

Blackburn with Darwen Borough Council



Annual Internal Audit Opinion Report 2016/17

**Audit & Assurance
Finance & IT Department
June 2017**

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SECTION 1 – BACKGROUND

1.1 Introduction

- 1.1.1 This report details the cumulative activities undertaken by the Council's Audit & Assurance (Internal Audit) section of the Finance & IT Department during the period 1 April 2016 to 31 March 2017. It highlights key issues and themes in respect of the Council's risk management, governance and internal control frameworks. The activities undertaken by the section are primarily directed by a risk-based audit plan, which takes into account the Council's organisational objectives and priorities.
- 1.1.2 This report is intended to provide the Audit & Governance Committee with:
- an opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control;
 - a summary of the work that supports the opinion;
 - any qualifications to the opinion together with reasons for the qualifications;
 - any impairments or restrictions in scope of the work undertaken;
 - a comparison of the audit work actually undertaken with the work planned, including a summary of its performance and quality assurance;
 - a declaration that work undertaken is in conformance with the Public Sector Internal Audit Standards (PSIAS); and
 - details any issues particularly relevant to the preparation of the Council's Annual Governance Statement (AGS).
- 1.1.3 This report meets the requirements for Internal Audit to provide an annual internal opinion on the overall adequacy of the Council's framework of governance, risk management and control, as detailed in the PSIAS and demonstrates that the Council is maintaining an adequate and effective system of internal audit as required by the Accounts and Audit (England) Regulations 2015.

1.2 Role of Internal Audit

- 1.2.1 The statutory basis for Internal Audit in local government is the Accounts and Audit (England) Regulations 2015, which state that each authority must:

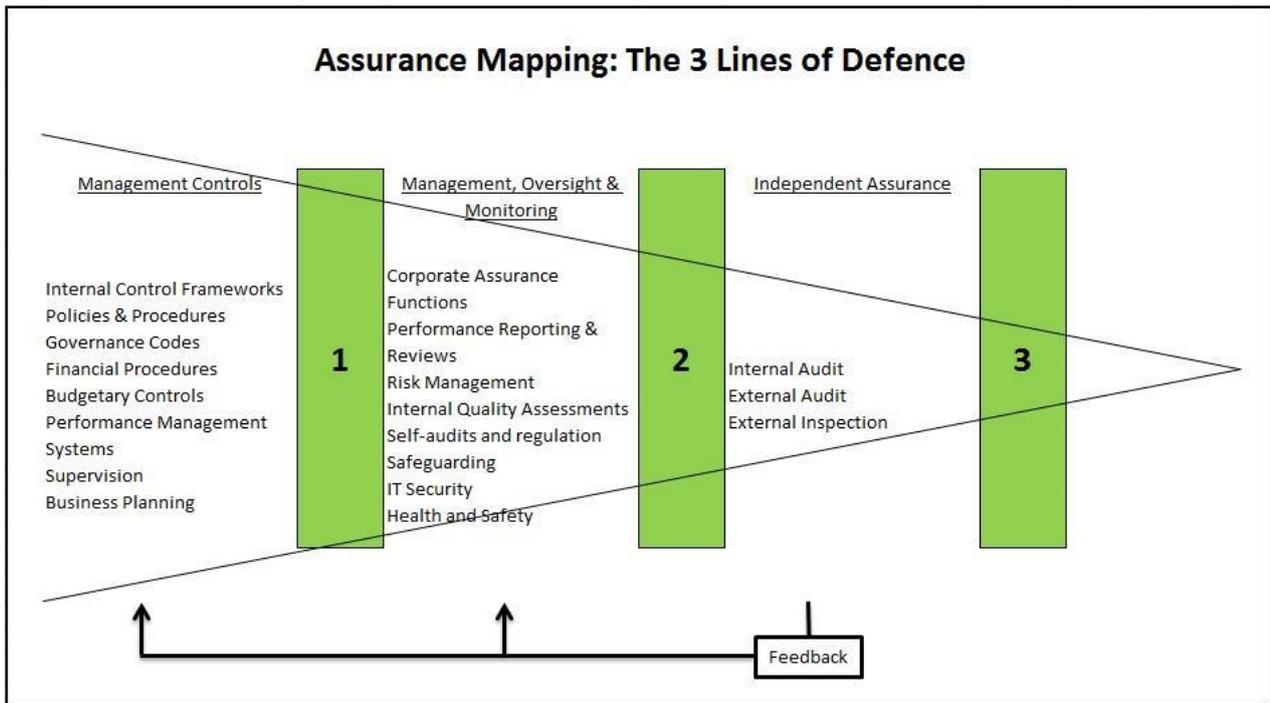
'Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards.'

- 1.2.2 Internal audit work is governed by the PSIAS. The Internal Audit Team has adopted the PSIAS definition of internal audit, which is:

"Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."

- 1.2.3 It should be remembered that Internal audit is the Council's 'third line of defence' in a model where management and management controls represent the first line, with responsibility for directly assessing, controlling and mitigating risks in accordance with the Council's control frameworks and procedures. In-service compliance functions confirming the operation of these controls represents the second line of defence. Where such 'second line' compliance functions are

available, we focus our audit work on assessing the control exerted by them rather than on repeating their work. This model is illustrated in the table below:



Objectives and Scope of Internal Audit

1.3.1 The objectives and scope of Internal Audit are set out in the Internal Audit Charter. The Charter is reviewed biennially by the Audit & Governance Committee and was re-approved on 11 April 2017. The Charter complies with the requirements of the PSIAS. The emphasis placed on Internal Audit's role in reviewing areas both financial and non-financial represents the profession's best practice and enables Internal Audit to give an opinion on the adequacy of all of the Council's systems of risk management, control, and governance.

SECTION 2 – INTERNAL AUDIT OPINION

2.1 Arriving at the Opinion

2.1.1 The overall opinion on the Council’s systems of risk management, control and governance is based on Internal Audit’s assessment of the Council’s key management arrangements. This is the framework required to provide management with confidence that the main processes to achieve these business objectives are:

- Adequate and effective for their purpose; and
- Free from material business risk, both financial and non-financial.

2.1.2 In providing our opinion, it should be noted that assurance can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses within these systems.

2.1.3 Our opinion on the systems of risk management, control and governance within the Council has been formulated by giving careful consideration to following:

- Planned work undertaken during 2016/17;
- Unplanned work undertaken during 2016/17;
- Follow ups of audit work undertaken during 2015/16 and 2016/17; and
- Other sources of assurance relevant during 2016/17.

2.2 Work Supporting the Opinion

Planned Work:

2.2.1 The Audit Committee approved the Audit & Assurance Plan for the year to 31 March 2017 at its meeting on 12 April 2016.

