Blackburn with Darwen Borough Council

Annual Internal Audit Opinion Report 2019/20

**Audit & Assurance
Finance & Customer Services Deppartment
July 2020**

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SECTION 1 – BACKGROUND
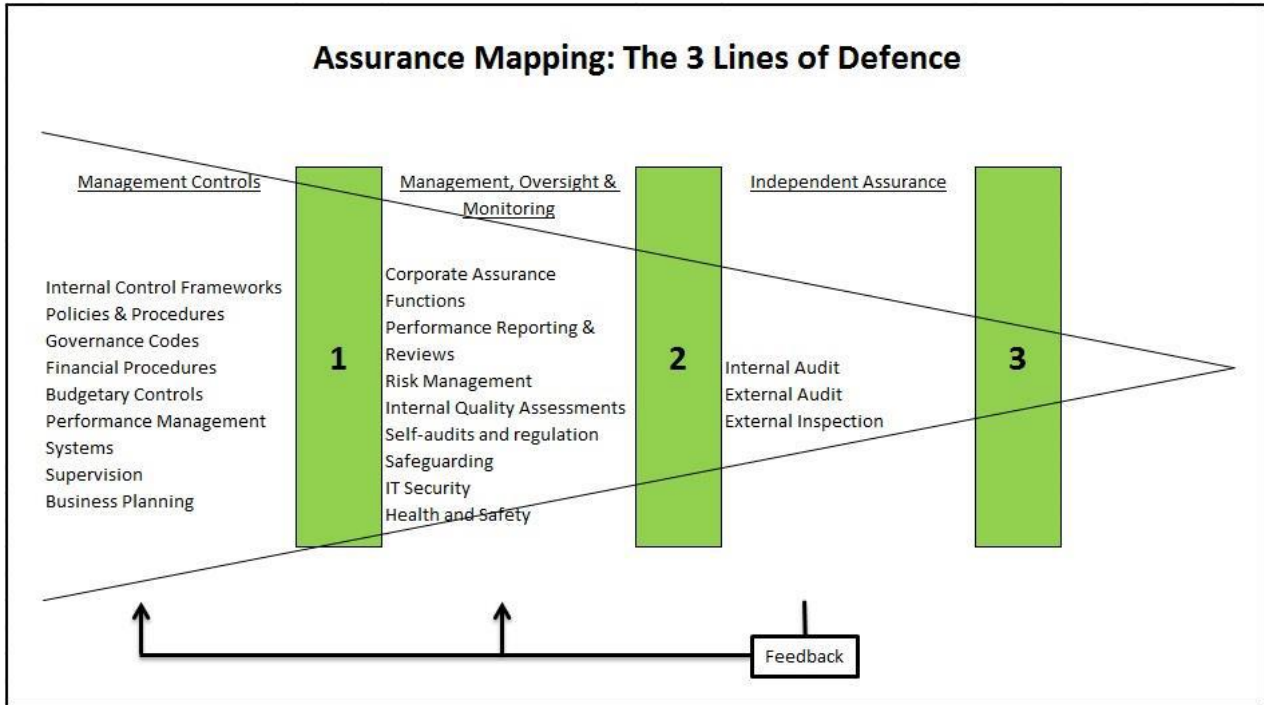
1.1   Introduction

1.1.1   This report details the cumulative activities undertaken by the Council's Audit & Assurance (Internal Audit) section of the Finance & Customer Services Department during the period 1 April 2019 to 31 March 2020. It highlights key issues and themes identified from the audit reviews 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 internal audit 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 of 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, whose role includes 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:

Assurance Mapping: The 3 Lines of Defence

Management Controls

Internal Control Frameworks
Policies & Procedures
Governance Codes
Financial Procedures
Budgetary Controls
Performance Management
Systems
Supervision
Business Planning

1

Management, Oversight & Monitoring

Corporate Assurance Functions
Performance Reporting & Reviews
Risk Management
Internal Quality Assessments
Self-audits and regulation
Safeguarding
IT Security
Health and Safety

2

Independent Assurance

Internal Audit
External Audit
External Inspection

3

Feedback

1.3   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 last approved on 16 April 2019. 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 financial and non-financial business risk.

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 2019/20;
- Unplanned work undertaken during 2019/20;
- Follow ups of audit work undertaken during 2018/19 and 2019/20; and
- Other sources of assurance relevant during 2019/20.

2.2 Our Opinion

> Based on the evidence reviewed, explanations received and the processes reported upon during 2019/20, together with the other sources of assurance available to Internal Audit, it is considered that, overall, the Council has **adequate** systems of risk management, control and governance, which are being applied to an **adequate** standard.

2.3 Qualifications to the Opinion

2.3.1 In providing the overall opinion consideration is given to the assurance opinions provided during 2019/20 in respect of audits identified in the approved plan as priority 1 risk areas or on functions which have been identified as corporate risks. There were no areas in either of these categories where the opinions provided were less than adequate.

2.3.2 The assurance opinions provided in the finalised the audit reports issued and reported to the Audit & Governance Committee during 2019/20 across the categories of risk management, internal control and governance are detailed in Appendix A attached.

2.4 Work Supporting the Opinion

Planned Work:

2.4.1 The Audit & Governance Committee approved the Audit & Assurance Plan for the year to 31 March 2020 at its meeting on 16 April 2019.

2.4.2 Each internal audit report provides two areas of assurance: (i) an opinion on the control environment based on the internal controls identified in place; and (ii) an opinion on compliance regarding the application of those controls. The level of

assurance given is derived from the findings and based on the following 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.

2.4.3   Internal Audit has completed and formally reported upon 32 assignments including 24 internal control assignments, 6 risk related assignments and 2 governance assignments which support our overall opinion on the Council's systems of risk management, governance and internal control. In addition to these there were 18 reviews in progress at the year end. A summary of the assurance levels that support our opinion is also provided in Appendix A.

