

# Internal Audit Annual Plan 2024/25

## 1. Introduction

- 1.1. This report sets out the Internal Audit Plan for 2024/25. The Audit, Risk and Governance Committee is asked to consider and approve it under the committee's terms of reference.
- 1.2. The Audit Plan for 2024/25 has been prepared in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS). The PSIAS represent mandatory best practice for all Internal Audit Service providers in the public sector. In accordance with PSIAS, the mission of Internal Audit is to 'enhance and protect organisational value by providing risk-based and objective assurance, advice and insight'.
- 1.3. The PSIAS require that the Internal Audit Service is delivered and developed in accordance with the Internal Audit Charter. The Charter provides the functional and organisational framework in which Internal Audit operates to best serve Lancashire County Council and to meet its professional obligations under the PSIAS.
- 1.4. The Internal Audit Service aims to achieve the core principles set out by the Chartered Institute of Internal Auditors and reiterated in PSIAS, which are that the service:

|   |   |
|---|---|
| Demonstrates integrity  | Demonstrates quality and continuous improvement |
| Demonstrates competence and due professional care                     | Communicates effectively                        |
| Is objective and free from undue influence (independent)              | Provides risk-based assurance                   |
| Aligns with the strategies, objectives, and risks of the organisation | Is insightful, proactive, and future-focused    |
| Is appropriately positioned and adequately resourced                  | Promotes organisational improvement             |

## 2. The purpose of the audit plan

- 2.1. The council is responsible for a wide range of services across the county, and it is expected that the council's members and senior management are aware both of the risks to achieving their service objectives and the risks inherent in their work. Each of these risks should be managed by controls designed to reduce it to a corporately acceptable level, and which operate effectively and consistently in practice. The Chief Executive, Audit, Risk and Governance Committee, and ultimately the council, need assurance that these controls are adequately designed and operating effectively. At the end of the financial year the Chief Executive and the Leader will jointly sign an annual governance statement that is published with the council's financial statements.
- 2.2. The Head of Internal Audit is required by professional standards to provide an opinion addressing the council's frameworks of governance, risk management and control and thereby to provide assurance that the risks to the council's objectives are being adequately and effectively controlled. The Audit, Risk and Governance Committee is required by its terms of reference both to consider the Head of Internal Audit's annual report and opinion and to review the council's annual governance statement. The committee should therefore consider and approve an Internal Audit Plan designed to provide the assurance that the council, committee, Leader, and Chief Executive require.

2.3. Because the overall opinion covers a twelve-month period, the evidence to support it must relate to the controls in operation for that period. The plan therefore chiefly addresses work for just one year, but projections may be made into audit requirements for future years. The work in any annual plan will rarely be fully complete at the end of the year but will be sufficient to inform the council's annual governance statement shortly after the year end.

### **3. Obtaining the evidence to support an overall opinion for 2024/25**

3.1. An Internal Audit Plan designed to provide the evidence necessary to support an opinion on governance, risk management and control should arguably encompass the following:

- Coverage of the key components of each part of the opinion: aspects of the council's governance; risk management; and control.
- Sufficient coverage of controls across the council's operations as a whole, so that a fair assessment may be made across the organisation.
- Coverage of the controls that serve to mitigate the council's most significant risks to an acceptable level, and particularly those that operate most widely across the council.
- Assessment of the actions being taken to develop improved controls in the areas of greatest unmitigated risk.

3.2. It will therefore be necessary as a minimum to audit aspects of the council's governance and risk management processes, as well as a range of control processes. However, information will also be available from less formal sources than planned audit engagements and this will also inform the overall opinion.

3.3. A control framework applicable to the council's governance, risk management and control is shown on the following page. The Internal Audit Plan is designed to address, proportionately, the coverage required across this controls framework for the whole organisation. It addresses each of the areas of the overall opinion, each of the areas of control set out in the control framework, and each of the major areas of service delivery. A number of individual audits address some common themes, including contract monitoring, safeguarding, health and safety, and improvement plans that may also inform a more corporate view. The plan also includes work to follow up the action plans agreed by managers as a result of audit work over previous years.