2.2.2 Each Internal Audit report provides two levels of assurance: (i) an opinion on the control environment; and (ii) an opinion on compliance with the control environment. The level of assurance given is derived from the findings and based on the following definitions:

Exhibit 1: Internal Audit Reporting Definitions

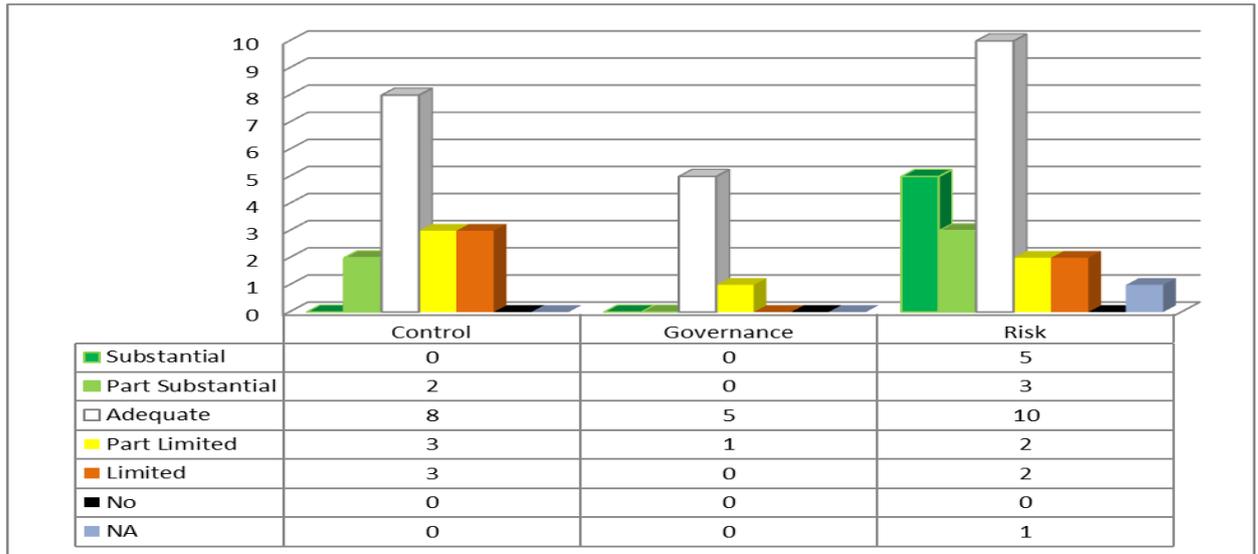
Control Environment Assurance		
	Level	Definition
1	SUBSTANTIAL ASSURANCE	There are minimal control weaknesses which present very low risk to the control environment.
2	ADEQUATE ASSURANCE	There are some control weaknesses which present a medium risk to the control environment.
3	LIMITED ASSURANCE	There are significant control weaknesses which present a high risk to the control environment
4	NO ASSURANCE	There are fundamental control weaknesses which present an unacceptable level of risk to the control environment.
Compliance Assurance		
	Level	Definition
1	SUBSTANTIAL ASSURANCE	The control environment has substantially operated as intended although some minor errors have been detected.
2	ADEQUATE ASSURANCE	The control environment has mainly operated as intended although errors have been detected.
3	LIMITED ASSURANCE	The control environment has not operated as intended. Significant errors have been detected.
4	NO ASSURANCE	The control environment has fundamentally broken down and is

	open to significant error or abuse.
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2.2.3 The assurance levels taken from the audit reports issued and reported to the Audit Committee during 2016/17 across the categories of risk management, internal control and governance are detailed in Appendix B attached.

2.2.4 Internal Audit has completed and formally reported upon 45 assignments including 23 *risk management* assignments, 16 *internal control* assignments and 6 *governance* assignments to support its opinion on the Council’s systems of risk management, governance and internal control. A summary of the assurance levels that support our opinion are as follows:

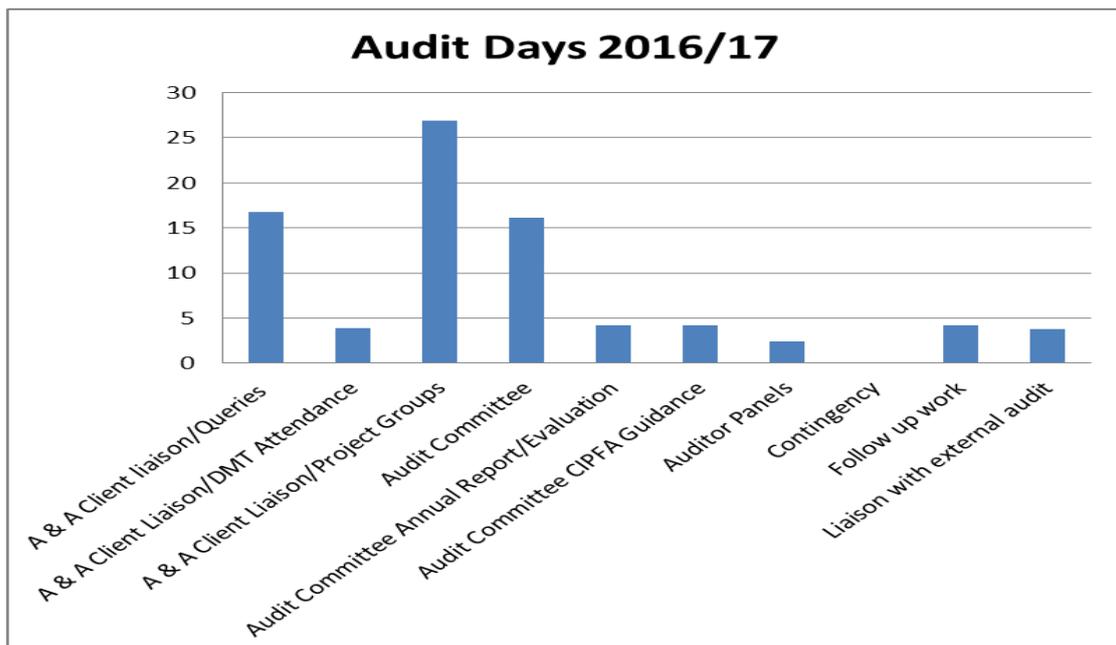
Exhibit 2: Summary of Internal Audit Opinions 2015/16



Other/Unplanned Work:

2.2.5 During the year we have carried out a number of other/unplanned audit work and provided advice and assistance to managers, departments and schools on a number of areas. A total of 83 audit days has been spent on these activities:

