

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	Review of the ownership, completeness and currency of documentation the council is required to hold, publicise and periodically review setting out its governance arrangements.	Key component of opinion	Work to scope this audit work has recently begun, and will be supplemented by additional work to assess the operation of the revised scheme of delegation to officers.	
	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 audit has been added to the plan following further discussion with senior management and will be undertaken in conjunction with the audit of the council's governance arrangements as a whole.	
	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	Members have recently been contacted to discuss this audit, on the basis of a draft risk and control framework.	
<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	A risk and control framework has been developed and agreed. Work has started on the operation of the risk management process in the first two quarters of the year, but further controls testing will take place in the third quarter.	
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	Whilst scoping this work it became clear that the work undertaken by PricewaterhouseCoopers has addressed the same risks. Although their report is still in draft at this point, we expect that it will provide the council with the assurance it requires and do not intend to undertake any additional work. We understand that the council will be able to take substantial assurance that its controls to mitigate the risks of monitoring and achieving the planned budget reductions are adequately designed and operating effectively.	Substantial
	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	Testing on this work is scheduled for February 2017 but some early work has already begun.	
	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	We understand that the council now acts as accountable body for very few, but significant, funding streams. The most important ones are the Lancashire Economic Partnership and the Better Care Fund, both of which are subject to specific audit work in the plan for 2016/17.  There are no longer a number of disparate smaller funding streams requiring the council to establish and operate a standardised control mechanism, and this work will therefore be removed from the audit plan for this year.	
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	A risk and control framework relating to the current process has been developed and is being considered by the audit sponsor, but testing will largely take place in the third quarter of the year.	

Lancashire County Council internal audit plan 2016/17: progress as at 9 September 2016

Service area	Operational area of activity	Audit work	Planning principle	Progress/ findings	Assurance
<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	Work is scheduled to start in October.	
	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 just beginning, and will be informed by other work done during July and August arising from a whistleblowing call.	
	Data held on LCS (Lancashire Children's Services system provided by Liquidlogic)	Compliance testing of the completeness and accuracy of the data records held on LCS.	Controls to mitigate a significant risk	We intend to draw on the experience of developing and testing the risk and control framework for the data held on LAS. This will be confirmed, but work is scheduled to start in October.	
	Oversight of schools' financial management	Risk and control evaluation of the arrangements to oversee schools' financial management.	Coverage of controls across the organisation	A risk and control framework has been developed and, once agreed, testing will start immediately.	
	Certification of claims made under the Working Together with Families Programme	Testing to certify that central government's grant funding requirements have been met.	Requirement to comply with funding terms	We have been working with the service as it has identified the risks and controls framework for the programme and related funding claims, and will review the validation check list and sample claims prior to the first claim being submitted.	
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	A risk and control framework has been developed and agreed with the principal social worker. We will test the current system once we have obtained the information we need about the sample population.	
	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 will be undertaken in conjunction with the three audits of case management below, all of which impact on the data held on LAS. A risk and control framework has been developed for this audit and will be agreed with the director of adult services. Testing of this will take place during November, and will be informed by testing of the case management processes.	
	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 testing on all three is scheduled for October.	
	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 & 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	A risk and control framework has been agreed, and testing of the controls in operation has been completed. Our findings are being considered but we have not yet prepared our report.	
Public health &	Operation of the Health and	Assessment of the constitution and operation of the	Coverage of controls across	A risk and control framework has been agreed and	

Lancashire County Council internal audit plan 2016/17: progress as at 9 September 2016

Service area	Operational area of activity	Audit work	Planning principle	Progress/ findings	Assurance
wellbeing services	Wellbeing Board	Board against professional guidance, local requirements and current best practice,	the organisation	testing of the controls in operation has been completed. Our findings are being considered but we have not yet prepared our report.	
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	A risk and control framework has been agreed, and testing of the controls in operation has been completed. Our findings are being considered but we have not yet prepared our report.	
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	We have begun to scope this audit but further work is necessary and the introduction of the new suite of systems has temporarily delayed this.	
	Provision of school places	Risk and control evaluation of the provision of school places.	Coverage of controls across the organisation	This work has begun: a risk and control framework has been developed for discussion with management, and detailed testing of the effectiveness of controls is scheduled to start in October.	
	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	Work is scheduled to start in October once the property strategy has been approved (subject to any amendments following the public consultation) and compliance officers appointed. Given the change still going on in this area it is possible that the timing of this work may slip.	
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	This work is complete and a draft report is being discussed with management, but the findings can be reported and are included in the narrative above.	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	This has been addressed at the same time as the work on the LEP's governance and accountability as it is closely related. An audit was undertaken by the North West Office of the Department for Business, Innovation and Skills in early 2016, which found only two insignificant administrative issues.	Not applicable
	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	A risk and control framework has been developed and discussed with the audit sponsor, and this audit is now under way.	
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	Work is scheduled to start in November.	
	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	Work is scheduled to start in November.	
Pension fund	Fund investment management	Assessment with management of the assurance	Controls to mitigate a	Work is scheduled to start in November.	