## A framework for governance, risk management and control

| Governance and democratic oversight |                                |                                  |                                   |                                       |                        |                 |
|-------------------------------------|--------------------------------|----------------------------------|-----------------------------------|---------------------------------------|------------------------|-----------------|
| Corporate governance                |                                | Decision-making                  |                                   | Oversight and scrutiny                |                        | Policy setting  |
| Business effectiveness              |                                |                                  |                                   |                                       |                        |                 |
| Risk management                     | Performance management         | Organisational design            | Financial governance and planning |                                       | Working in partnership |                 |
| Service delivery                    |                                |                                  |                                   |                                       |                        |                 |
| Growth, Environment & Transport     |                                | Education & Children's Services  |                                   | Adult Services and Health & Wellbeing |                        | Resources       |
| Service support                     |                                |                                  |                                   |                                       |                        |                 |
| Legal services                      | Skills, learning & development | Core ICT systems                 | Property management               | Health & safety                       | Programme management   | Customer access |
| Business processes                  |                                |                                  |                                   |                                       |                        |                 |
| Financial systems & processes       |                                | Procurement                      |                                   | Facilities management                 | Human resources        |                 |
| Information management              |                                | Contract monitoring & management |                                   |                                       | Payroll processing     |                 |
| Business continuity                 |                                |                                  |                                   | Investment                            | ICT systems            |                 |

- 3.4. A detailed list of each audit in the plan is provided at section nine below and sets out how they fit into this framework. It should be noted that the plan will need to be a flexible plan and will almost certainly be subject to change during the year as the council's priorities alter and as the work set out here in outline is scoped in more detail. The committee will be informed of any significant changes as progress is reported during the year.
- 3.5. The Internal Audit Service appoints an external provider to undertake a programme of specialist ICT audit work for the council. The current contractual arrangement for this service is due to expire in May 2024. Work is ongoing to put in place new arrangements for the delivery of the specialist ICT audit work after May 2024. The work planned for 2024/25 is included in the plan set out at section nine below.

## 4. The context of the audit work for the year

- 4.1. The annual planning process involves consultation with a range of stakeholders, to ensure that their views on risks and current issues, within individual services and corporately, are identified and considered. In order to ensure that the most effective use is made of available resources, to avoid duplication and to minimise service disruption, efforts will continue to be made to identify, and where possible, rely upon, other sources of assurance available.

## 5. The assurance we will provide

- 5.1. The assurance we will provide falls into four categories: substantial, moderate, limited and no assurance.
- Substantial assurance: the framework of control is adequately designed and/ or

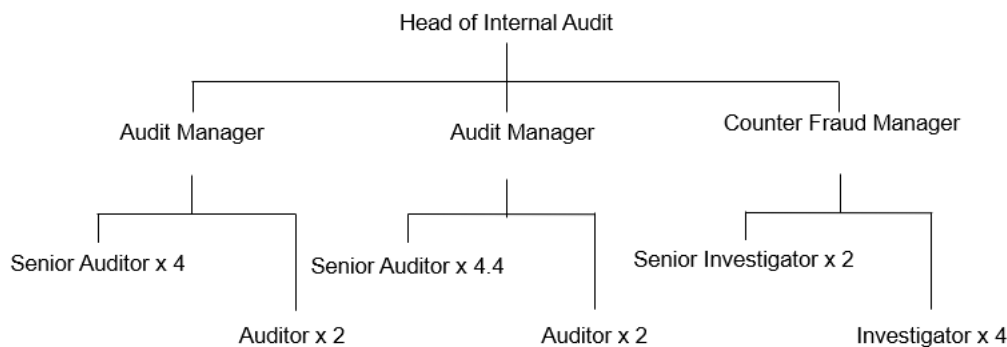
effectively operated overall.

- Moderate assurance: the framework of control is adequately designed and/ or effectively operated overall, but some action is required to enhance aspects of it and/ or ensure that it is effectively operated throughout the service, system, or process.
- Limited assurance: there are some significant weaknesses in the design and/ or operation of the framework of control that put the achievement of the service, system or process' objectives at risk.
- No assurance: there are some fundamental weaknesses in the design and/ or operation of the framework of control that could result in failure to achieve the service, system or process' objectives.