Exhibit 3: Summary of Other/Unplanned Work 2015/16



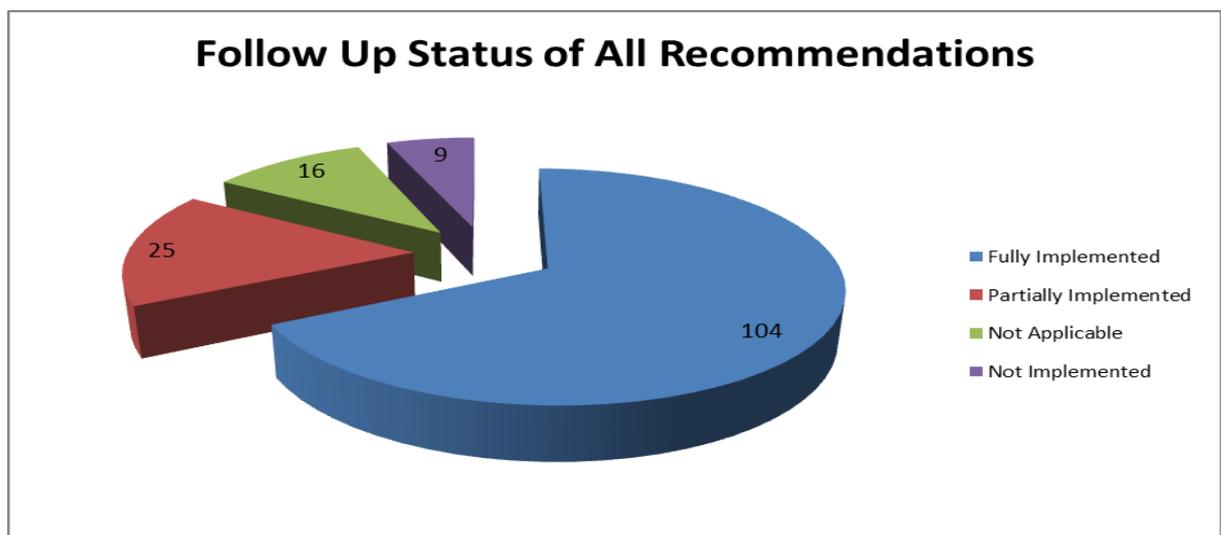
2.2.6 Our other/unplanned work can be categorised as follows:

- Supporting the Audit Committee (24 days);
- Liaison with departments/DMTs, external audit and responding to general requests for advice/guidance (25 days);
- Specific consultancy activity on new systems and programmes (27 days);
- Monitoring the implementation of reported recommendations (4 days); and
- Auditor Panels (3 days).

Follow Ups:

2.2.7 Where we issue a *limited* or *no* assurance report we undertake “standard” follow ups after 3 months. For all other assurance reports we undertake a “standard” follow up after 6 months. In 2016/17 we followed up a total of 154 recommendations, which comprised 27 “Must”, 115 “Should” and 12 “Consider” recommendations.

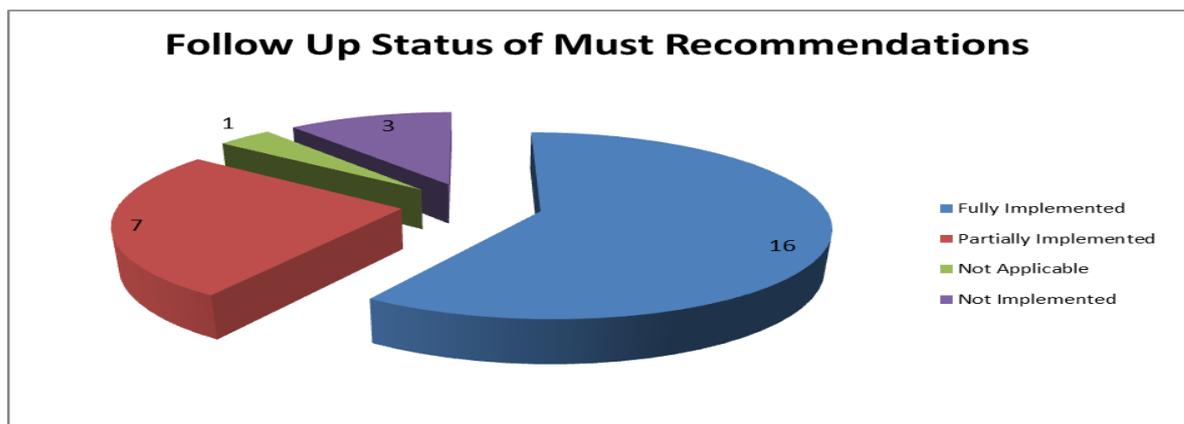
Exhibit 4: Follow Up Status of All Recommendations 2016/17



2.2.8 The non-implemented recommendations were reported to the Audit Committee during the year. We received appropriate explanations for these recommendations not being implemented within agreed timescales.

2.2.9 Further analysis of the highest priority “must” recommendations has identified that only 3 recommendations (5%) were not implemented. For these “must” recommendations detailed explanations were supplied to the Audit & Governance Committee during the year for their consideration.

Exhibit 5: Follow Up Status of Must Recommendations 2016/17



- 2.2.10 Where we have particular concerns about the implementation of recommendations we will undertake further “physical” follow up exercises where documentation will be reviewed and further testing undertaken. The 2015/16 Annual Opinion Report noted qualifications to the overall opinion in respect of a number of areas.
- 2.2.11 We have undertaken the following physical follow up work, which has confirmed that improvements have been made and our opinion on these review areas has been revised:
- **Capita Partnership Governance:** The final report, issued in September 2013 provided a **limited assurance** opinion on both the overall control environment and compliance with the controls in place. A follow up review of this area completed in August 2016 provided an **adequate assurance** opinion on the control environment. A compliance opinion was not provided as no testing could be undertaken at the time of the review as the new contract between the Council and Capita had not been signed and several contract schedules were in the process of being finalised and agreed. A further review of this area is planned for 2017/18.
 - **Health & Safety - Davyfield Road Depot:** Our final report, issued in November 2016, provided a **substantial assurance** opinion on the control environment and **adequate assurance** on compliance. This was an improvement on our previous report (issued in November 2015) when the assurance opinions provided were adequate in respect of the control environment and limited regarding compliance.

Other Sources of Assurance:

- 2.2.12 In addition to the internal audit work carried during the year, we have gained assurance on a number of the Council’s processes from other internal and external sources. The sources of assurance include:
- The Council’s Management Accountabilities Framework (MAF) reporting arrangements and challenge process;
 - The annual Directors’ assurance certificates;
 - The external auditor’s annual audit letter and certification report;
 - The reports from the inspections by Ofsted and the Care Quality Commission of the Council’s services. We also consider relevant school Ofsted inspection reports when carrying out our school visits; and
 - The results from the 2016/17 CIPFA risk management benchmarking exercise, which is designed to capture and assess an organisation’s risk management practices.
- 2.2.13 The “red” priority areas of concern from the MAF are reported to the Audit & Governance Committee. The reporting of the half year “red” areas did not identify any further challenges from the Audit & Governance Committee. The results of the year end exercise are reported to the June Committee meeting.
- 2.2.14 All Directors and the Deputy Chief Executive are required to complete a statement of assurance on governance arrangements, including risk management and internal control each year. Completed statements of assurance were received from all the Directors and Deputy Chief Executive and each confirmed that they were satisfied that “effective governance arrangements are in place, including a sound system of internal control throughout the year ended 31 March 2017 and is ongoing”.

