

Blackburn with Darwen Borough Council



Annual Internal Audit Opinion Report 2018/19

**Audit & Assurance
Finance & Customer Services Department
June 2019**

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SECTION 1 – BACKGROUND

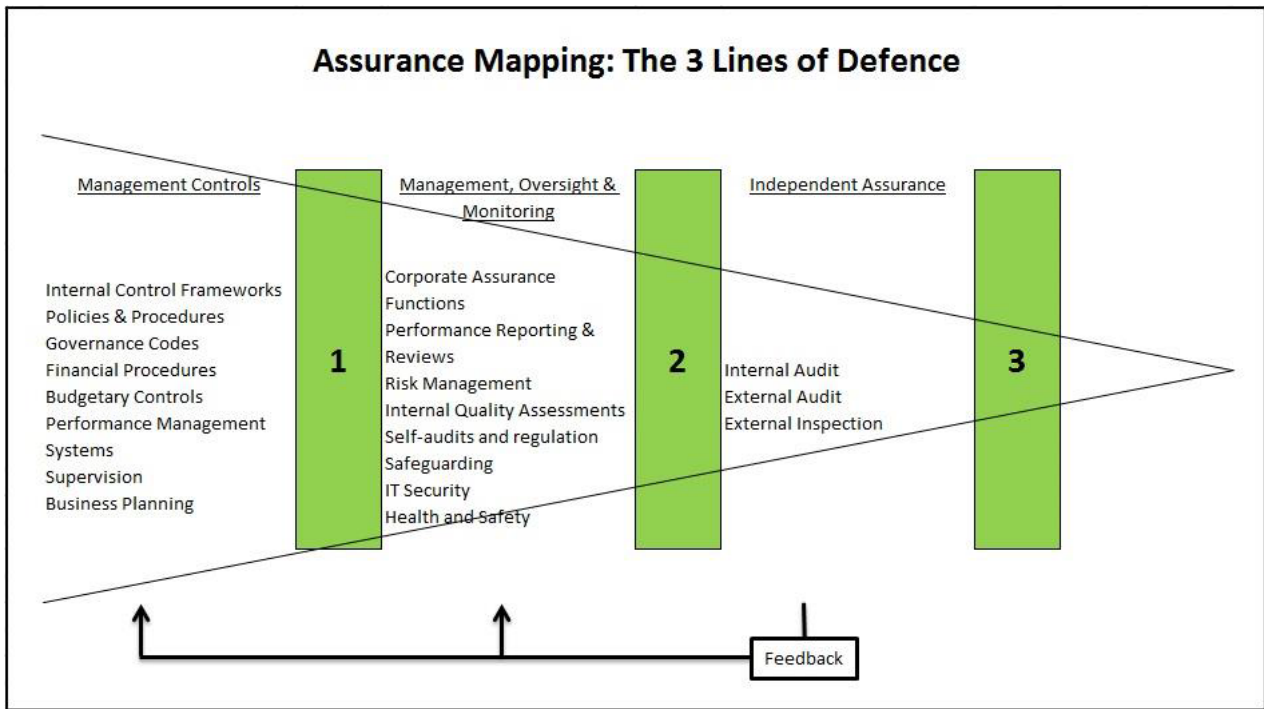
1.1 Introduction

- 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 2018 to 31 March 2019. 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 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:



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 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 2018/19;
 - Unplanned work undertaken during 2018/19;
 - Follow ups of audit work undertaken during 2017/18 and 2018/19; and
 - Other sources of assurance relevant during 2018/19.

2.2 Our Opinion

On the basis of the evidence reviewed, explanations received and the processes reported upon during 2018/19 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.

2.3 Qualifications to the Opinion

- 2.3.1 In providing the overall opinion consideration is given to the assurance opinions provided during 2018/19 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 2018/19 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 2019 at its meeting on 10 April 2018.
- 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 29 assignments including 23 internal control assignments, 3 risk related assignments and 3 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 15 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 31 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:

