
- Accounts receivable central compliance testing
- Accounts payable central controls
- General ledger compliance testing

### **Amendments to work on the plan**

7.5 The following audits have been amended:

- Work to assess the council's compliance with its public service vehicle operator license conditions has been refocussed to address compliance with its heavy goods vehicle operator licence conditions instead
- The full audit of Children's Services' in-service audit framework has been split and only the first phase of the audit will take place this year, to assess the adequacy of the system's design. Compliance testing of the new systems' effectiveness in operation will take place in 2019/20.
- Work on safeguarding vulnerable adults to address reported concerns will be re-focussed and will provide support to ensure the adequacy of the

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system's design. Compliance testing of the new system's effectiveness in operation will take place in 2019/20. The scope of this audit has also been amended to focus solely on adults' services but will now address the whole end-to-end process following work by an external consultant that has reconfigured relations between the Customer Access Service, multi-agency shared hub (MASH) and operational services.

- Work on risk management will be restricted to compliance testing only, rather than another full audit, since we gave substantial assurance in relation to the process by which the council's risk register is prepared in 2017/18.

### **Audits removed from the plan**

7.6 The following audits have been removed from the plan:

- The audit of educational off-site visits has been deferred to 2019/20 whilst some changes are made to the operation of this service.
- Further compliance testing of controls over the council's accounting for VAT has been removed from the plan for the current year since work under the 2017/18 plan was reported only in April 2018 and resulted in substantial assurance.