- 2.2.15 The Council's external auditors (Grant Thornton) reported in October 2016: "We issued an unqualified opinion on the Council's 2015/16 financial statements on 23 September 2016". Following their interim work for 2016/17, Grant Thornton reported to the Audit & Governance Committee in April 2017 they were able to state that their work "has not identified any weaknesses which impact on our audit approach". They also noted that their work has not identified any material weaknesses which are likely to impact on the Council's financial statements, nor has it identified any errors impacting on their audit opinion or any issues that they needed to bring to the attention of Members at that time.
- 2.2.16 Ofsted judged 87% of local authority residential homes and children's centres as good or outstanding. There are 3 judgements relating to local authority inspections (full safeguarding, adoption and fostering services), 8 children's centres and 4 residential homes. Of these 13 have been judged good or better on their most recent inspections with 2 of those being outstanding (Appletrees and the Adolescent Support Unit).
- 2.2.17 With regards to schools, 88% of learners attend schools judged good or better by Ofsted. This figure shows continued improvement. All but one of these schools was judged to be good, with two schools moving from being previously judged to require improvement to be good. Only one school - a sponsored academy without a previous inspection judgement - was judged to require improvement. No school with a published inspection report in the financial year 2016/17 has been in receipt of a lower judgement when compared to their previous inspection.
- 2.2.18 During the year Zurich Municipal carried out an Information Governance Health Check to assess the Council's information risk management practices against seven enabling categories. The final assessment report highlighted the Council was 'an organisation with strong leadership and the building blocks of a fully effective information governance programme. In all areas the fundamental aspects of an effective information management programme have been established.' Whilst the Council scored at level 2 (In Development) in three of the categories the report noted that the actions required to improve are relatively easy to attain in the sections. The remaining areas were assessed at either level 3 (Managed) or level 4 (Integrated). Possible scores range from 1 (Aware), where the organisation recognises the importance of good information governance, some policy documentation exists but consistency of approach is generally poor and it is vulnerable to information breaches, to 5 (Transformational) where information governance is a strategic priority and the use of information is leveraged to drive maximum value. Information risks and trends are proactively monitored and mitigated to minimise the vulnerability to information breaches.
- 2.2.19 We participated in the 2016/17 CIPFA risk management benchmarking exercise to self-assess the Council's risk management arrangements. This assessed the arrangements in place for seven strands of risk management activity. The results showed that the Council was at the 'working' level (45 -70%) for four of the seven areas and 'embedded and integrated' for three remaining strands (70 – 85%). This compares favourably with the 2015/16 results using the AON Risk maturity tool. This showed that the Council's risk maturity score was 3.5, which equates to a 'defined to operational' level of maturity. This is an increase from the previous risk maturity score of 2.5.
- 2.2.20 Our planned work, other/unplanned work, follow ups and other sources of assurance has not identified any serious concerns in relation to the Council's systems of risk management, control and governance.

2.3 Our Opinion

On the basis of the evidence reviewed, explanations received and the processes reported upon during 2016/17 together with the other sources of assurance available to Internal Audit it is considered that the Council has **adequate** systems of risk management, control and governance, which are being applied to an **adequate** standard.

2.4 Qualifications to the Opinion

2.4.1 There are a small number of assurance opinions which should be considered in the context of the overall opinion provided above. These include audits identified as the priority 1 risk areas in the Audit & Assurance Plan or have been on function areas that have been identified as corporate risks.

2.4.2 The main qualifications to our overall opinion are:

Risk Management:

2.4.3 **Highways:** This review considered the controls in place to ensure that the Council's highways network is maintained to a reasonable standard. The final report, issued in March 2017, provided a **limited assurance** opinion for both the control environment in place and compliance with the controls identified. In particular the following weaknesses were identified at the time of the audit:

- The Highways Inspection Procedure was out of date and had not been reviewed since January 2014.
- Cost estimates and actual expenditure for each defect repair could not be readily identified by the EXOR system resulting in ineffective cost management and budget monitoring of reactive maintenance work.
- Testing of a sample of 70 defects identified that 41% had not been repaired within the required timeframe.
- There was no evidence that the charging basis for repair works, including the hourly rate for staffing costs and the proportion of overheads included had been reviewed or agreed by management or Finance.
- Testing of Planned Works showed that the inaccurate estimation of contractor's fees for resurfacing works had led to an overspend in 8/10 cases reviewed (25% overspend against original cost estimates).
- Budget monitoring discussions between individual managers and a Finance Officer were not taking place as agreed.
- There was no evidence that the Portfolio Executive Member was receiving a monthly briefing paper on the budget monitoring position.
- An action plan to ensure that the Council maximises Department for Transport incentive funding had not been agreed or communicated to relevant staff.

2.4.4 **Section 17 (Children's Act 1989) Financial Assistance:** Under Section 17 of the Children's Act 1989 the Council has a duty to safeguard and promote the welfare of children in the area who are in need. This includes the provision of financial assistance where appropriate. The final report provided a **limited assurance** opinion for the control environment and compliance with the controls in place. The issues noted included the following:

- Relevant forms were either not being completed consistently with sufficient detail or not always retained on file;

- There was a lack of controls to prevent duplicate payments, and to ensure that, where monies had been identified as repayable to the Council, the debt was managed effectively;
- The use of incorrect budget codes, impacting on budget monitoring; and
- A lack of adequate monitoring arrangements or performance indicators to manage the additional Challenge to Care monies.

2.4.5. **Social Media:** The review considered the arrangements in place to maximise the use of social media, whilst maintaining a safe and professional environment for the Council and staff. The final report, issued in February 2017, provided a **limited assurance** opinion for the control environment. Procedures supporting the Social Media Policy were inconsistent, with an unclear approach to setting up and managing a social media account. Monitoring arrangements and incident management procedures also needed to be clearly defined.

2.5 Impairments/Restrictions in Scope

2.5.1 No limitations have been placed on the scope of work carried out by Internal Audit during 2016/17. Audit recommendations have been made based on the findings from each review. These have been discussed and agreed with the managers responsible for each area reviewed. Action plans have been agreed for each audit report issued. Implementation of the recommendations, as per the agreed action plans, is followed up to confirm that the agreed recommendations have been implemented.

2.5.2 We are able to confirm that the Head of Audit & Assurance has line management responsibility for other operational areas. Internal auditors had no direct operational responsibility or authority over any of the activities audited in 2016/17. We can therefore confirm the organisational independence of the Internal Audit activity.