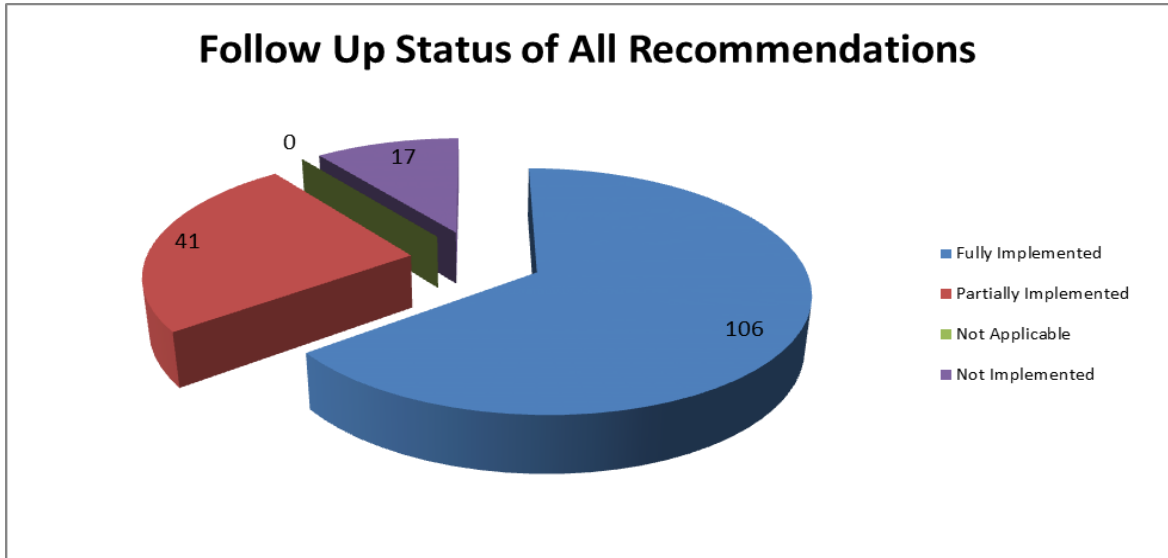
- Supporting the Audit & Governance Committee (14 days);
- Liaison with departments/DMTs, external audit and responding to general requests from managers for advice/guidance (8 days);
- Specific activity on new systems and programmes or other cross cutting working groups and boards (2 days); and
- Monitoring the implementation of reported recommendations (7 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 2018/19 we followed up a total of 164 recommendations, which comprised 56 "Must", 104 "Should" and 4 "Consider"

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

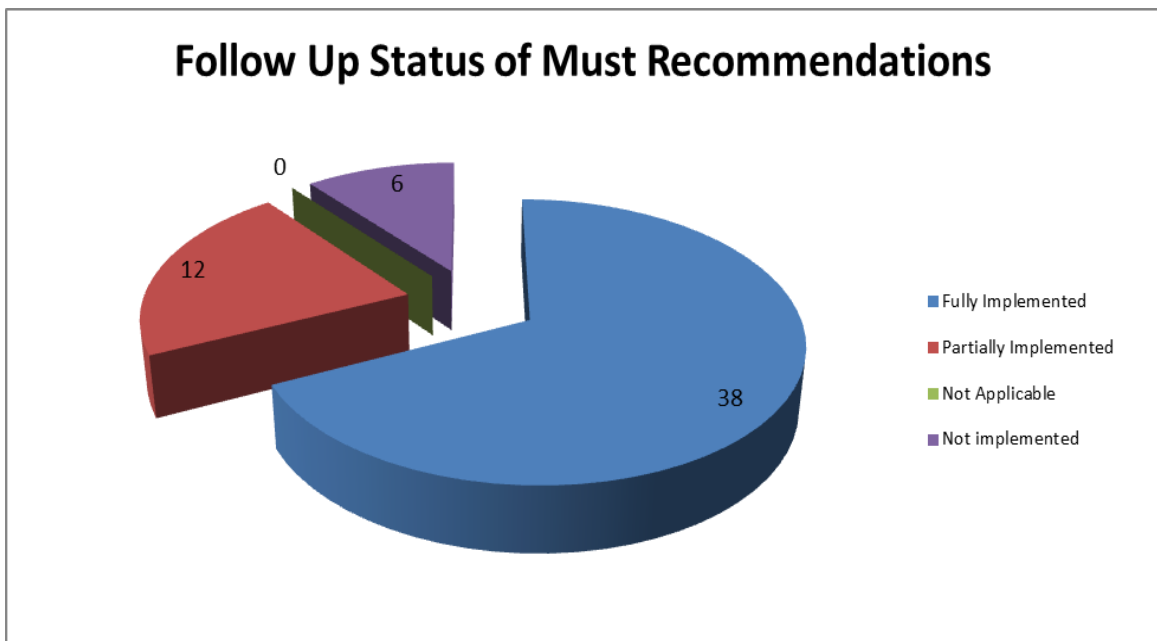
Follow Up Status of All Recommendations 2018/19



2.4.7 The non-implemented recommendations were reported to the Audit & Governance Committee as part of our regular progress reporting during the year. We received appropriate explanations for those recommendations not being implemented within agreed timescales.

2.4.8 Further analysis of the highest priority “must” recommendations has identified that 6 recommendations (10%) were not implemented in accordance with the agreed timescales. The results from the follow up of agreed recommendations are included in the Audit & Assurance Progress Reports presented to each Audit & Governance Committee meeting 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.

Follow Up Status of Must Recommendations 2018/19



2.4.9 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.

Other Sources of Assurance:

2.4.10 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 the Public Service Network (PSN) compliance testing of the Council’s IT infrastructure and the penetration testing of the perimeter network;
- The result of the Council’s self-assessment for compliance with the NHS Data Security & Protection Toolkit (DSPT);
- 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.

2.4.11 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 June Committee meeting. An initial review of the Directors Dashboard reports did not identify any significance issues that would require consideration as part of the annual audit opinion.

2.4.12 All Directors and the Deputy Chief Executive were 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 2019 and is ongoing”.

2.4.13 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 2018 on 31 July 2018. They also concluded that the information published with the financial statements was consistent with their knowledge of the Council and with the audited statements, and that proper arrangements were in place, in all significant respects, to secure economy, efficiency and effectiveness in the Council’s use of resources.