## 6. Internal Audit Service resources

- 6.1. Resource requirements are reviewed each year as part of the audit planning process. The current establishment for the audit team enables sufficient resource to deliver the risk-based plan. The service structure which is set out below equates to 22.4 full-time equivalent (FTE). The service currently has three vacant post one Auditor and two Investigators. Recruitment for the Investigators has commenced and recruitment for the Auditor post will commence in the new financial year.
- 6.2. The Internal Audit Service also provides an out-sourced Internal Audit function to the Office of the Police and Crime Commissioner and Lancashire Constabulary, Lancashire Fire and Rescue Service and Rossendale Borough Council. We also deliver some audits for Wyre Borough Council. This work accounts for approximately 2.4 FTE staff but is undertaken by individuals across the service.

### Lancashire County Council: Internal Audit Service



## 7. Funding and grant certification work

- 7.1. The Internal Audit Service is required under the funding requirements of certain central government departments to certify certain aspects of the way funding has been spent.
- 7.2. The Department for Levelling up, Housing and Communities requires the Internal Audit Service to test funding claims submitted by the council's Supporting Families Programme, and we work with the Children and Family Wellbeing Service to process the council's funding claims under this programme.
- 7.3. We are also aware of the need to certify funding claims in relation to capital improvements

to the county's highways and various strands of economic development. However, although we seek to understand in advance what funding may be subject to such certification, new requirements often emerge during the year and these will be accommodated.

## **8. Internal Audit Annual Plan**

- 8.1. The work set out in the table below is intended to obtain the evidence required to support an overall opinion on the council's governance, risk management, and control processes for 2024/25. Individual elements within the plan may be amended but, taken as a whole, the resulting plan is designed to address the requirement for an overall opinion as set out in the Internal Audit Strategy for 2024/25.

## 9. Internal Audit Annual Plan 2024/25

| Lead Directorate  | Service  | Audit Title  | Audit Work  |
|---|--|--|---|
| <b>Adult Services</b>   |  |  |   |
| <b>Governance and Democratic Oversight</b>                      |  |  |   |
| Strategic and Integrated Commissioning                          | Integrated Commissioning Team                                    | Health Integration                                   | Ongoing review to assess the adequacy and effectiveness of the governance arrangements established to progress the Health Integration Agenda. |
| Quality & Improvement   | Quality, Contracts and Safeguarding                              | Effectiveness of the Safeguarding Board              | Following a review of the adequacy of the Safeguarding Board (in 2023/24) determine the effectiveness of the Board.                           |
| All Adult Services  | All services   | Scheme of Delegation                                 | The adequacy and effectiveness of the embedding of the revised scheme of delegation.  |
| <b>Business Effectiveness</b>                                   |  |  |   |
| Adult Care Provider Services                                    | Older People Care Services<br>Disability Services                | CQC (Care Quality Commission) Governance and Process | Process for managing improvements from CQC inspections. Including the role of the responsible officer and the registered manager.             |
| All Adult Services  | All services   | Workforce Strategy                                   | Determine the adequacy and effectiveness of the council's Workforce Strategy. Focussing on areas where there are recruitment issues.          |
| <b>Service Delivery</b>   |  |  |   |
| All teams within the Adults and Children's directorates Finance | All teams within the Adults and Children's directorate. Finance. | Direct Payments                                      | A review of the progress made on the implementation of the Plan agreed as a result of the 2022/23 Audit.                                      |
| Adult Care Provider Services                                    | Disability Services  | Client Finance arrangements                          | The adequacy and effectiveness of the client finance arrangements within Provider Services.   |

| Lead Directorate | Service | Audit Title | Audit Work |
|------------------|---------|-------------|------------|
|------------------|---------|-------------|------------|

| Business Processes   |  |   |  |
|--|--|---|--|
| Adult Care Provider Services   | Older People Care Services<br>Disability Service | Financial Arrangements in Establishments      | The adequacy and effectiveness of the management of financial arrangements within the council's residential establishments.  |
| Strategic and Integrated Commissioning<br>Adult Care and Provider Services<br>Adult Community Social Care Services | All services                                     | Residential & Non-Residential Charging Policy | The adequacy and effectiveness of the charging policies. This should include the application of top up fees and contribution waivers in meeting eligible care needs. |