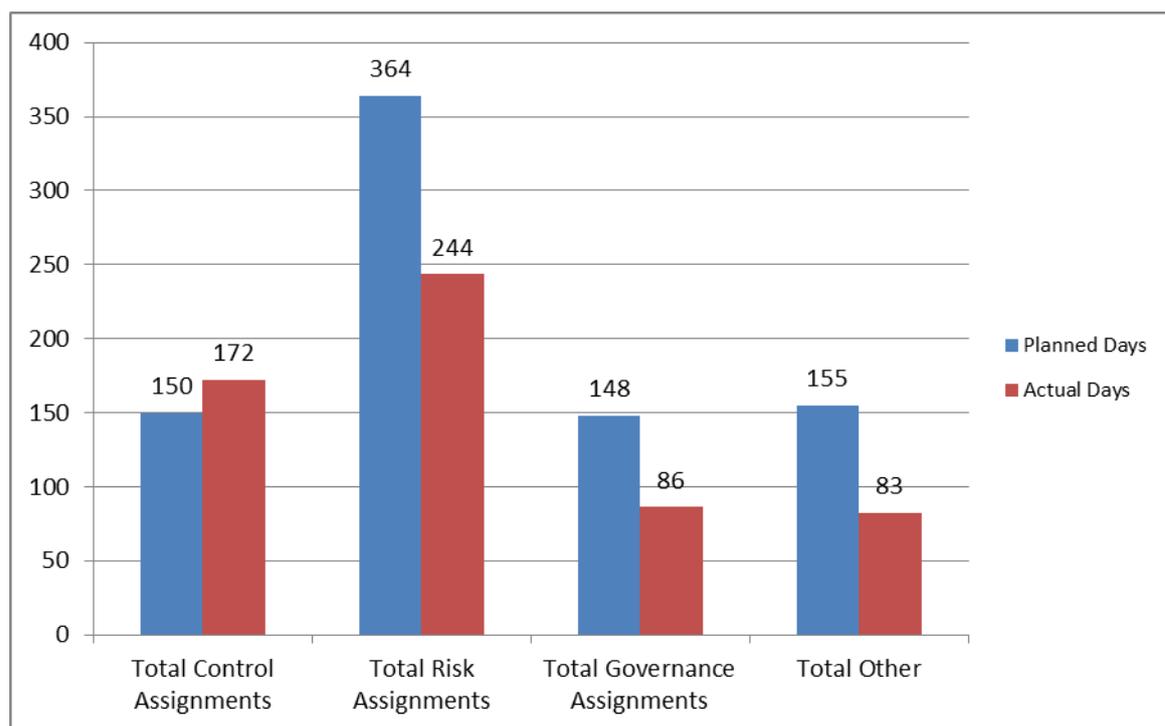
SECTION 3 – INTERNAL AUDIT PERFORMANCE/QUALITY ASSURANCE

3.1 Comparison of Actual and Planned Work

3.1.1 The Audit & Assurance Plan was approved by the Audit Committee on 12 April 2016 and it was then anticipated that Audit & Assurance would have staff resources amounting to 817 days for internal audit assignments.

3.1.2 Internal Audit was able to deliver a total of 584 days (71.5%) against the approved Audit & Assurance Plan of 817 days, which can be summarised as follows:

Exhibit 6: Audit & Assurance Plan Against Actual 2016/17 (Days Achieved)



3.1.3 A revised Audit & Assurance Plan (reduced to an estimated 682 days for internal audit activity) was approved by the Audit Committee on 10 January 2017. This reduction was due to the following resourcing issues:

- the deletion of a Principal Audit & Assurance Officer post, which effectively became vacant in April (190 days).
- the deletion of an Assistant Audit & Assurance Officer post, which became vacant in September (100 days).

3.1.4 The actual number of audit days delivered was 584 days, which is 98 days lower than the revised Plan. The main reasons for this variance were:

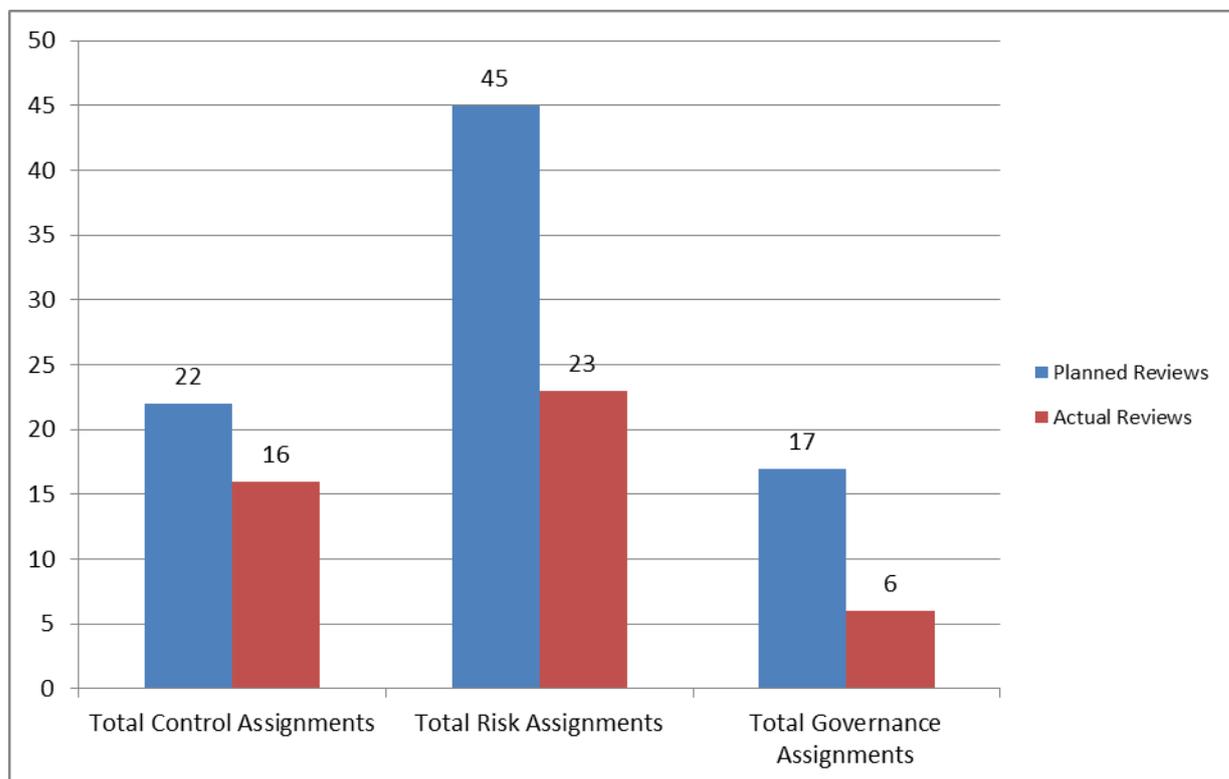
- the deletion of the Audit & Assurance Manager's post, which effectively became vacant in December (75 days); and
- additional time spent by the Head of Audit & Assurance, the Audit & Assurance Manager and other staff relating to HR and staffing matters including the Audit & Assurance restructuring and staff performance issues (22 days).

3.1.5 The days achieved against the original and revised Audit & Assurance Plan is considered sufficient to provide an opinion on the effectiveness of risk management, control, and governance processes within the constraints that are being placed upon the Council and Audit & Assurance.

3.2 **Key Achievements 2015/16**

3.2.1 Despite the 235 days (28.5%) reduction in available assignment audit days Internal Audit was able to deliver sufficient audit assignments to provide its opinion. The following exhibit shows Internal Audit was able to deliver 45 assignments, which is 54% less than those originally planned (84), but in line with the revised plan (44).