2.4.14 Following their interim work for 2018/19, in April 2019 Grant Thornton reported to the Audit & Governance Committee that they had commenced their interim work and that there were no issues they needed to bring to the Committee’s attention from the work completed to date. They also noted that their work has not identified any material weaknesses which are likely to adversely impact on the Council’s financial statements. Their testing was on going at the time of the

report but they had not identified any concerns they needed to bring to the Committee's attention at that time.

- 2.4.15 The Council's ICT network was assessed for compliance with the PSN Code of Connection during 2018/19. The results demonstrated that the Council meets the agreed standards of the PSN Code of Connection that the ICT infrastructure is sufficiently secure to connect to the PSN. As such it does not present an unacceptable risk to the security of the network.
- 2.4.16 An external security assessment of the Council's ICT perimeter network was carried out in May 2018, 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 project was that the overall security posture of the perimeter network was good.
- 2.4.17 The Council's evidence submission for the 2019/20 NHS DSPT was approved by the Council Senior Information Risk Officer. The relevant evidence for the 40 modules required to achieve compliance has been uploaded and has been accepted by the NHS assessors and published on the DSPT website. 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.
- 2.4.18 Progress of the Single Inspection Framework Inspection Action plan from the December 2017 Ofsted report on services for children and young people in Blackburn has been monitored by the People Overview & Scrutiny Committee during 2018/19. Ofsted carried out a follow up inspection in November 2018 which focused on the Council arrangements for children in need and those subject to a child protection plan. The report concluded that children who are at immediate need are protected. It noted that the quality of most of the help and protection services remained the same as the last inspection, with some improvements to some aspects of the service. However it also reported the ability to improve the quality of practice considered in the visit had been impacted by a lack of progress in some key areas.
- 2.4.19 Ofsted carried out inspections at two local authority residential homes during the year. These were judged as good, retaining their previous assessments.
- 2.4.20 The number of schools that are providing a good or better education as deemed by Ofsted has risen from 76% to 81%, which has brought us closer to national and regional averages. This progress is something that the School Improvement Board and Local Authority want to sustain. The rise is as a result of some schools 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 14 schools who were assessed as requires improvement or lower 9 (64%) are academies or free schools which in turn lowers the percentage overall for the borough.
- 2.4.21 Having noted all of the above, it is striking that while the overall achievement of Blackburn with Darwen pupils at the end of Primary and Secondary school is relatively strong within the region (and nationally), the inspection grades for local schools lags behind and is less positive, which is something that was raised with the Inspectorate at Blackburn with Darwen's annual conversation.

2.4.23 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 2018/19. 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 2018/19. We can therefore confirm the organisational independence of the Internal Audit activity.