Other/Unplanned Work:

2.4.4   During the year we have carried out a number of other activities/unplanned audit work and provided advice and assistance to managers, departments and schools on a number of areas. A total of 49.5 audit days has been spent on these areas. A summary of the days on each area is set out in the second graph included at Appendix A.

2.4.5   Our other/unplanned work can be categorised as follows:
- Supporting the Audit & Governance Committee (18 days);
- Liaison with departments/DMTs, external audit and responding to general requests from managers for advice/guidance (15.5 days);
- Specific activity on new systems and programmes or other cross cutting working groups and boards (8.5 days); and
- Monitoring the implementation of reported recommendations (7.5 days).

Follow Ups:

2.4.6 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 2019/20 we followed up a total of 333 recommendations.   These comprised of 86 "Must", 227 "Should" and 20

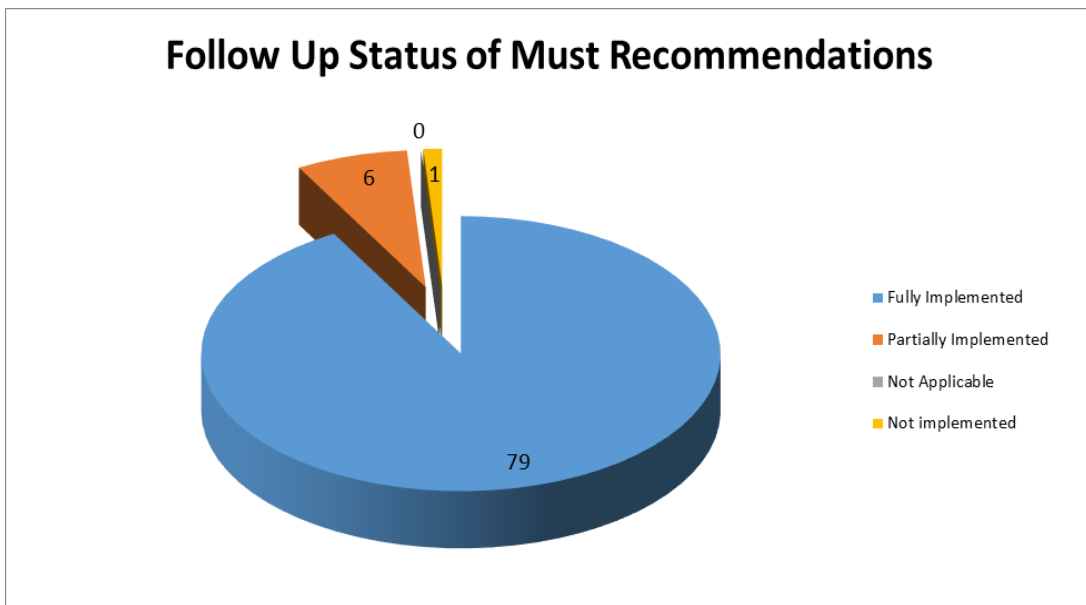"Consider" recommendations. The responses to the follow up reports are summarised in the chart below.

Follow Up Status of All Recommendations 2019/20

Follow Up Status of All Recommendations

Legend:
- Fully Implemented
- Partially Implemented
- Not Applicable
- Not Implemented

Values shown: 1, 46, 31, 255
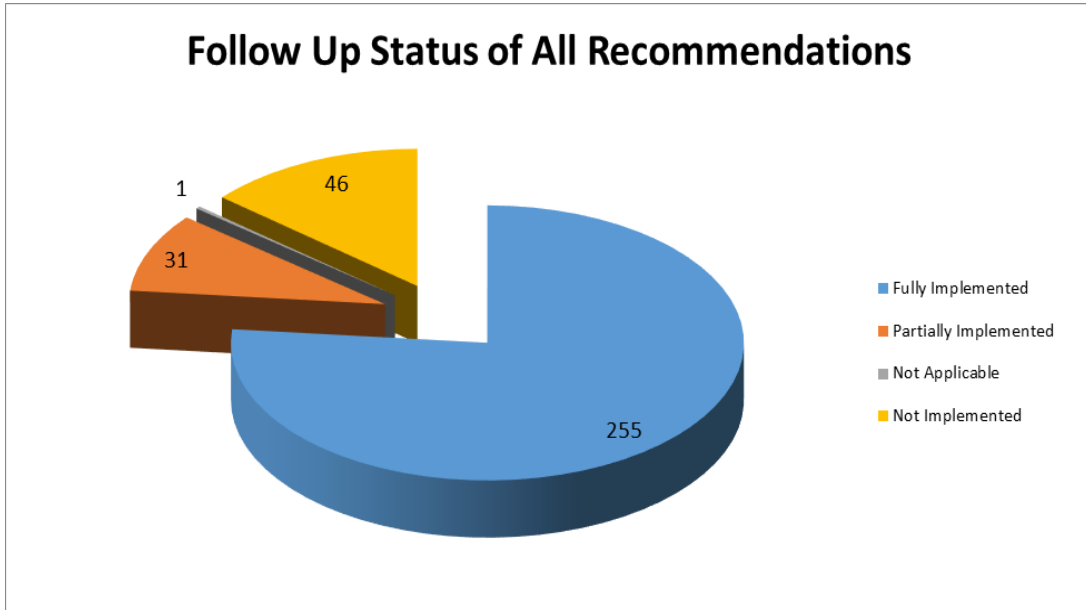
2.4.7   Further analysis of the highest priority, "must" recommendations, identified that one recommendation (1% of this category) was not implemented in accordance with the agreed timescales. The results from the follow up of agreed recommendations are included in the regular Audit & Assurance Progress Reports presented to each Audit & Governance Committee meeting during the year for consideration. This includes explanations where of any responses to follow ups undertaken have not received at the time of the report and any recommendations which have not been implemented. We received appropriate explanations from management for those recommendations not being implemented within agreed timescales.