Exhibit 7: Internal Audit Plan Against Actual 2015/16 (Assignments Delivered)



3.2.2 We consider that the volume of audit assignments completed in relation to risk management, control and governance is sufficient to allow us to provide an opinion on each of those Council processes.

3.2.3 The Audit & Assurance Plan is prioritised according to the level of risk associated with each audit assignment. A Priority 1 (highest level) assignment is “a strategic risk or fundamental review required to provide a statutory opinion for the Annual Governance Statement”. The 2016/17 Audit & Assurance Plan included six Priority 1 audit assignments, of which five (83%) have been delivered in 2016/17 or were in progress at the year end. The findings to date of the priority 1 reviews in progress at the year end have not identified any significant areas of concern which would impact on the annual overall opinion provided.

3.2.4 The only Priority 1 audit assignment not completed relates to the IT Infrastructure (Resilience). The time allocated to this area was used to provide support to the Zurich Municipal Information Governance Health Check. That review included consideration of IT technology and Infrastructure. The results of this review are noted in paragraph 2.2.18 above.

3.3 **Key Performance Information**

3.3.1 The Finance & IT Department’s Business Plan and Audit & Assurance Plan included a number of measures to assess the performance of Internal Audit in terms

of its achievement and quality. The actual performance against these targets for 2016/17 (together with the 2015/16 performance) can be shown as follows:

Exhibit 8: Internal Audit Performance 2016/17

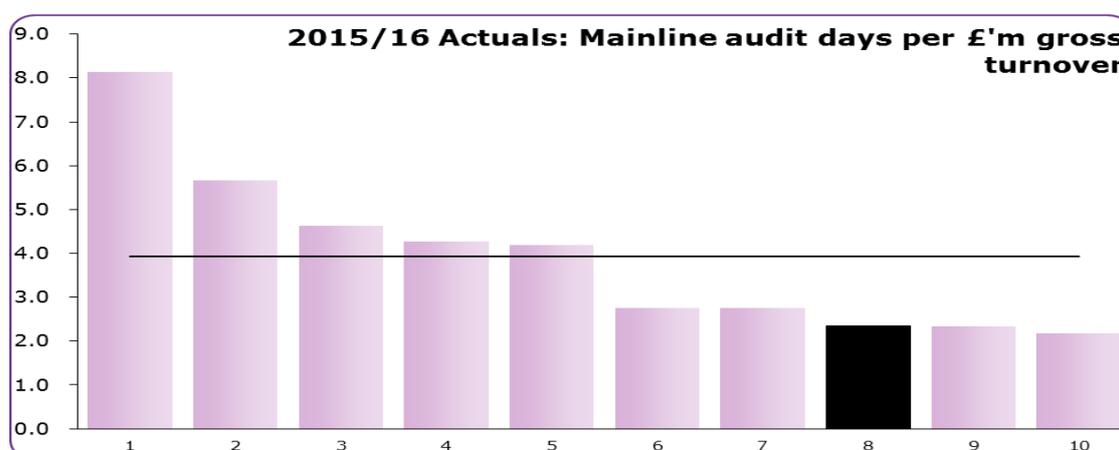
Performance Measure	Target	Actual 2016/17	Actual 2015/16
Delivery of Priority 1 Audits	100%	83%	88%
Planned Audits Completed Within Budget.	90%	61%	68%
Final Reports Issued Within Deadline	90%	95%	91%
Follow Ups Undertaken Within Deadline	90%	82%	90%
Recommendations Implemented	90%	84%	82%
Client Satisfaction	75%	100%	96%
Compliance with PSIAS	95%	99%	99%

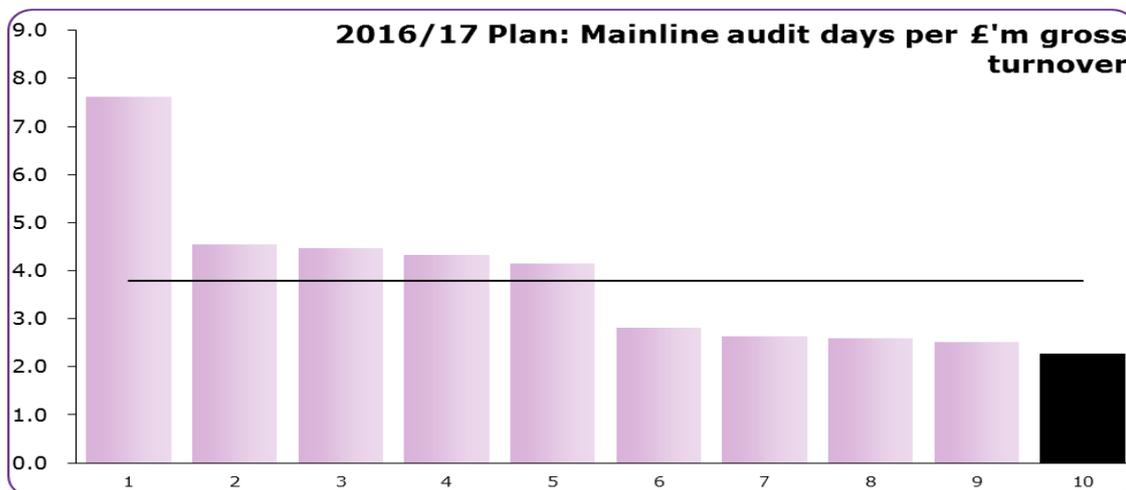
3.3.2 The actual performance against these targets was reported to each Audit Committee meeting during 2016/17. Explanations were also provided where our performance did not meet the expected target.

3.4 Benchmarking

3.4.1 Internal Audit participated in the CIPFA Audit Benchmarking Club for 2016/17. This will allowed us to undertake headline comparisons with other participants in the Club and a more detailed analysis of our activity against that of a small number of near comparators.

3.4.2 The Council’s internal audit service (shown on the bar charts as the “black bar”) has been compared with 9 other near-comparators (based upon Council gross revenue turnover (GRT), service structure and internal audit delivery arrangements). The key benchmark of “mainline audit days per £million of gross turnover” has identified the following for 2015/16 (2.4 days compared to an average of 3.9 days) and 2016/17 (2.3 days compared to an average of 3.8 days):





It should be noted that the figures for 2016/17 were prepared on the basis of the planned audit days deliverable per the Audit & Assurance Plan approved on 12 April 2016.

3.5 Quality Assurance

3.5.1 The Quality Assurance & Improvement Programme (QAIP) was presented to the September 2016 Audit Committee. The QAIP covers all aspects of internal audit activity and enables conformance with the PSIAS to be evaluated. A key objective of the QAIP is to assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement. This is achieved through both internal and external assessments. A summary of the QAIP is attached at Appendix C.

