

Governance Committee

Wednesday, 27th September 2023, 2.30 pm

Committee Room 1, Town Hall, Chorley and YouTube

Agenda

Apologies

- | | | |
|----------|---|------------------------|
| <p>1</p> | <p>Minutes of meeting Wednesday, 2 August 2023 of Governance Committee</p> | <p>(Pages 3 - 8)</p> |
| <p>2</p> | <p>Declarations of Any Interests</p> <p>Members are reminded of their responsibility to declare any pecuniary interest in respect of matters contained in this agenda.</p> <p>If you have a pecuniary interest you must withdraw from the meeting. Normally you should leave the room before the business starts to be discussed. You do, however, have the same right to speak as a member of the public and may remain in the room to enable you to exercise that right and then leave immediately. In either case you must not seek to improperly influence a decision on the matter.</p> | |
| <p>3</p> | <p>External Audit Progress Report</p> <p>To receive and consider the report of the External Auditor, Grant Thornton.</p> | <p>(Pages 9 - 16)</p> |
| <p>4</p> | <p>Internal Audit Plan October 23 to March 24</p> <p>To receive and consider the report of the Head of Audit and Risk.</p> | <p>(Pages 17 - 22)</p> |
| <p>5</p> | <p>Internal Audit Progress Report</p> <p>To receive and consider the report of the Head of Audit and Risk.</p> | <p>(Pages 23 - 72)</p> |
| <p>6</p> | <p>Governance Committee Effectiveness Review 2023</p> <p>To receive and consider the report of the Head of Audit and Risk.</p> | <p>(Pages 73 - 92)</p> |
| <p>7</p> | <p>RIPA Application Update</p> <p>The Monitoring Officer will present a verbal report at the meeting.</p> | |
| <p>8</p> | <p>Work Programme</p> <p>To receive and consider the work programme for the Committee.</p> | <p>(Pages 93 - 94)</p> |

9 **Any urgent business previously agreed with the Chair**

Chris Sinnott
Chief Executive

Electronic agendas sent to Members of the Governance Committee Councillor Alan Platt (Chair), Councillor Mark Clifford (Vice-Chair) and Councillors Gordon France, Christine Heydon, Samantha Martin, Dedrah Moss, Jean Sherwood and Neville Whitham.

Electronic agendas sent to Governance Committee reserves for information.

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The External Auditors had not received the financial statements from the council but understood that these were being worked on, once received Grant Thornton would commence the audit for 22/23. The Value for Money work for 2022/23 would commence following receipt of the accounts too and the aim is to report back to the Committee in November.

The audit plan for 2022/23 had been completed and brought to the Committee previously. The audit findings report, auditors report and auditors annual report is expected to be presented to the Committee in November 2023.

Resolved – That the update be noted.

23.G.19 External Audit Annual Report 2021/22

Georgia Jones, Grant Thornton presented the External Auditors report for 2021/22 which reported on the Value for Money work undertaken and provided key recommendations. The three areas considered were financial sustainability, governance and improving economy, efficiency and effectiveness.

Following consideration of the criteria, no significant weaknesses were identified with regards to financial sustainability, but improvement recommendations were made. Significant weaknesses were identified in relation to governance and improving economy, efficiency and effectiveness. The Committee were reminded that this was a retrospective analysis in relation to the 2021/22 audit and therefore, a lot of the issues had already been addressed and reflected in the detailed Internal Audit Report on procurement, previously considered by Members.

The Committee considered the four key recommendations around ICT/digital safeguards, council governance, and procurement. Six improvement recommendations had been made which focused on best practice in relation to finance processes, council governance, conflicts of interest, council management of the case and the commercial services directorate. Senior Management had accepted these recommendations and Grant Thornton considered the management responses to be reasonable and addressed the recommendations raised.

Following queries regarding the deadline dates in the recommendations, Members were advised that the dates were included as part of the management responses and were considered reasonable in order to deliver the key and improvement recommendations. These would be reviewed both internally and externally.

The Committee thanked internal audit for identifying the procurement issues and were advised that both officers and Grant Thornton were satisfied that safeguards were now in place to prevent this happening again, but this would be tested going forward.

Resolved – That the update be noted.

23.G.20 Treasury Management Outturn Report 2022/23

Jean Waddington, Principal Financial Accountant presented the report of the Director of Finance which outlined Treasury Management performance and compliance with Prudential Indicators for the financial year ended 31 March 2023.

The Treasury Strategy for 2022/23 to 2024/25 was approved by Council on 22 February 2022. A mid-year review of Treasury Management activity was presented to the Governance Committee on 23 November 2022

It was reported that capital expenditure in 2022/23 was at £13.4 million. The progression of the 2022/23 programme, which included the Strawberry Meadows and Tatton Gardens developments, was affected by rising construction costs, rising interest rates and global supply chain issues. External finance of £4.6 million was required to fund the 2022/23 capital programme spend.

The Committee noted that the average daily investment was at £6.1 million in 2022/23, which was down from £9.3 million in 2021/22 due to the reduction in Covid Grants. From historically low levels of interest rates in 2020/21 and 2021/22, following a number of increases the average yield for 2022/23 was significantly higher than previous years at 1.72%, above the benchmark of 1.22%.

The Council continued to achieve budget savings by maintaining a position of under borrowing, which means that it has used its own cash balances to finance capital expenditure rather than taking additional external loans.