Follow Up Status of Must Recommendations 2019/20

Follow Up Status of Must Recommendations

Legend:
- Fully Implemented
- Partially Implemented
- Not Applicable
- Not implemented

Values shown: 0, 6, 1, 79

2.4.8   Where we have particular concerns about the implementation of recommendations we undertake further "physical" follow up exercises where documentation will be reviewed and further testing undertaken to confirm actions taken are adequate.

Other Sources of Assurance:

2.4.9   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 results from an External IT Health Check Review, carried out in May 2019. This included penetration testing. The report concluded that the overall security posture of the Council's perimeter IT network was strong;

- The results from an Internal IT Health Check Review, carried out in July 2019. The primary purpose was to check security misconfiguration and other weaknesses that could lead to system compromise and access to sensitive or valuable information.

- The result of the Council's submission for the NHS Data Security & Protection Toolkit (DSPT). This was assessed as 'standards exceeded' to enable the Council to continue to exchange data with the NHS;

- The assessment of the IT infrastructure against the requirements of the Cyber Essential Scheme Test Specification; and

- The reports from the inspections of the Council's services by Ofsted and the Care Quality Commission. We also consider relevant school Ofsted inspection reports when carrying out our school visits.

2.4.10 The "red" priority thematic areas of concern from the MAF are reported to the Audit & Governance Committee on a six monthly basis. 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 July Committee meeting. An initial review of the Directors Dashboard reports did not identify any significant issues that would require consideration as part of the annual audit opinion.

2.4.11 All Directors and the Chief Executive are required to complete a statement of assurance each year regarding the governance arrangements, including risk management and internal control arrangements for their areas of responsibility as part of the process to produce the Council's Annual Governance Statement. Completed statements of assurance were received from all these officers. All directors confirmed that they were satisfied that "a sound system of governance was in place throughout the year ended 31 March 2020 and is ongoing".

2.4.12 The audit approach used by the Council's external auditors includes an evaluation of the Council's internal control environment. The auditors gave an unqualified opinion on the Council's financial statements for the year ended 31 March 2019 on 30 September 2019. They also concluded that the information published with the financial statements was consistent with their knowledge of the Council and with the audited statements. They were satisfied that proper arrangements were in place, in all significant respects, to secure economy,

efficiency and effectiveness in the Council's use of resources for the year ended 31 March 2019.

2.4.13 An external IT Health check of the Council's ICT perimeter network was carried out in May 2019, including an external network penetration test. The primary purpose was to check for security misconfiguration and other weaknesses that could lead to system compromise and access to sensitive or valuable information. The conclusion from the review was that the overall security posture of the perimeter network was strong.

2.4.14 The organisation carrying out the Internal IT Health Check in July 2019 confirmed that it was not able to compromise the corporate Active Directory domain during the time allocated for testing. This was primarily due to good practices being observed thought out. The review also found that the wireless configuration employed accepted best practices. The report included a summary of the key findings and recommendations for remediation with reference to the results of the assessment.

2.4.15 The Public Services Network (PSN) compliance of Council's ICT network was reviewed during 2019/20. The Council's evidence submission for the 2019/20 NHS DSPT was approved by the Council Senior Information Risk Officer. The relevant evidence required to achieve compliance has been independently reviewed and demonstrated that the IT infrastructure is sufficiently secure to connect to the PSN during the 12 months period to 4 November 2020. As such, it does not present an unacceptable risk to the security of the network. This provides assurance on the arrangements in place for the management and security of data and will enable the Council to continue to exchange data with NHS bodies.

2.4.16 The Council's IT infrastructure was assessed against the Cyber Essentials Scheme test specification in July 2019. The scope included servers, workstations, firewall hardware, anti-virus and software applications. The Council was assessed as achieving Cyber Essentials Plus certification.

2.4.17 Ofsted carried out a focussed visit of Children's Services in February 2020. The inspectors looked at the arrangements for decision-making for children who come into care and the quality of early care planning and placements. The report noted that senior leaders understand the strengths and areas for development within the service. While there have been improvements in some areas of service, progress remains slow in key areas of weakness that were identified at previous in sections.

2.4.18 The report concluded that leaders have recognised that, despite the local authority being judged to be good overall at the last inspection, there is significant work to do to ensure that this is sustained. It recognised that a new quality assurance framework has been introduced as part of the plan for practice improvement. This has led to an increase in the range of audit activity to support a greater understanding of practice.

2.4.19 Ofsted carried out inspections at six local authority settings during the year. These were judged as either good or outstanding. The settings either maintained or improved from their previous overall effectiveness assessments.

2.4.20 With regards to the Local Authority maintained schools, the number of schools that are providing a good or better education as deemed by Ofsted has risen again from 81% to 85%. This is broadly in line with National and regional averages. This progress is something that the School Improvement Board and Local Authority want to sustain. The rise is because of some schools moving from requiring improvement (RI) to good, some remaining consistently good and some on their way to outstanding through

good leadership. It is also due to the targeted support by the School Improvement Board along with the local authority for schools who were in an Ofsted window or who were vulnerable through data. Of the nine schools (14 in 2018/19) who are RI or lower three are academies or free schools, which in turn lowers the percentage overall for the borough.

2.4.21 With the introduction of the new Schools Inspection Framework in 2019/20, with the enhanced focus on the curriculum, the Council radically revised its school intervention strategy and devised a new Strategy for "Schools which require additional support". This is an identified area that the School Improvement Board will be monitoring, along with the new separate judgements for personal development and behaviour and attitudes to ensure a multi-agency approach. The School Improvement Strategy Group (SISG) oversees this new approach.