3.5.2 During 2016/17 the Head of Audit & Assurance has had no operational involvement – except where limited/no assurance opinions are provided – in the ongoing monitoring process. This allows the Head of Audit & Assurance to independently and objectively review the process to identify opportunities for improvement.

3.6 Statement of Conformance with the Public Sector Internal Audit Standards (PSIAS)

3.6.1 From 1 April 2013 Audit & Assurance has been required to comply with the requirements of the PSIAS. Our assessment is that we comply fully or partially with 330 of the 334 elements (99%) of the Standards. The areas of non-conformance are as follows:

Exhibit 10: PSIAS Non-Conformance 2015/16

Conformance with the Standard	No
1100 Independence and Objectivity	
<i>1110 Organisational Independence</i>	
Does the CAE report to an organisational level equal or higher to the corporate management team?	1
1300 Quality Assurance and Improvement Programme	
If the organisation is a 'larger relevant body' in England, does it conduct a review of the effectiveness of its internal audit at least annually, in (accordance with the Accounts and Audit (England) Regulations 2011 section 6(3)?	1#

2450 Overall Opinion	
Does the annual report incorporate the following:	
h) The results of the QAIP?	1*
i) Progress against any improvement plans resulting from the QAIP?	1*

The Accounts & Audit Regulations 2015 states that organisations are no longer required to undertake an annual review of effectiveness of internal audit as there is an overriding requirement to undertake an external assessment.

* Section 3.5 and Appendix C of this report demonstrates the implementation of these actions.

3.6.2 This analysis shows that the Council's Internal Audit function is generally in conformance with the PSIAS. Furthermore the results of the PSIAS Peer Review assessment (reported to the April Audit Committee) confirmed that the Council's internal audit team conforms to the PSIAS across all areas of focus:

Exhibit 11: PSIAS Summary Peer Review Assessment 2015/16

Area of Focus	Judgement
Purpose & Positioning	Conforms
Structure & Resources	Conforms
Audit Execution	Conforms
Overall Judgement	Conforms

Improvement Plans for 2017/18

3.7.1 No significant areas for improvement have been identified for 2017/18 from the results of the quality assurance process in place within Audit & Assurance. Following the completion of the service review the Audit & Assurance team will focus on ensuring that it continues to deliver an effective and improving service. Audit management will continue to work with senior management to ensure that systems in operation to promote effective governance are adequate in the current evolving transformational climate. The team will also continue to maintain and improve its corporate visibility to take every opportunity to market itself to the organisation, particularly at lower levels of management and operational areas of management, emphasising the added value that it offers.

SECTION 4 – ANNUAL GOVERNANCE STATEMENT

4.1 Criteria for Identifying Issues Relevant to the Annual Governance Statement

4.1.1 The CIPFA (Chartered Institute of Public Finance & Accountancy) and APB (Auditing Practices Board) guidance suggests the following criteria should be applied when judging what may constitute a significant control issue for the purposes of disclosure in the Annual Governance Statement:

- the issue has seriously prejudiced or prevented achievement of a principal objective;
- the issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in significant a diversion of resources from another aspect of the business;
- the matter has led to a material impact on the accounts;
- the issue or its impact has attracted significant public interest or has seriously damaged the reputation of the organisation, or;
- the issue has resulted in formal action being taken by the Chief Financial Officer or Monitoring Officer.

4.2 Issues Relevant to the Preparation of the Council's Annual Governance Statement

In our opinion none of the qualifications that form our internal audit opinion constitute a material weakness in the Council's governance framework that requires disclosure in the Annual Governance Statement.

Audit & Assurance Plan & Actual 2016/17

Audit Assignment	CLASSIFICATION	Priority	16/17 Days	Actual Days	Assurance Opinion	
					Control	Compliance
Budgetary Control - WIP 2016/17	Risk	1	10	8.6		
Commercial Services Group	Risk	3	10	0		
Compliance with health & safety legislation	Risk	3	10	13.6	Substantial	Adequate
Cyber Risk Review - WIP 2016/17	Risk	2	0	4.4		
Disaster Recovery - Single Points of Failure	Risk	2	10	1.7		
Failure to prevent data loss (Information Governance)	Risk	1	15	15.7	Adequate	Adequate
Flare/Asidua System	Risk	3	10	1.9		
Insufficient Revenue Budget for Crown Court cases	Risk	2	10	0.3		
IT Infrastructure (Resilience)	Risk	1	10	4.9		
Mosaic Implementation Testing	Risk	2	10	1.5		
Performance Indicators/Data Quality	Risk	3	10	6.6	Adequate	Adequate
Planning Performance Improvement Plan	Risk	3	10	11.3	Adequate	Adequate
Service Desk Performance	Risk	3	5	5.7	Adequate	Adequate
Social Media	Risk	3	10	11.8	Limited	Adequate
Technical Services Delivery Post 2016	Risk	3	15	0		
Equality, Diversity and Cohesion	Risk	3	10	14.8	Adequate	Substantial
Client case management systems - Mosaic	Risk	3	0	2.2		
Efficiency Partner	Risk	2	10	15.4	Adequate	Adequate
Health & Safety Duke Street	Risk	2	10	0		
Section 17 Payments	Risk	3	10	11.1	Limited	Limited
SEND Inspection Regime	Risk	2	10	3.7		
Asset Transfer - Play Areas/ MUGAs	Risk	2	10	0		
CCTV Pennine Lancs Provision - WIP 2016/17	Risk	2	10	11.8	Adequate	Adequate
Freckleton Street Link Road	Risk	3	10	0		
Highways	Risk	3	15	18.6	Limited	Limited
Localities Data Sharing	Risk	2	10	0.1		
LSP Prosperity Strategy	Risk	3	10	0.3		
Organised Crime Project - Community Safety	Risk	2	10	10.9	Adequate	Adequate
Troubled Families IA Certification	Risk	3	10	0.1		
Assessment Processes	Risk	2	10	0		
Care Act 2014	Risk	2	15	11.5	Adequate	Adequate
Volunteering/Demand Management	Risk	2	10	0.4		
Prosecution Process/Instructions - WIP 2016/17	Risk	2	10	3.2		
HR & Payroll VFM - WIP 2016/17	Risk	2	10	6.1		
Client Case Management Systems - Mosaic - WIP	Risk	2	3	3.3		
TeleHealthCare - WIP 2015/16	Risk	2	1	1.7	Substantial	Substantial
Safeguarding - WIP 2015/16	Risk	2	4	3.6	Substantial	Substantial
Internal Operating Procedures - WIP 2015/16	Risk	2	7	11.9	Adequate	Adequate
Troubled Families IA Certification - WIP 2015/16	Risk	2	2	0.5	Substantial	Substantial
HMO Licencing - WIP 2015/16	Risk	2	5	11.2	Adequate	Adequate
Licencing Process - WIP 2015/16	Risk	2	3	3.3	NA	NA
Asset Transfer to Community Groups - WIP 2015/16	Risk	2	3	8.4	Substantial	Adequate
Health & Safety - WIP	Risk	2	0	0.3	Adequate	Limited
Corporate Appointee/Guardianship - WIP 2015/16	Risk	2	0	0.6	Substantial	Substantial
Data Centre - WIP 2015/16	Risk	2	1	0.5	Substantial	Substantial
Total Control Assignments			364	243.5		22 (45)