| Education & Children's Services     |                                    |   |  |
|-------------------------------------|------------------------------------|---|--|
| Governance and Democratic Oversight |                                    |   |  |
| Children's Social Care              | Child Protection/ Children in Need | Family Safeguarding Board   | Effectiveness of governance arrangements.  |
| Children's Social Care              | To be confirmed                    | Information governance  | <b>Scope and coverage to be agreed.</b>  |
| Business Effectiveness              |                                    |   |  |
| Children's Social Care              | <b>with</b> Talent and Performance | Assessed and Supported Year in Employment (ASYE) - Programme Management | Cross-cutting audit - E&CS and People. Scope to include supervision and review requirements, caseload, development time, workshop attendance and mechanism for sign off <b>or</b> involvement on programme board to provide ongoing assurance over delivery. |
| Education, Culture and Skills       | Education Improvement              | Education Management System   | Effectiveness and fitness for purpose of the new system including contract management arrangements.  |

| Lead Directorate                            | Service                               | Audit Title   | Audit Work   |
|---|---------------------------------------|---|--|
| <b>Service Delivery</b>                     |                                       |   |  |
| Children's Social Care                      | Residential Services                  | Short breaks  | Compliance with policy and decision-making including eligibility and consistency of approach, including Breaktime and Breaktime Plus.                  |
| Education, Culture and Skills               | Cultural Services                     | Museum asset security   | Implementation of and compliance with new policies and procedures to ensure the security of artefacts held by museums.<br><b>Deferred from 2023/24</b> |
| Education, Culture and Skills               | Inclusion                             | Inclusion/ SEND (Special Educational Needs and Disabilities)        | Scope to be agreed based on where audit can add value - issues in areas including demand, sufficiency, assets, staffing and finance.                   |
| Education, Culture and Skills               | Education Improvement                 | School attendance/ children missing from school                     | Effectiveness of the council's response to increasing school absences.   |
| Policy, Commissioning and Children's Health | Commissioning/ Children's Social Care | External residential placements                                     | Assurance over the process across CSC and PCCH for the provision of external residential placements, including decision making and placement.          |
| <b>Business Processes</b>                   |                                       |   |  |
| Children's Social Care                      | Residential Services                  | Financial management in care homes                                  | Effectiveness of arrangements for managing finances in council operated care homes.  |
| Education, Culture and Skills               | Early Help                            | Supporting Families Programme - Data Quality                        | Audit of accuracy and completeness of supporting families programme claim data, to verify audit testing of claims.                                     |
| Education, Culture and Skills               | Early Help                            | Verification of claims made under the Supporting Families Programme | Testing of 10% of all claims made, as stipulated by the Department for Work and Pensions for Q1 of 2024/25   |



| Lead Directorate | Service | Audit Title | Audit Work |
|------------------|---------|-------------|------------|
|------------------|---------|-------------|------------|

| <b>Growth, Environment, Transport &amp; Health</b> |                                 |   |   |
|--|---------------------------------|---|---|
| <b>Business Effectiveness</b>                      |                                 |   |   |
| Highways and Transport                             | Public and Integrated Transport | Capital Fleet Replacement Programme   | Effectiveness of arrangements for managing the replacement of the council's fleet of vehicles, with a focus on environmental considerations and 'green' fleet.                  |
| Highways and Transport                             | Public and Integrated Transport | Vehicle Repair and Maintenance Programme  | Effectiveness of Jaama, the replacement for RAMP, to track and manage delivery of repair and maintenance of the council's fleet.  |
| Highways and Transport                             | Waste Management                | Residual Waste  | Effectiveness of preparations for implementation of regulations on the disposal of residual waste, including food waste, in 2025 including the procurement of key contracts.    |
| <b>Service Delivery</b>                            |                                 |   |   |
| Highways and Transport                             | Highways                        | Flood Risk: Developer Support   | Effectiveness of the process for delivering the lead local flood authority planning advice service for developers.  |
| Highways and Transport                             | Public and Integrated Transport | Grant: Bus Service Operator's Grant   | An assessment of compliance with grant conditions.  |
| Highways and Transport                             | Public and Integrated Transport | Grant: Bus Recovery Grant & Local Transport Fund                                  | An assessment of compliance with grant conditions.  |
| Environment and Planning                           | Environment and Climate         | Consideration of Public Rights of Way as part of the Planning Application process | A review to determine the adequacy and effectiveness of the controls to ensure that public rights of ways are considered as part of the planning application process.           |
| Growth and Regeneration                            | Business Growth                 | Growth Hub Core Funding   | Assessment of compliance with grant conditions.   |
| Public Health                                      | Public Health                   | Distribution of Public Health Grant   | The adequacy and the effectiveness of the process for the management of the Public Health Grant. Specifically, looking at the Resource Allocation and Accountability Framework. |