2.4.22 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.

2.5   Impairments/Restrictions in Scope

2.5.1 No limitations have been placed on the scope of work carried out by Internal Audit during 2019/20. 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 The Head of Audit & Assurance has line management responsibility for the Council Insurance team in addition to Internal Audit. However, internal audit staff had no direct operational responsibility or authority over any of the activities audited in 2019/20. 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 16 April 2019 and it was then anticipated that Audit & Assurance would have staff resources amounting to 799 days for internal audit assignments and counter fraud work.

3.1.2 Internal Audit was able to deliver a total of 545 days (73.5%) against the approved Audit & Assurance Plan of 741 days, which can be summarised as follows:

Audit & Assurance Plan Against Actual 2019/20 (Days Achieved)
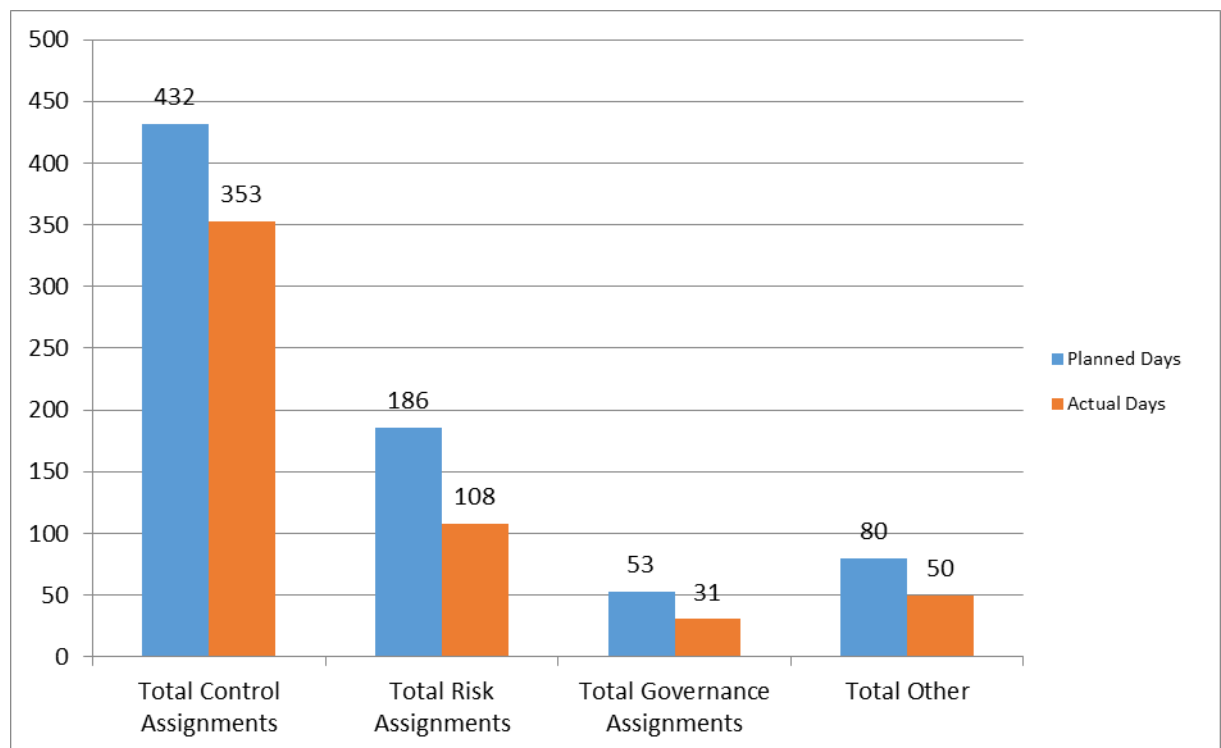
3.1.3 A revised Audit & Assurance Plan (reduced to an estimated 684 days for internal audit and counter fraud activity) was approved by the Audit & Governance Committee on 14 January 2020. The short fall in days arose due to delays experienced in recruiting to one of the Internal Auditor posts and the associated recruitment activity required to fill this post. This became vacant on 19 August 2018. There has also been additional management supervision time required for on the job training of the new staff, to ensure that their work meets that required standards. Additional support has also been provided to the Insurance team relating to the upgrade of the claims management software.

3.1.4 However, despite this the days achieved against the original and revised Audit & Assurance Plan are 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 2019/20

3.2.1 Despite the reduction days available Internal Audit was able to deliver sufficient audit assignments to provide an overall opinion on the risk, control and governance environment in place within the Council. The following exhibit shows Internal Audit was able to deliver 32 assignments, 45% less than those originally

planned (58). It should also be noted that 16 planned reviews were in progress at 31 March 2020.