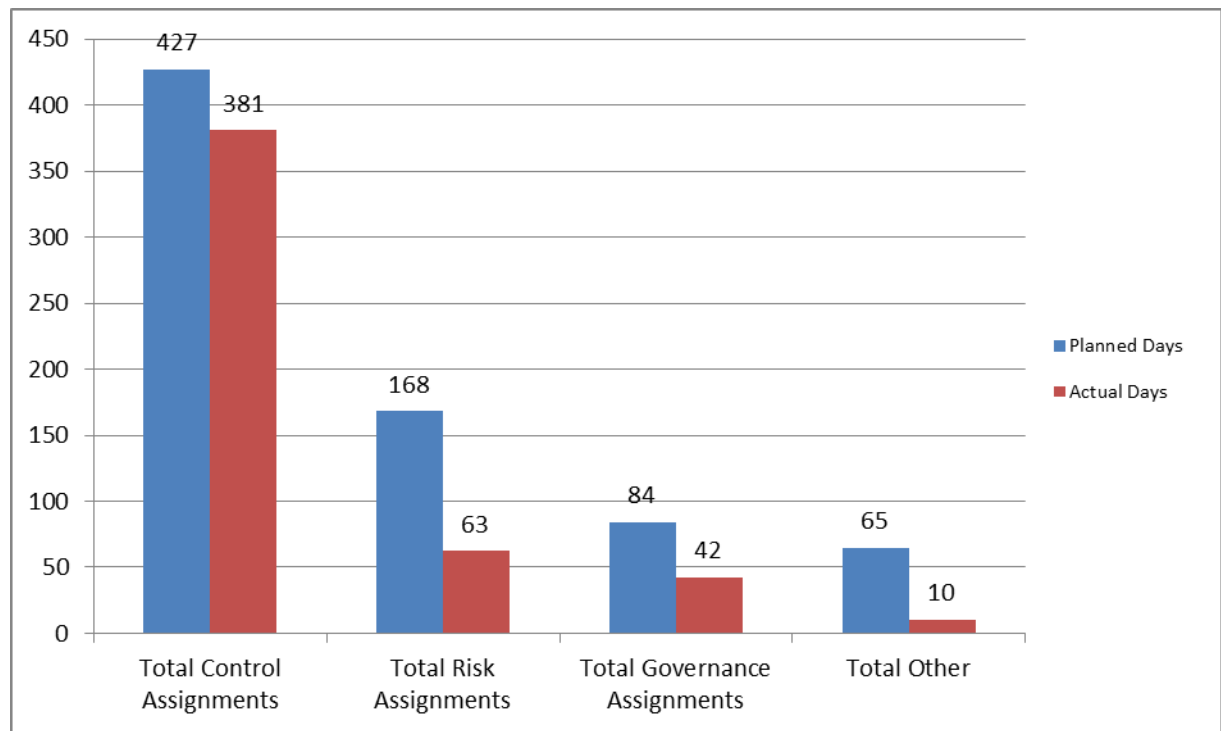
SECTION 3 – INTERNAL AUDIT PERFORMANCE/QUALITY ASSURANCE

3.1 Comparison of Actual and Planned Work

3.1.1 The Audit & Assurance Plan was approved by the Audit Committee on 10 April 2018 and it was then anticipated that Audit & Assurance would have staff resources amounting to 744 days for internal audit assignments and counter fraud work.

3.1.2 Internal Audit was able to deliver a total of 495.8 days (66.6%) against the approved Audit & Assurance Plan of 744 days, which can be summarised as follows:

Audit & Assurance Plan Against Actual 2018/19 (Days Achieved)



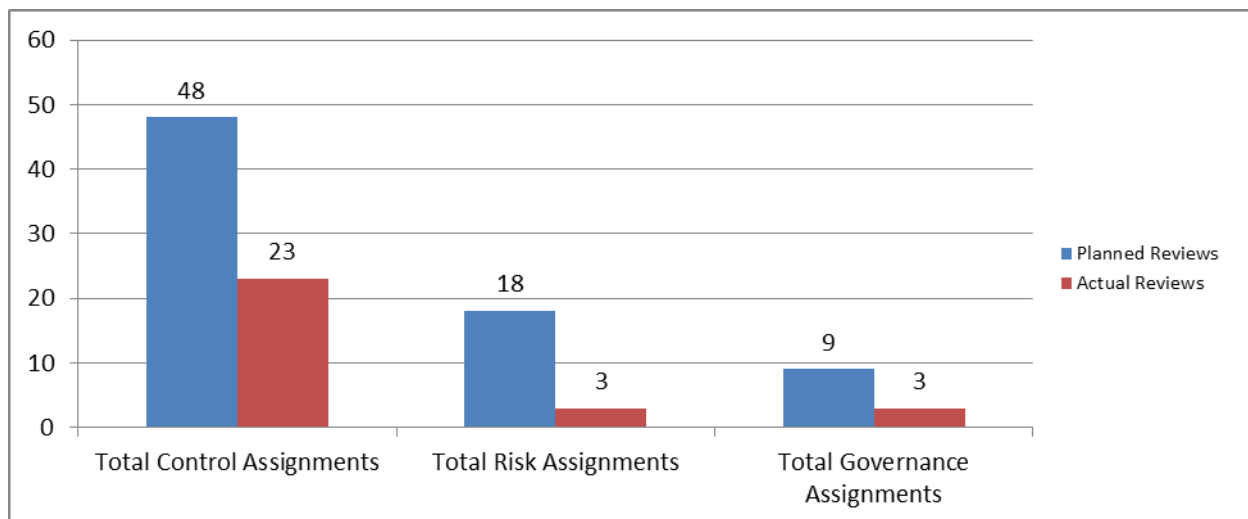
3.1.3 A revised Audit & Assurance Plan (reduced to an estimated 726 days for internal audit and counter fraud activity) was approved by the Audit & Governance Committee on 15 January 2019. The short fall in days arose due to delays experienced in recruiting to one of the Internal Auditor posts, which became vacant on 19 August, an unplanned extension to the time that Audit staff resources were required to provide cover and support to the Insurance team in order to ensure that insurance claims and associated processes were managed effectively and extra time dealing with staffing, and recruitment matters and on the job training within the team.

3.1.4 There was a further reduction in the staff resources for the internal audit plan in February when the newly appointed Internal Auditor left the Council without notice, after only a month in the role. 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 2018/19

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 41 assignments, which is 43% less than those originally planned (72), but in line with the revised plan (47). It should also be noted that 13 planned reviews were in progress at 31 March 2019.

Exhibit 7: Internal Audit Plan Against Actual 2018/19 (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 2018/19 Audit & Assurance Plan included eight Priority 1 audit assignments. With the exception of the Sport England Grant review, all of these (87.5%) have been delivered in 2018/19 or were in progress at the year end. The findings to date, of the priority 1 reviews completed or in progress at the year end, have not identified any significant areas of concern which would impact on the annual overall opinion provided. The work on the Sports England Grant has been carried forward to 2019/2020 as the details of the grant requirements and investment framework were not finalised until late in March.

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 2018/19 (together with the 2017/18 performance) is shown in the following table.

