

Matters arising from internal audit work completed during the period

1 Introduction

- 1.1 This report highlights key issues that the Audit and Governance Committee should be aware of in fulfilling its role of providing independent oversight of the adequacy of the council's governance, risk management and internal control framework. It summarises the work undertaken during the period to 31 August 2013 by the Internal Audit Service under the internal audit plan for 2013/14.
- 1.2 A full table of all the audit work currently planned for 2013/14 is included at Appendix B, setting out brief notes of the progress made on each project and the outcomes where work has been completed.
- 1.3 The Internal Audit Service follows a risk-based audit methodology, using a risk and control evaluation-based approach ('RACE-based') combined with compliance testing of key controls, computer assisted audit techniques ('CAATs') and follow-up work.

2 Key issues

- 2.1 As can be seen in Appendix B, a lot of work is taking place within the service directorates and this is progressing well. However the Committee should be aware that a number of high profile issues have impacted on the plan over recent months.

Matters impacting the audit plan

- 2.2 As the committee will be aware, one of the council's senior officers was suspended at the start of August. The Chief Internal Auditor was heavily involved in the work leading up to that point and even more so in the work continuing since then.
- 2.3 Further, much of the audit plan relates to the work of One Connect Limited (OCL), whose chief executive and other senior managers have recently resigned.
- 2.4 However our work on the flow of funds between the council and OCL has been timely; this is currently on-going and will complement the review by the County Treasurer of the same area. However our work on performance monitoring of OCL's work for the council is currently paused.
- 2.5 The Audit Managers are working hard with the Chief Internal Auditor to ensure that the audit plan remains on track as far as possible.

Internal Audit Service progress against plan 2012/13

Audit and Governance Committee meeting 30 September 2013

- 2.6 As can be seen in more detail in Appendix B, the work completed over the period to date includes:

Audit area	Assurance opinion
Legislative compliance: Assessment of the council's compliance with the Working Time Directive.	Limited
Business continuity and emergency planning: Corporate arrangements for emergency planning.	Substantial
Cross-service controls: Safeguarding children's transport.	Substantial
Cross-service controls: Health and safety of lone workers.	Substantial
ICT controls: Security of mobile devices.	Limited
ICT controls: Help desk.	Substantial
CYP: Lancashire Safeguarding Children's Board – budget monitoring.	Limited

- 2.7 Of these, the committee's attention should be drawn primarily to the substantial assurance over the council's emergency planning arrangements, and the limited assurance over the council's compliance with the Working Time Regulations, which is set out in more detail below. Reference should also be made to the ongoing development of the council's information governance arrangements.

Legislative compliance: compliance with the Working Time Regulations

- 2.8 In July 2010 the Internal Audit Service reported that we could provide no assurance over Lancashire County Commercial Group's (LCCG's) compliance with the Working Time Regulations (WTR). We have therefore recently undertaken some analysis of data on officers' contracted hours. Although this work focussed initially on LCCG, we extended it to cover data relating to the hours contracted to be worked by any officer paid by the council. This testing has identified a small number of instances where the council and the county's schools appear still to be non-compliant with elements of the WTR.
- 2.9 The matters raised earlier do not appear to have been addressed. Whilst we could undertake further testing it is more appropriate for the Internal Audit Service to work with the council's HR Service, provided by OCL, and senior managers in individual operational service areas, to ensure that adequate controls are designed and implemented. We have discussed our findings with members of the HR Service who plan to take action to address these matters.
- 2.10 At present the risk remains that the council and some schools do not comply with the WTR legislation and expose a small number of staff members to the health, safety and wellbeing risks arising from long, uncontrolled working hours.

Corporate arrangements in relation to information governance

- 2.11 Work is continuing to develop the council's information governance arrangements and to meet the requirements of the National Health Service in particular. Members of the committee will have received a briefing on the morning of its meeting.
- 2.12 The Chief Internal Auditor has previously been unable to provide any assurance over this area and this remains the case at present.