Internal Audit Plan Against Actual 2019/20 (Assignments Delivered)
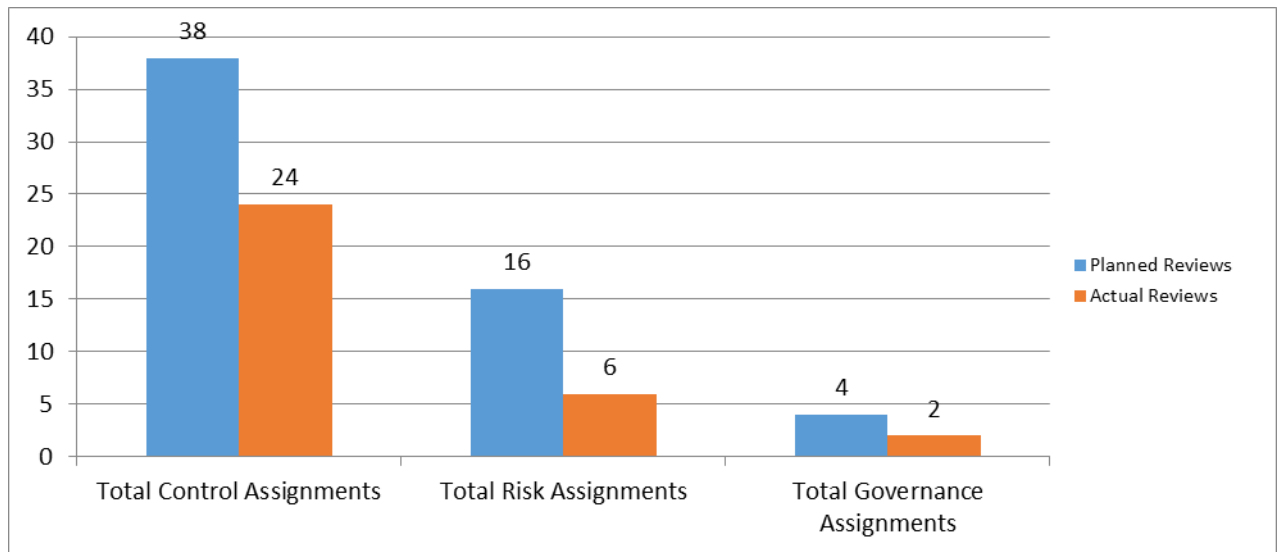
3.2.2   We consider that the volume of audit assignments completed in relation to risk management, control and governance, along with the other work carried out on these areas by Audit & Assurance staff is sufficient to allow us to provide an overall opinion on each of those Council processes.

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 2019/20 Audit & Assurance Plan included ten Priority 1 audit assignments. All of these have been delivered in 2019/20, with the exception of the planed review of the budget setting and control arrangements. The previous review of this area, completed in November 2018, provided substantial opinions in respect of the control environment and compliance with the controls. The findings of these reviews did not identify any significant areas of concern which would affect the annual overall opinion provided.

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 2019/20 (together with the 2018/19 performance) is shown in the following table.

Internal Audit Performance 2019/20

Performance Measure	Target	Actual 2019/20	Actual 2018/19
Delivery of Priority 1 Audits	100%	90%	100%
Planned Audits Completed Within Budget.	90%	**70%**	**70%**
Final Reports Issued Within Deadline	90%	**93%**	**100%**
Follow Ups Undertaken Within Deadline	90%	**83%**	**61%**

Performance Measure	Target	Actual 2019/20	Actual 2018/19
Recommendations Implemented	90%	91%	90%
Client Satisfaction	75%	100%	100%
Compliance with PSIAS	95%	99%	99%

3.3.2 The actual performance against these targets was reported to each Audit Committee meeting during 2019/20. Explanations were also provided where our performance did not meet the expected target.

3.4 Benchmarking

3.4.1 The Internal Audit team participated in the 2019/20 Lancashire benchmarking exercise. The results showed that the team's staff costs per full-time equivalent were comparable with similar authorities and the cost of audit per capita was below the unitary average for 2018/19 and 2019/20. The team had lower audit days per £million of turnover compared to similar authorities for the two years. This is a reflection of the lower staffing levels in the internal audit team compared to similar sized authorities.

3.5 Quality Assurance

3.5.1 The Quality Assurance & Improvement Programme (QAIP) was presented to the September 2016 Committee meeting. 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 B.

3.5.2 During 2019/20 the Head of Audit & Assurance has had operational involvement in the ongoing quality monitoring process as a result of the staffing restructure. This has involved reviewing the work of the Principal Audit & Assurance Officers and quality assuring the final reports of all staff. This allows the Head of Audit & Assurance to ensure consistent application of the quality standards and to 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 shown in the table on the following page.

Exhibit 10: PSIAS Non-Conformance 2015/16

Conformance with the Standard	No
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 B 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, carried out by independent Head of Audit colleagues from the North West Chief Auditors Group (NWAG), (reported to the April 2016 Committee meeting) 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**