Audit Assignment	CLASSIFICATION	Priority	16/17 Days	Actual Days	Assurance Opinion	
					Control	Compliance
Holy Trinity	Control	2	5	9.1	Limited	Limited
Meadowhead Infants	Control	1	5	6.5	Adequate	Adequate
Newfield	Control	2	7	9.5	Adequate	Adequate
Sacred Heart	Control	3	5	7.6	Limited	Limited
School Audit Reviews	Control	3	3	4.2		
Shadsworth Infants	Control	3	5	9.7	Adequate	Adequate
St Annes	Control	1	5	8.4	Limited	Limited
The Redeemer	Control	2	5	8.1	Adequate	Adequate
Quality of Agency/Matrix Staff	Control	2	10	0		
Payroll - Core system - WIP 2016/17	Control	1	25	11.9		
MI Accuracy	Control	2	10	10.9	Adequate	Adequate
Debtors - WIP 2016/17	Control	3	10	2.8		
Creditors/E-Procurement	Control	3	10	10.6	NA	Adequate
Access Control Management	Control	3	10	10.2	Adequate	Substantial
LTP Grant Requirement	Control	1	6	2.7	Adequate	Adequate
Private Care Home Contract Payments - WIP 2016/17	Control	2	10	8.3		
PCP Grant - WIP 2016/17	Control	2	0	3.5		
Longshaw Nursery - WIP 2015/16	Control	2	5	16.6	Adequate	Adequate
Markets - WIP 2015/16	Control	2	3	5.8	Adequate	Substantial
Civic Catering, Events Hall (KGH) - WIP 2015/16	Control	2	6	19.6	Limited	Adequate
Payroll - Core Centre - WIP	Control	2	5	4.6	Adequate	Limited
Debtors - WIP	Control	2	0	1.4	Adequate	Limited
Total Control Assignments			150	172	15 (22)	

Appendix B (Continued)

Audit Assignment	CLASSIFICATION	Priority	16/17 Days	Actual Days	Assurance Opinion	
					Control	Compliance
Heritage England Grant Certificate - WIP 2016/17	Governance	2	0	1		
LSTF Grant Requirement	Governance	1	4	0.3		
Old Town Hall Stonework	Governance	3	10	9.7	Adequate	Adequate
Project Management - Capital Schemes	Governance	2	20	2		
Review of Financial Regulations, SFIs, etc	Governance	2	5	1.7		
Youth Zone Commissioning Arrangements	Governance	3	10	0.5		
Social Determinants of Health Fund	Governance	3	10	0.7		
Health Integration Arrangements	Governance	2	10	0		
Health and Wellbeing Board	Governance	3	10	10	Adequate	Adequate
Housing Growth Plan WIP 2015/16	Governance	2	10	3.8		
Partnership Arrangements	Governance	2	10	14.4	NA	Adequate
Rogue Landlords Grant Certificate	Governance	1	2	4.7	Adequate	Adequate
Strategic Funding & Bidding Proposal WIP 2016/17	Governance	3	10	12.8		
Procurement / Commissioning Review Corporate	Governance	2	15	0		
Leisure Services Review/Transfer	Governance	3	10	0.4		
PP Partnership - WIP	Governance	2	12	14.2	Adequate	NA
Register of Gifts and Hospitality	Governance	2	0	10	NA	Limited
Total Control Assignments			148	86.2	6 (17)	

Audit Assignment	CLASSIFICATION	Priority	16/17 Days	Actual Days	Assurance Opinion	
					Control	Compliance
Other Audit Work						
A & A Client liaison/Queries	Other	2	35	16.8		
A & A Client Liaison/DMT Attendance	Other	2	10	3.9		
A & A Client Liaison/Project Groups	Other	2	30	26.9		
Audit Committee	Governance	1	20	16.1		
Audit Committee Annual Report/Evaluation	Governance	1	5	4.2		
Audit Committee CIPFA Guidance	Governance	2	5	4.2		
Auditor Panels	Governance	2	5	2.4		
Contingency	Other	2	30	0.00		
Follow up work	Governance	1	10	4.2		
Liaison with external audit	Other	1	5	3.8		
Total Other			155	82.50		
Grand Total			817.00	516.60		

Summary Quality Assurance & Improvement Programme Activities

Activity	Frequency	Responsibility	Reporting
Internal Assessments – Ongoing Monitoring			
Review of internal audit charter, audit policies and procedures	Annual	Head of Audit & Assurance	Annual Plan to Audit Committee
Agree performance metrics for internal audit	Annual	Head of Audit & Assurance/Director of Finance & IT	Annual Plan to Audit Committee
Allocation of audit assignments to appropriate internal auditors	Each Assignment	Audit & Assurance Manager/Principal Audit & Assurance Officers	Annual Report to Audit Committee
Review of audit assignments	Each Assignment	Audit & Assurance Manager/Principal Audit & Assurance Officers	Annual Report to Audit Committee
Moderation and approval of internal audit reports	Each assignment	Head of Audit & Assurance/ Audit & Assurance Manager	Annual Report to Audit Committee
Customer survey/questionnaire	Each Assignment	Head of Audit & Assurance/ Audit & Assurance Manager/Principal Audit & Assurance Officers	Quarterly Progress Report to Audit Committee
Analyse performance metrics of internal audit activity	Quarterly	Head of Audit & Assurance	Quarterly Progress Report to Audit Committee
Discuss performance of internal audit activity	Monthly	Head of Audit & Assurance	Team Meeting Minutes
Discuss performance with individual internal auditors	Monthly	Audit & Assurance Manager/Principal Audit & Assurance Officers	Finance & IT DMT
Internal Assessments – Periodic Self-Assessments			
Self-Assessment against PSIAS	Annual	Head of Audit & Assurance	Annual Report to Audit Committee
Review of QAIP	Annual	Head of Audit & Assurance	Annual Report to Audit Committee
Progress against the audit & assurance plan/completion of priority 1 audits	Annual	Head of Audit & Assurance	Review of Audit Plan to Audit Committee
Appraisal of Head of Audit & Assurance	Annual	Director of Finance & IT/Chief Executive/Chair of Audit Committee	Finance & IT DMT
Appraisal of auditors including objective/target setting against agreed skills & competencies.	Annual	Head of Audit & Assurance/ Audit & Assurance Manager/Principal Audit & Assurance Officers	Finance & IT DMT
Client Satisfaction Survey	Annual	Head of Audit & Assurance	Annual Report to Audit Committee
Benchmarking review of internal audit services	Every 3 Years	Head of Audit & Assurance	Annual Report to Audit Committee
External Assessments			
Assessment against	Every 5 Years	Head of Audit &	PSIA Report to

PSIAs		Assurance	Audit Committee
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