Internal Audit Performance 2018/19

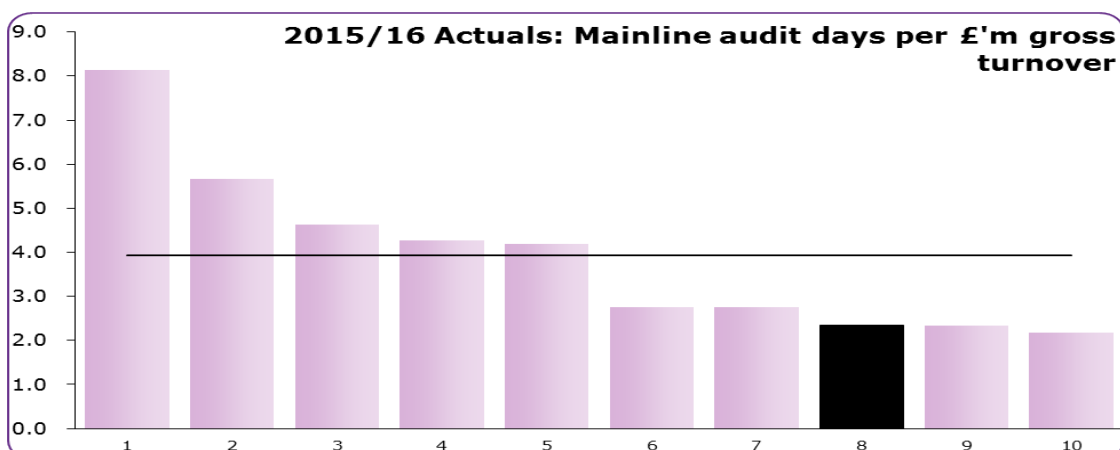
Performance Measure	Target	Actual 2018/19	Actual 2017/18
Delivery of Priority 1 Audits	100%	100%	100%
Planned Audits Completed Within Budget.	90%	70%	71%
Final Reports Issued Within Deadline	90%	100%	95%
Follow Ups Undertaken Within Deadline	90%	61%	82%
Recommendations Implemented	90%	90%	89%
Client Satisfaction	75%	100%	100%
Compliance with PSIAS	95%	99%	99%

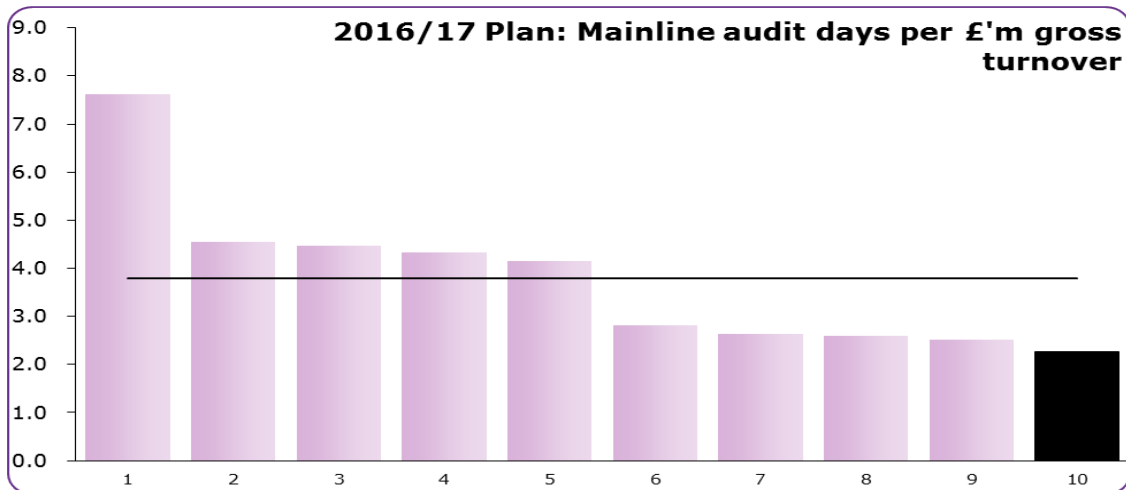
3.3.2 The actual performance against these targets was reported to each Audit Committee meeting during 2018/19. Explanations were also provided where our performance did not meet the expected target.

3.4 **Benchmarking**

3.4.1 Internal Audit has not undertaken any benchmarking since 2016/17 when we participated in the CIPFA Audit Benchmarking Club, as the number of authorities participating in this benchmarking process has reduced over the years making it difficult to find similar authorities for comparative purposes.

3.4.2 The results of the most recent exercise were presented to the Audit & Governance Committee as part of the 2016/17 Annual Report and are included below for reference. The Council's internal audit service (shown on the bar charts as the "black bar") was 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" 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 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 C.
- 3.5.2 During 2018/19 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 are as follows:

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 Wets 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

3.6.3 The NWAG Peer Review sub group prepared a report setting out the overall summary of the findings of the reviews carried against the PSIAS across the 17 participating authorities following the completion of reviews earlier in the year. Fourteen of the authorities were assessed as conforming with the PSIAS and three as partially conforming. The report included an outline of the common themes and findings arising from the reviews.

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 the completion of the service review of the Audit & Assurance team 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.

3.7.2 The common themes identified in the NWAG Peer Review overall summary report will be reviewed during 2019/20 to ensure that these areas are considered as part of the on-going development and improvement for Audit & Assurance, where applicable.