3.7 Improvement Plans for 2019/20

3.7.1 No significant areas for improvement have been identified for 2019/20 from the results of the quality assurance process in place within Audit & Assurance. Following completion of the Audit & Assurance service review and the implementation of the revised structure the team has focussed 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 control, risk management and 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 my opinion none of the qualifications that inform the annual internal audit opinion constitute a material weakness in the Council's overall governance framework that requires disclosure in the Annual Governance Statement.
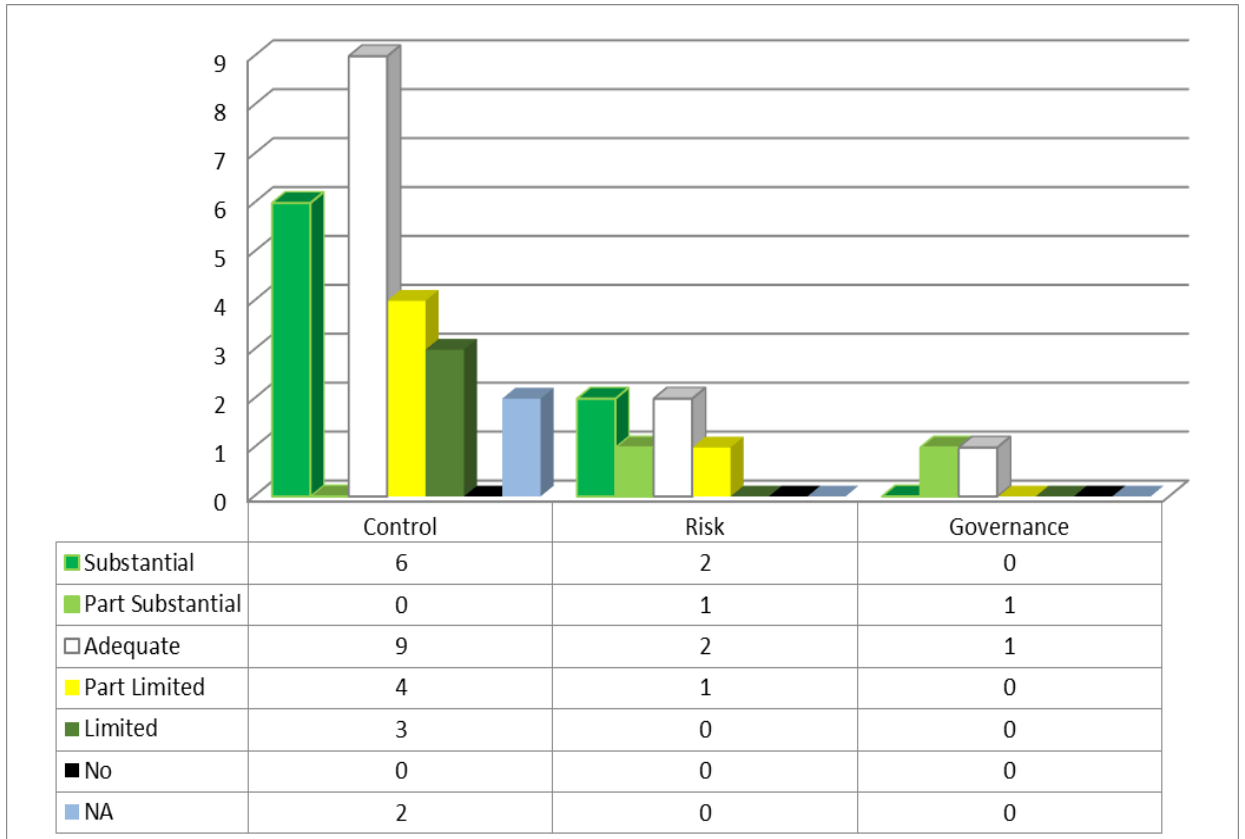
Audit & Assurance Plan & Actual 2019/20

Audit Assignment	CLASSIFICATION	Priority	19/20 Days	Actual Days	Assurance Opinion	
					Control	**Compliance**
Commissioning/Contract Management and Social Care Commissioning budget (WIP 2019/20)	Control	2	10	8		
Volunteers/ Demand Management Strategy	Control	2	10	0.5		
Commissioning/Contract Management	Control	2	10	0		
Finance Transactional Team	Control	3	10	0		
Petty Cash	Control	3	10	8.5	Adequate	Adequate
Audits of Schools Finance systems	Control	3	60	16.5		
St Barnabas and St Paul's	Control	3	5	9	Adequate	Limited
Feniscowles Primary	Control	3	5	8	Substantial	Substantial
Roe Lee Primary	Control	3	5	8.5	Substantial	Substantial
Avondale Primary	Control	3	5	10	Adequate	Adequate
St Alban's Primary	Control	3	5	10	Limited	Limited
St Anthony's RC Primary	Control	3	5	9	Adequate	Adequate
St Thomas PRU	Control	3	5	11.5	Adequate	Adequate
The Reedeemer	Control	3	5	11	Limited	Limited
Longshaw Nursery (WIP 18/19)	Control	3	2	2.5	Limited	Limited
Adoptions - Regional contract (WIP 2019/20)	Control	3	10	1		
Football Foundation Investment - Witton park	Control	1	10	10	Substantial	Substantial
Museums (WIP 2019/20)	Control	3	10	13		
Turton Tower (WIP 2019/20)	Control	3	10	14		
Change control (WIP 2019/20)	Control	2	10	2.5		
Local Transport Capital Funding/LTP Grant Certification Requirement	Control	1	5	5.5	N/A	N/A
Bus Subsidy Grant	Control	1	5	4.5	N/A	N/A
Building Control. Compliance with Building Control Performance Standards (WIP 2019/20)	Control	2	10	6.5		
Arrangements re use of Contractor and Development Framework (WIP 2019/20)	Control	2	10	3		
Reel Cinema - Capital Project. Project delays and budget over-runs for the Blackburn Cinema, Undercroft Carpark and Public Realm Scheme (WIP 2019/20)	Control	2	10	4		
Commercial Property Rental Management	Control	2	10	0.5		
New Section 106 Procedures	Control	2	10	11.5	Substantial	Substantial
Highways maintenance - procurement and contracting arrangements re highways external spend (WIP 2019/20)	Control	2	10	11		
Income billing and collection - parking/bus lane enforcement and bereavement services (WIP 2019/20)	Control	3	10	6.5		
Police & Crime Commissioner Grant	Control	1	5	17	Adequate	Adequate
Ownership disputes relating to sale of land and buildings	Control	2	10	0		
RIPA processes - deferred to 2020/21	Control	2	10	1		
Governance and decision making and reporting arrangements	Control	2	10	1.5		
Payroll - Core system/Failure of HR & payroll system incl staff & Mgr. self service (WIP 2019/20)	Control	2	15	2		
Apprenticeship levy (WIP 2019/20)	Control	2	10	12		
ResourceLink System	Control	2	10	14.5	Substantial	Substantial
Off payroll engagement (IR35)	Control	3	5	0		
Main Accounting System - including account reconciliation's (WIP 2018/19)	Control	2	10	18	Substantial	Substantial
Creditors/E-Procurement (WIP 2019/20)	Control	2	10	2		
Mosaic - Financial Assessment module	Control	2	10	0		
Sundry Debtors	Control	2	10	23.5	Adequate	Adequate
Council Tax - (WIP 2019/20)	Control	3	10	10		
Personalised budgets/Direct payments (WIP 2018/19)	Control	2	3	5.5	Adequate	Limited
Fostering recruitment, retention and payments (WIP 2018/19)	Control	3	2	11	Adequate	Adequate
Highways Asset Valuation/Data Management Strategy (WIP 2018/19)	Control	2	7	9	Adequate	Adequate
Payroll - Core System (WIP 2018/19)	Control	2	2	8.5	Adequate	Adequate
Mileage payments (WIP 2018/19)	Control	3	0.5	10.5	Adequate	Limited
VAT Mis management (WIP 2018/19)	Control	2	0.5	0	Adequate	Limited
Treasury/Cash flow Management	Control	3	10	0		
Total 2019/20 Control Assignments (38)			**432**	**352.5**	**24**	**38**