| Lead Directorate          | Service                            | Audit Title   | Audit Work  |
|---------------------------|------------------------------------|---|---|
| Environment and Planning  | Planning and Environment (Climate) | Grant: Liverpool City Region Local Energy Hub                           | An assessment of compliance with grant conditions.  |
| Environment and Planning  | Planning and Environment           | Grant: Capital expenditure (Department of Transport)                    | An assessment of compliance with grant conditions.  |
| Growth and Regeneration   | Business Growth                    | Grant: Multiply   | An assessment of compliance with grant conditions.  |
| Growth and Regeneration   | Business Growth                    | Grant: DfE Skills Bootcamp  | An assessment of compliance with grant conditions.  |
| <b>Service Support</b>    |                                    |   |   |
| Growth and Regeneration   | Estates Business Growth"           | Lancashire County Developments Limited (LCDL): Management of properties | A review of the adequacy and effectiveness of the controls the council has to maximise income from the properties they own whilst also supporting the businesses. |
| <b>Business Processes</b> |                                    |   |   |
| Public Health             | Public Health                      | Commissioning Framework   | The adequacy and effectiveness of the recently introduced Commissioning Framework.  |

| <b>Resources</b>                           |                                    |                                |   |
|--|------------------------------------|--------------------------------|---|
| <b>Governance and Democratic Oversight</b> |                                    |                                |   |
| Law and Governance                         | Legal, Governance and Registration | Risk management                | Accuracy and effectiveness of the risk register, with a focus on the identification and implementation of mitigating actions.   |
| Law and Governance                         | Legal, Governance and Registration | Customer / client focus        | Effectiveness of the council's response to external customers and clients, including Fol/ SARs and complaints                   |
| Law and Governance                         | Legal, Governance and Registration | Artificial Intelligence Policy | Early opinion on compliance with new Artificial Intelligence Policy to give a sense of the level of risk [fuller review will be |

| Lead Directorate              | Service                                  | Audit Title                | Audit Work  |
|-------------------------------|--|----------------------------|---|
|                               |  |                            | scheduled for 2025/26].   |
| Strategy and Performance      | Corporate Strategy and Policy            | Policies and Strategies    | Review the adequacy and effectiveness of the revised approach for the management of policies and strategies across the council.   |
| Finance (Pension Fund)        | Pension Fund                             | Pension Administration     | Following the implementation of a new pension administration system a review to determine the adequacy and effectiveness of the administration of the scheme to providing a good quality member experience and to discharge the responsibilities of the scheme manager and pensions board in paying benefits to members. This includes the payment of complete and accurate benefits to each member, in accordance with the Trust Deed and Rules, and in line with service level agreement deadlines. |
| <b>Business Effectiveness</b> |  |                            |   |
| People                        | Customer Access Service                  | Telephony System           | Effectiveness of the implementation and operation of the new telephony system, STORM.   |
| People                        | Human Resources                          | Recruitment                | Compliance with recruitment policy including record keeping and conduct of interviews.  |
| People                        | Human Resources                          | Mileage and expense claims | Early opinion on compliance with revised policy based on sample testing including claims made by agency workers.  |
| People                        | Human Resources                          | Flexible working           | Compliance with process including decision making and appeals.  |
| People                        | Talent and Performance                   | Agency contracts           | Effectiveness of the management and administration of key agency contracts.   |
| Finance                       | Corporate Finance and Exchequer Services | Delivery of budget savings | Effectiveness of action to deliver 2024/25 budget savings by directorates/ services including use of risk registers to identify and manage delivery.  |
| Finance                       | Procurement                              | Procurement Act 2023       | Early opinion on action being taken to ensure the council's procurement policy complies with the new Procurement Act.   |