Lancashire County Council internal audit plan 2016/17: progress as at 9 September 2016

Service area	Operational area of activity	Audit work	Planning principle	Progress/ findings	Assurance
administration		framework and available assurance over the Fund's investments.	significant risk		
	Fund investment management	Follow-up of actions agreed in relation to monitoring the performance of the Pension Fund's investments.	Follow-up as required by professional standards	Work will take place in November with the other work on the Pension Fund.	
<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	Work has begun with the audit sponsor and key contact and a risk and control framework has been developed. Work to establish and test the controls in place is now under way.	
<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	Work for 2015/16 is now complete and a report has been issued. The only significant (medium) risk exposure we identified is the lack of compliance with the requirement under Treasury Management Practices that all Audit and Governance Committee members are trained in their oversight role, and the resulting potential for a lack of understanding amongst members of both that committee and the Cabinet. Further compliance testing for 2016/17 will be started in December.	Substantial for 2015/16
	Oracle general ledger	Risk and control evaluation of the controls in place, with annual compliance testing.	Controls to mitigate a significant risk	This work will be scoped with the audit sponsor and heads of service shortly.	
	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 2016/17 incorporating testing of transactions processed in 2015/16 is now complete. The actions agreed by the Finance Team will be implemented during the remainder of 2016/17 and we do not intend to undertake any further work (including follow-up of the agreed actions) on this system during the rest of the year.	Limited
	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	Work is scheduled to start in November 2016.	
	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	Work for 2016/17 incorporating testing of transactions processed in 2015/16 is now complete and we have concluded that the council's central cash receipt and allocation process is adequately designed and operating effectively.	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	Work is scheduled to start in January 2017 including follow-up of actions agreed in 2015/16.	
	Accounts payable: central controls	Risk and control evaluation of the controls in place, with annual compliance testing.	Controls to mitigate a significant risk	This work will be scoped with the audit sponsor and heads of service shortly.	
	VAT	Risk and control evaluation of the controls in place, with periodic compliance testing.	Coverage of controls across the organisation	Work, including follow-up of actions agreed in 2015/16 is scheduled to start in December.	
Investment	Implementation of the treasury	Compliance testing of operational policies and	Controls to mitigate a	Work is scheduled to start in January 2017.	

Lancashire County Council internal audit plan 2016/17: progress as at 9 September 2016

Service area	Operational area of activity	Audit work	Planning principle	Progress/ findings	Assurance
	management strategy, including refinancing the council's debt	procedures, and work with management to understand the nature of the representations being given to lenders and credit rating agencies.	significant risk		
	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	Work is scheduled to start in January 2017.	
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	A risk and control framework has been developed and agreed. Controls testing is scheduled to start in September.	
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	Work is scheduled to start in January 2017.	
	Processing of payments by BTLS, using information supplied by LCC	Risk and control evaluation, with annual compliance testing.	Controls to mitigate significant risks in a number of individual instances	Work is scheduled to start in January 2017.	
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 is scheduled to start in January 2017.	
ICT	Possible work may include general IT controls, IT security and continuity planning, and application controls including the new identity management system	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	Procurement of specialist ICT audit services will begin shortly.	
All	Completion of agreed action plans	Follow-up of work initiated during 2016/17. Action plans agreed in respect of earlier audit periods will not be pursued.	Follow-up as required by professional standards	As we undertake follow-up work it will be incorporated into the areas of work listed above.	
Various funding streams	Various: predominantly relating to funding for the former Environment Directorate, plus the Working Together with Families Programme	Work must be undertaken to meet EU and central government departments' grant funding requirements where funding is given on condition that the Internal Audit Service provides assurance to these bodies that their funding has been spent as intended.	Requirement to comply with funding terms	Work to certify that the council has met the conditions associated with any grant programme will be listed above in future progress reports. At this point, we are aware only of claims associated with the Working Together with Families Programme, and a claim under the Local Growth Fund.	