Audit Assignment	CLASSIFICATION	Priority	19/20 Days	Actual Days	Assurance Opinion Control	Compliance
Client case management systems - Mosaic Access Controls	Risk	1	10	28	Substantial	Adequate
Homelessness Prevention Strategy - Impact of Universal Credit	Risk	2	10	0		
Care Act 2014 - Mental Health Trust Arrangements - Deferred to 2020/21	Risk	2	10	1.5		
Protocol ICS System	Risk	1	10	15	Adequate	Limited
Ofsted Inspection Framework - Deferred to 2020/21	Risk	2	10	5		
Device Management/ Software licencing/Asset Management/PC Inventory Controls	Risk	3	15	0		
Business Continuity/Disaster Recovery - WIP 2020/21	Risk	2	10	2.5		
Planning Performance Improvement Plan / New Planning system/Under performance on planning.	Risk	3	10	0		
Health & Safety - Failure to comply with H&S legislation & Council standards	Risk	3	10	0		
Deterioration of the highways network in particular road surfaces. HAMIS	Risk	2	10	0		
Transport Procurement/Fleet Management - implement 2018/19 fleet vehicle replacement programme.	Risk	3	10	0		
Budgetary Setting and Control / Failure to deliver a balanced budget and MTFS	Risk	1	10	1		
Budgetary Setting and Control / Failure to deliver a balanced budget and MTFS (WIP 18/19)	Risk	1	5	13	Substantial	Substantial
Corporate Appointee/Guardianship	Risk	3	10	0.5		
Partnership Scrutiny/Accountability	Risk	3	10	0		
Social Media	Risk	3	10	0		
Pupil Transport (WIP 2019/20)	Risk	3	7	10.5		
YPS educational trips and visits risk assessment and approval sytem and process (WIP 2019/20)	Risk	2	4	3.5		
Performance Indicators (WIP 18/19)	Risk	3	6	7.5	Adequate	Adequate
Growth Strategy (WIP 18/19)	Risk	2	7	9.5	Substantial	Substantial
Adults Care Assessment/Case management System (WIP 18/19)	Risk	1	2	10.5	Adequate	Adequate
Total 2019/20 Risk Assignments (17)			**186**	**108**	**6**	**17**
Audit Assignment	CLASSIFICATION	Priority	19/20 Days	Actual Days	Assurance Opinion Control	Compliance
Health & Social Care Integration - Sustainability & Transformation Plan	Governance	3	10	0		
Sports England Grant - Pennine Lancashire Pilot	Governance	2	10	0.5		
Social Determinants of Health Fund - Governance	Governance	2	10	0		
Social Determinants of Health Fund (WIP 18/19)	Governance	2	2	14.5	Adequate	Adequate
Equality Impact Assessments	Governance	2	10	0.5		
Information Governance (WIP 18/19)	Governance	1	6	14	Substantial	Adequate
Review of Financial Regulations, SFIs, etc	Governance	2	5	1		
Total 2019/20 Governance Assignments (4)			**53**	**30.5**	**2**	**4**
Audit Assignment	CLASSIFICATION	Priority	19/20 Days	Actual Days	Assurance Opinion Control	Compliance
Other Audit Work						
Follow up work	Governance	1	10	7.5		
Audit Committee	Governance	1	15	15		
Liaison with external audit	Other	1	2	3		
Audit Committee Annual Report/Evaluation	Governance	1	4	3		
HoIA Annual Report	Governance	1	4	3		
A & A Client liaison/Queries	Other	2	10	9		
A & A Client liaison/DMT attendance	Other	2	10	0.5		
A & A Client liaison/Project Groups	Other	2	5	8.5		
Contingency	Other	2	10	0		
Total Other			**70**	**49.50**		
Other Fraud Work						
National Fraud Initiative (NFI)	Governance	1	20	23.5		
Counter Fraud Annual Plan/Report	Governance	1	4	1		
Proactive Fraud Testing	Governance	2	10	4.5		
Reactive investigations	Governance	2	15	24.5		
Review/Monitor Fraud Risk Register	Control	2	5	0		
Fraud awareness and whistle blowing initiatives	Control	2	4	0.5		
Counter Fraud Activities			**58**	**54**		
Total Internal Audit & Counter Fraud			**799.00**	**594.50**		
Other Risk and Governance Work						
Annual Gov Statement	Governance	1	10	11.5		
MAF and MAF Challenges	Governance	1	10	16		
Risk Management Support	Risk	1	5	7		
Road Risk Mgmt Group	Risk	1	5	6		
Review/Monitor Corporate Risks	Risk	1	5	0.5		
Review Monitor Departmental Risks	Risk	1	10	0		
Business Continuity Champions Meetings	Risk	1	2	1.5		
Risk Annual Plan/Report	Risk	2	4	4.5		
Risk Management Activities			**51**	**47**		
Grand Total			**850.00**	**641.5**		

Summary of Internal Audit Opinions 2019/20

	Control	Risk	Governance
Substantial	6	2	0
Part Substantial	0	1	1
Adequate	9	2	1
Part Limited	4	1	0
Limited	3	0	0
No	0	0	0
NA	2	0	0