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 inform our 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 2018/19

Audit Assignment	CLASSIFICATION	Priority	18/19 Day	Actual Day	Assurance Opinion	
					Control	Compliance
Personalised budgets/Direct payments (WIP 2018/19)	Control	2	10	7.6		
Commissioning/Contract Management - Adults	Control	2	15	0.6		
Private Care Home Contract Payments	Control	2	10	0		
Commissioning/Contract Management - Childrens	Control	2	10	0		
Fostering recruitment, retention and payments (WIP 2018/19)	Control	3	10	14		
Finance Transactional Team	Control	3	10	0		
Audits of Schools Finance systems	Control	3	3	1.8		
St Pauls CE Primary (WIP 2017/18)	Control	3	0	0.5	Adequate	Adequate
Ashworth Nursery	Control	3	5	9.3	Adequate	Adequate
Cedars Primary School	Control	3	5	9.8	Substantial	Adequate
Longshaw Nursery (WIP 2018/19)	Control	3	5	8		
St Francis CE Primary School	Control	3	5	11.1	Adequate	Adequate
Longshaw Juniors	Control	3	5	9.7	Adequate	Adequate
Blackburn Central High School	Control	3	5	10.3	Adequate	Adequate
Children's Centres	Control	3	10			
Volunteers/Demand Management	Control	2	10	1.8		
LTP Grant Requirement	Control	1	5	5.7	n/a	n/a
Bus Subsidy Grant	Control	1	5	2.1	n/a	n/a
Highways Asset Valuation/Data Management Strategy/Achievement of DfT Highway Asset Mgmt. Band 3 (WIP 2018/19)	Control	2	10	2.9		
Planning Performance Improvement Plan / New Planning system/Under performance on planning.	Control	2	10	1.1		
Arrangements re use of Contractor and Development Framework	Control	3	10	0		
New Section 106 Procedures	Control	3	10	0.6		
Transport Procurement/Fleet Management	Control	3	10	0		
New Leisure Mgmt System	Control	3	10	0.1		
Income billing and collection - parking/bus lane enforcement and bereavement services	Control	3	10	0.7		
Police & Crime Commissioner Grant	Control	1	5	8.8	Adequate	Limited
Payroll - Core system (WIP 2018/19)	Control	2	20	28.8		
Governance arrangements	Control	2	10	0		
Ownership disputes relating to sale of land and buildings	Control	3	10	0		
Mileage Payments/ Staff Expenses (WIP 2018/19)	Control	3	10	22.8	Adequate	Limited
Equality Act Reporting	Control	2	10	10.3	Adequate	Adequate
Main Accounting System - including account reconciliation's (WIP 2018/19)	Control	1	10	2.9		
Creditors/E-Procurement	Control	2	10	0		
Council Tax	Control	2	10	12.4	Adequate	Adequate
VAT Mis-Management	Control	2	10	23.3	Adequate	Limited
Sundry Debtors	Control	2	10	3.7		
NNDR	Control	3	10	11.9	Adequate	Substantial
Adults Off System Commissioning - Addition to Plan	Control	2	0	20.5	Adequate	Adequate
Treasury/Cashflow Management	Control	3	5	0		
Internet Controls - Filtering system and reporting notifications	Control	3	10	0.6		
Off Payroll Engagement - IR35 (WIP 2017/18)	Control	2	0	2	Limited	Limited
Overtime / Additional Hours (WIP 2018/19)	Control	2	7	12.7		
KGH Events Management (WIP 2017/18)	Control	2	1	4.2	Adequate	Adequate
Capital Programme/Budget Monitoring (WIP 2018/19)	Control	2	4	9.1	Adequate	Adequate
Main Accounting System (WIP 2017/18)	Control	1	1	2.6	Substantial	Substantial
Severance Payments (WIP 2018/19)	Control	2	1	1.7	Adequate	Adequate
Corporate Procurement (WIP 2018/19)	Control	2	2	9.1	Substantial	Adequate
Payroll - Core System (WIP 2017/18)	Control	1	10	14	Adequate	Adequate
Income Collection and Mgmt (WIP 2017/18)	Control	2	3	5.8	Adequate	Substantial
Total Control Assignments			367	304.9	23 (48)	