| Lead Directorate         | Service                                      | Audit Title  | Audit Work  |
|--------------------------|--|--|---|
| Finance                  | Procurement                                  | Contracts Register   | completeness and accuracy of the register including contracts   |
| Finance                  | Procurement                                  | Procurement under £75k                                       | Compliance with contract and procurement rules for purchases with a value of less than £75k.  |
| <b>Service Delivery</b>  |  |  |   |
| People                   | Human Resources                              | Record keeping/ case management                              | Effectiveness of arrangements for recording and storing casework, including security and disposal.  |
| Finance                  | Financial Management (Development & Schools) | Schools Financial Value Standard (SFVS)                      | Compliance with SFVS requirements in a sample of schools to support S151 Officer certification.   |
| Finance                  | Financial Management (Development & Schools) | Financial management in schools – summary report and opinion | Summary report on findings from audits of the adequacy and effectiveness of financial management arrangements in a sample of schools (schools to be agreed).  |
| Finance                  | Financial Management (Development & Schools) | Financial management in schools                              | Adequacy and effectiveness of financial management arrangements in a sample of 15 schools (schools to be agreed).   |
| Strategy and Performance | Digital                                      | Risk management and assurance mapping                        | To determine the adequacy and effectiveness of risk management within digital services including the external assurances received for Cyber Security including Business Resilience and Business Continuity. |
| Strategy and Performance | Digital                                      | Contingency  | Following risk management and assurance mapping with digital services audits will be scoped using external specialist digital Auditors.   |
| Strategy and Performance | Asset Management                             | School Planning  | Adequacy and effectiveness of controls to maximise contributions from the district and city councils to mitigate the impact of new housing developments on the education infrastructure                     |

| Lead Directorate  | Service   | Audit Title   | Audit Work   |
|---|---|---|--|
| Strategy and Performance  | Asset Management  | Tree Asset Management Plan  | The adequacy and effectiveness of the development and implementation of the Tree Asset Management Plan.  |
| <b>Service Support</b>  |   |   |  |
| Organisational Development and Change<br>Also, cross cutting across the council | Organisational Development and Change<br>Also, cross cutting across the council | Change management governance structure and application across the council | Following on from the 2022/23 and 2023/24 pieces of work, review the adequacy and effectiveness of the governance structure to manage change. This will include looking at how this has been applied across the council. |
| <b>Business Processes</b>   |   |   |  |
| Finance   | Corporate Finance and Exchequer Services  | Accounts receivable: central controls                                     | Compliance testing of the key controls, including financial reporting to support the production of final accounts.   |
| Finance   | Corporate Finance and Exchequer Services  | Accounts payable: central controls  | Compliance testing of the key controls. including financial reporting to support the production of final accounts.   |
| Finance   | Corporate Finance and Exchequer Services  | Cash and banking  | Compliance testing of the key controls, including financial reporting to support the production of final accounts.   |
| Finance   | Corporate Finance and Exchequer Services  | General ledger including accounting for Pension Fund                      | Compliance testing of the key controls, including financial reporting to support the production of final accounts for both the council and the Pension Fund.   |
| Finance   | Corporate Finance and Exchequer Services  | Payroll processing including schools                                      | Compliance testing of the key controls, including financial reporting to support the production of final accounts and school salaries.   |
| Finance   | Corporate Finance and Exchequer Services  | VAT   | Compliance testing of the key controls, including financial reporting to support the production of final accounts.   |

| Lead Directorate         | Service                                  | Audit Title                        | Audit Work   |
|--------------------------|--|------------------------------------|--|
| Finance                  | Corporate Finance and Exchequer Services | Treasury management and investment | Compliance testing of the key controls, including financial reporting to support the production of final accounts. The Scope will include pensions, Police and Fire. |
| Strategy and Performance | Business Intelligence                    | Data and Analytics                 | Monitor the introduction and use of data analytics across the council, including Artificial Intelligence.  |