Summary of Other/Unplanned Work 2019/20

Audit Days 2019/20
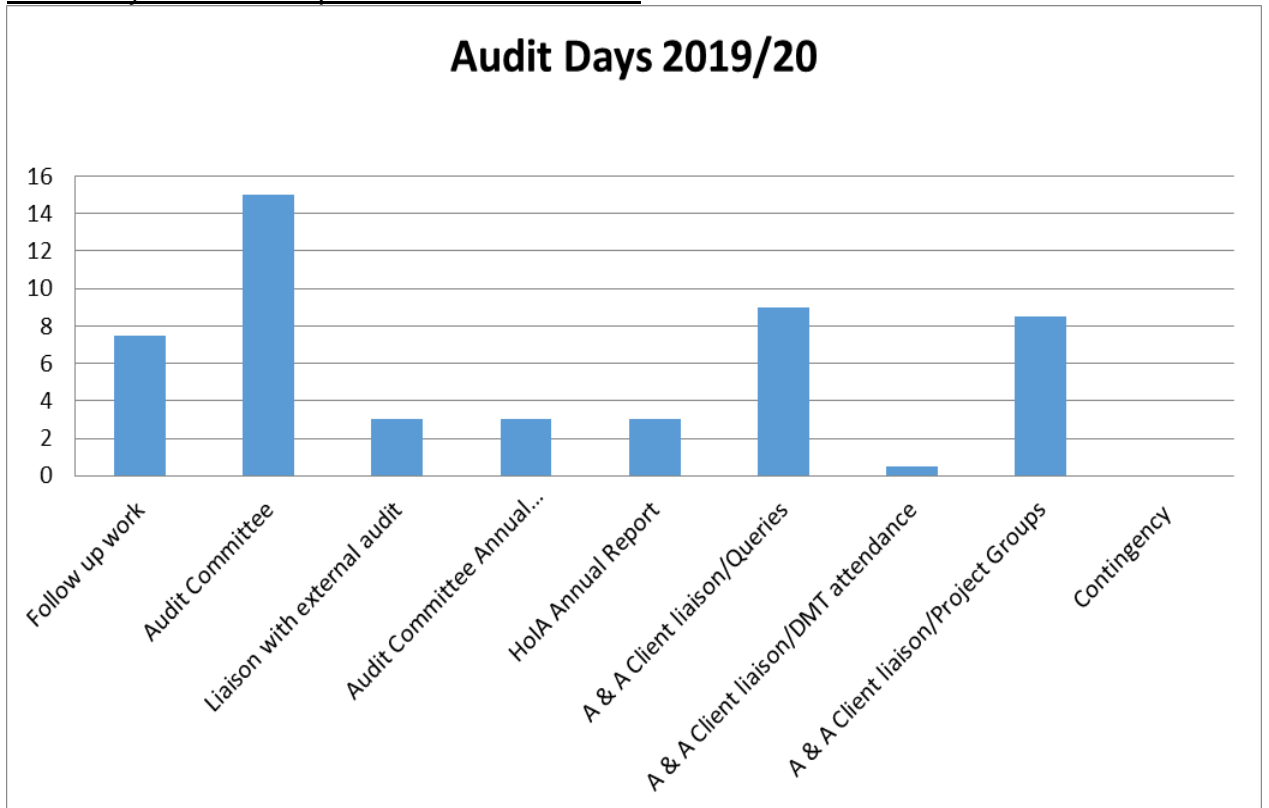
Appendix B

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 & Governance Committee
Agree performance metrics for internal audit	Annual	Head of Audit & Assurance/Director of Finance & IT	Annual Plan to Audit & Governance Committee
Allocation of audit assignments to appropriate internal auditors	Each Assignment	Head of Audit & Assurance/Principal Audit & Assurance Officers	Annual Report to Audit & Governance Committee
Review of audit assignments	Each Assignment	Head of Audit & Assurance /Principal Audit & Assurance Officers	Annual Report to Audit & Governance Committee
Moderation and approval of internal audit reports	Each assignment	Head of Audit & Assurance/ Principal Audit & Assurance Officers	Annual Report to Audit & Governance Committee
Customer survey/questionnaire	Each Assignment	Head of Audit & Assurance/Principal Audit & Assurance Officers	Quarterly Progress Report to Audit & Governance Committee
Analyse performance metrics of internal audit activity	Quarterly	Head of Audit & Assurance	Quarterly Progress Report to Audit & Governance Committee
Discuss performance of internal audit activity	Monthly	Head of Audit & Assurance	Team Meeting Minutes
Discuss performance with individual internal auditors	Monthly	Head of Audit & Assurance/Principal Audit & Assurance Officers	HoIA 121s and Finance & CS DMT
Internal Assessments – Periodic Self-Assessments			
Self-Assessment against PSIAS	Annual	Head of Audit & Assurance	Annual Report to Audit & Governance Committee
Review of QAIP	Annual	Head of Audit & Assurance	Annual Report to Audit & Governance Committee
Progress against the audit & assurance plan/completion of priority 1 audits	Annual	Head of Audit & Assurance	Review of Audit Plan to Audit & Governance Committee
Appraisal of Head of Audit & Assurance	Annual	Director of Finance & CS/Chief Executive/Chair of Audit & Governance Committee	Finance & CS DMT
Appraisal of auditors including objective/target setting against agreed skills & competencies.	Annual	Head of Audit & Assurance/Principal Audit & Assurance Officers	Finance & CS DMT
Client Satisfaction Survey	Annual	Head of Audit & Assurance	Annual Report to Audit & Governance Committee
Benchmarking review of internal audit services	Every 3 Years	Head of Audit & Assurance	Annual Report to Audit & Governance Committee
External Assessments			
Assessment against PSIASs	Every 5 Years	Head of Audit & Assurance	PSIA Report to Audit & Governance Committee