Audit Assignment	CLASSIFICATION	Priority	18/19 Days	Actual Days	Assurance Opinion	
					Control	Compliance
Client case management system - Mosaic (WIP 2018/19)	Risk	1	10	14.3		
Transitional Arrangements : Children to Adult Care	Risk	3	10	0		
YPS educational trips and visits risk assessment and approval system and process. (WIP 2018/19)	Risk	2	10	4.6		
Ofsted Inspection Framework	Risk	2	5	0		
Section 17 Payments/Financial Support to Families	Risk	3	10	0		
Pupil Transport (WIP 2018/19)	Risk	3	10	3		
Health in all policies	Risk	3	10	1.1		
Radicalisation leading to residents and the property of the Borough coming to harm - Prevent	Risk	2	10	0		
Homelessness Prevention Strategy - Impact of Universal Credit	Risk	2	10	0		
Budget Setting & Control (WIP 2018/19)	Risk	1	10	2.1		
Deterioration of the highways network in particular road surfaces. HAMIS	Risk	2	10	0		
Growth Strategy (WIP 2018/19)	Risk	2	10	3.2		
DOLS and COP Applications & Public Law Outline	Risk	3	10	0		
Failure to prevent data loss (Information Governance) (WIP 2018/19)	Risk	1	10	4		
Software licencing/Asset Management	Risk	3	10	0		
Performance Indicators/Data Quality (WIP 2018/19)	Risk	3	10	4		
Budget Setting & Control (WIP 2017/18)	Risk	1	3	4.3	Substantial	Substantial
Public Protection, Inspections (WIP 2017/18)	Risk	2	1	1	Adequate	Adequate
Highways (WIP 2017/18)	Risk	2	9	20.9	Adequate	Adequate
Total Risk Assignments			168	62.5	3 (19)	

Audit Assignment	CLASSIFICATION	Priority	18/19 Days	Actual Days	Assurance Opinion	
					Control	Compliance
Social Determinants of Health Fund	Governance	2	10	0		
Departmental Strategic Management and Governance and Officer Delegation	Governance	2	10	0		
Growth deal Round 3 - Haslingden Rd/South East Blackburn/Furthergate	Governance	3	10	0		
Sports England Grant - Pennine Lancashire Pilot	Governance	1	5	0.6		
Review of Financial Regulations, SFIs, etc.	Governance	2	5	2.3		
Capita Partnership - Contract Mgmt (WIP 2017/18)	Governance	1	2	5.2	Adequate	Adequate
Project Management (WIP 2017/18)	Governance	2	1	2	Adequate	Adequate
Social Determinants of Health (WIP 2017/18)	Governance	2	4	7.1		
Partnership Arrangements (WIP 2017/18)	Governance	2	2	3.8	Substantial	Adequate
Total Governance Assignments			49	21	3 (9)	

Audit Assignment	CLASSIFICATION	Priority	18/19 Days	Actual Days	Assurance Opinion	
					Control	Compliance
Other Audit Work						
Follow up work	Governance	1	10	7.3		
Audit Committee	Governance	1	15	11.6		
Liaison with external audit	Other	1	5	0.7		
Audit Committee Annual Report/Evaluation	Governance	1	5	2		
A & A Client liaison/Queries	Other	2	15	6.7		
A & A Client liaison/DMT attendance	Other	2	10	0.9		
A & A Client liaison/Project Groups	Other	2	10	1.8		
Contingency	Other	2	25	0		
Total Other			95	31.00		

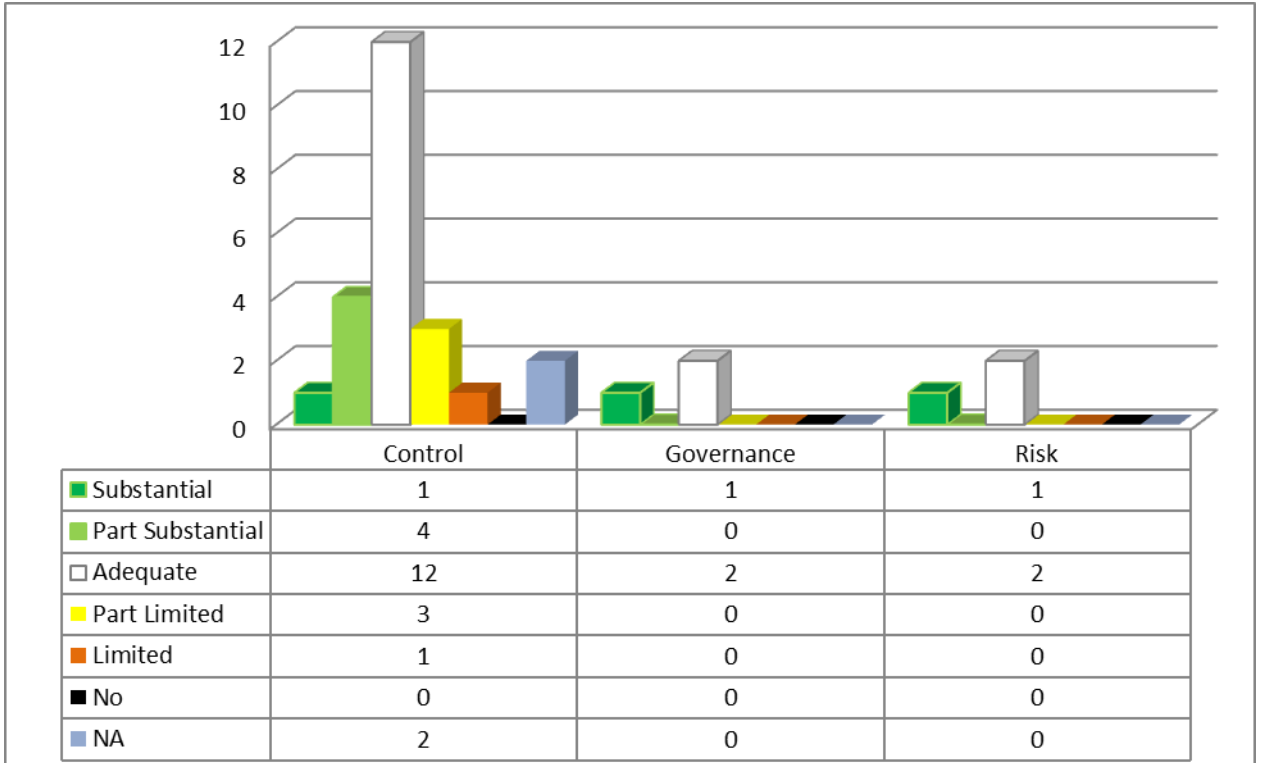
Other Fraud Work						
Review of Counter Fraud Strategy	Control	1	5	0.4		
National Fraud Initiative (NFI)	Control	1	20	16		
Counter Fraud Annual Plan/Report	Governance	1	5	0.3		
Reactive investigations	Control	2	15	59.4		
Proactive Fraud Testing	Control	2	10	0.3		
Review/Monitor Fraud Risk Register	Control	2	5	0		
Fraud awareness and whistle blowing initiatives	Control	2	5	0		
Counter Fraud Activities			65	76.4		

Total Internal Audit & Counter Fraud			744.00	495.80		
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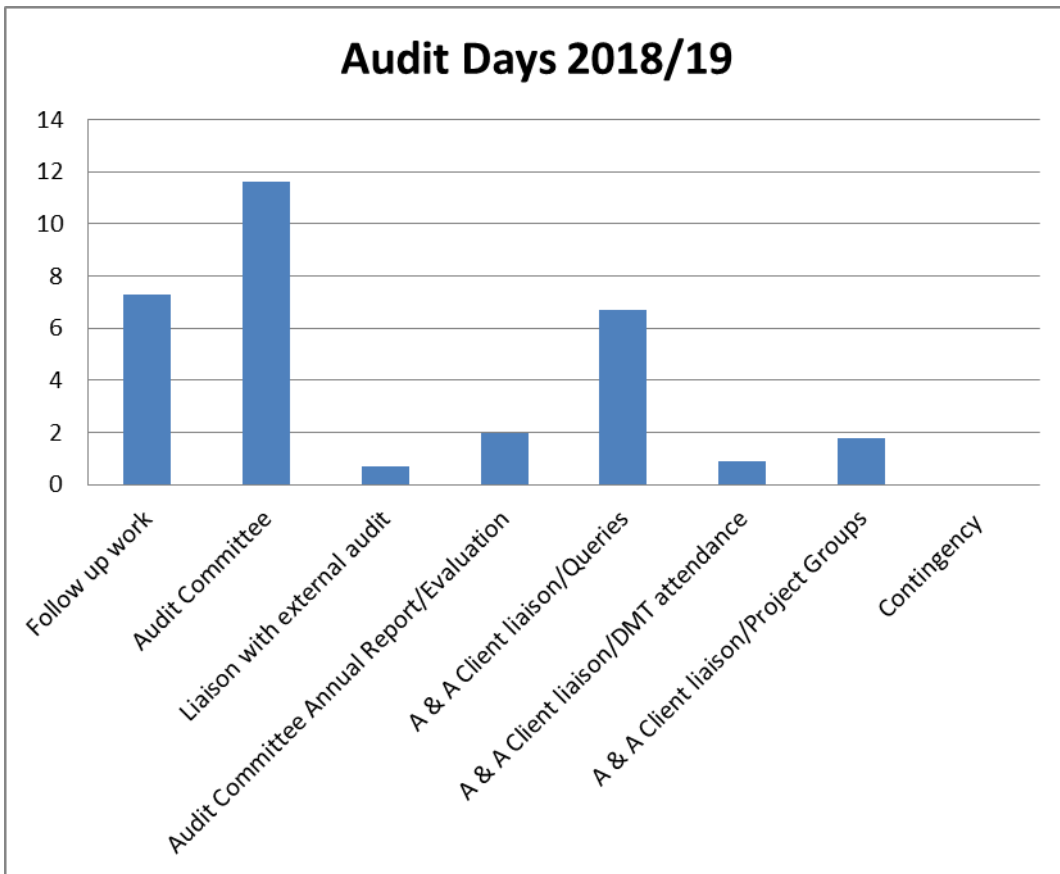
Other Risk Work						
Annual Gov Statement	Governance	1	10	10.1		
MAF and MAF Challenges	Governance	1	10	13		
Risk Management Support	Governance	1	5	5.3		
Road Risk Mgmt Group	Governance	1	5	5.1		
Review/Monitor Corporate Risks	Governance	1	5	0.4		
Review Monitor Departmental Risks	Governance	1	10	0.1		
Business Continuity Champions Meetings	Governance	1	4	0.6		
Risk Annual Plan/Report	Governance	2	5	2		
Risk Management Activities			54	36.6		

Grand Total			798	532.4		
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Summary of Internal Audit Opinions 2018/19



Summary of Other/Unplanned Work 2018/19



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	HolA 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