The Committee Members discussed how to get the best return on investments and were advised that the council the best return, or saving, was in using cash balances instead of borrowing; Members were advised that the council would only borrow externally if cash balances required this as it was cheaper to use internal resources. If investing, the council would consider where money is placed and in what form. If the council could get a better interest rate by placing money for longer, this would be considered but only if it was certain that there would be readily available cash flow over the course of the investment period.

Resolved – That the report be noted.

23.G.21 CIPFA Audit Committees - Practical Guidance for Local Authorities and Police

Dawn Highton, Head of Audit and Risk presented her report which presented the latest CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022 and CIPFA guidance – Audit Committees – Practical Guidance for Local Authorities and Police 2022. The report also presented proposals to assess the skills and knowledge of the Committee to ensure a comprehensive training plan can be developed.

The guidance represented best practice and CIPFA expected that all local authorities make their best efforts to adopt the principles contained within the guidance, aiming for effective audit/governance committee arrangements. Members noted that the guidance contained a suggested Terms of Reference and a Self-Assessment of good practice.

The Committee were requested to complete and return the self-assessment to Democratic Services by the 31 August 2023. The results of the self-assessment would be collated by Internal Audit and used to inform the Member Development Programme to ensure Members were in the best position to fulfil their role on the Committee. Both the Terms of Reference and Self-Assessment would be brought back to the Committee at the meeting in September for consideration.

Members were encouraged to have a look at the guidance and complete the self-assessment in order to make sure the correct training was being delivered to the Committee. It was also proposed that the Committee Members meet to consider the way the council approaches the governance process.

Resolved – That Committee considered the attached guidance would assist with the review of the skills and knowledge.

23.G.22 Chair of Governance Committee Response to External Audit Planning Enquiries

Dawn Highton, Head of Audit and Risk presented her report which outlined the Chair of the Governance Committee responses provided to the planning enquiries made by the External Auditors, Grant Thornton as part of the 2022/23 statutory accounts.

In line with Auditing Standards and to support the Audit Planning process, the External Auditor needed to establish the risk of fraud or error. The Committee considered the questions and responses provided by the Chair of the Governance Committee which were appended to the report. Members requested that the responses be made more explicit to have a more meaningful dialogue.

Following queries, reassurances were made that high-risk fraud areas were considered within the audit plan and reviewed regularly. Fraud awareness training for members was requested.

The Committee were also advised that laws and regulations were complied with through training and regular updates on legislation change and council decisions were moderated through a two-stage process to ensure legal compliance.

Resolved – That the Governance Committee considered and approved the responses to the auditors enquiries.

23.G.23 Strategic Risk Review

Caroline Winstanley, Transformation Co-ordinator presented the report of the Director of Change and Delivery which provided Members with an updated Strategic Risk Register, setting out the strategic risks to the council, control measures and actions planned to help manage risk.

The annual update of the risk register included updates identified by the Shared Senior Management team through interim reviews conducted throughout the year.

Many of the highest scoring risks focused on delivering Council priorities, including service delivery, large scale capital projects, and working with strategic partners to deliver outcomes. These reflected the key challenges facing the organisation such as the budgetary pressures and financial uncertainty. ICT and cyber security also remained a high risk to the council due to the potential impact on service delivery and reputational damage which was being managed through the delivery of the ICT plan.

There were strong control measures in place to mitigate these risks, including as part of the Council's governance framework and budget setting and monitoring processes.

The Committee noted that there were 17 risks included on the strategic risk register. Since the previous review, 1 risk had decreased (failure of shared services arrangements) and 1 risk had increased in score (incidents affecting service delivery), 1 risk had been removed (failure to manage the recovery from COVID-19 effectively) and 1 new risk had been identified (failure to address the impact of climate change).

Members queried the removal of the failure to manage recovery from COVID-19 effectively risk and were advised that the risk relating to service delivery and business continuity captures the impact of pandemics and other significant incidents.

Members also queried whether lessons learned were taken into account when reviewing the risk register and were advised that if specific incidents had occurred, such as Covid-19, there would be specific reviews but this was not undertaken as part of the review of strategic risk register.

Resolved – That members noted the strategic risks, controls in place and actions planned to further mitigate risks as set out in the report.

23.G.24 RIPA Application Update

Chris Moister, Monitoring Officer advised that there were now internal and external processes in place in relation to getting RIPA authorisations. It was reported that no RIPA applications had been made.

Resolved – That the update be noted.

23.G.25 Work Programme

The Committee considered the work programme for 2023/24 which set out the reports to be considered at each Governance Committee meeting throughout the Council year.

An additional item to consider the CIPFA self-assessment results would be added to the work programme for September.

Resolved – That the work programme be noted.

Chair

Date

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Chorley Borough Council Audit Progress Report

Year ending 31 March 2023

September 2023



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Agenda Item 3

Introduction

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This paper provides the Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications <https://www.grantthornton.co.uk/en/services/public-sector-services/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress at September 2023

Financial Statements Audit

We completed our initial planning for the 2022/23 audit in March and April 2023. We received your draft financial statements for the Council in August 2023. We await an amended draft including the consolidated group accounts.

In May, we have issued our detailed audit plan, setting out our proposed approach to the audit of the Authority's 2022/23 financial statements.

We will report our work in the Audit Findings Report and aim to give our opinion on the Statement of Accounts by 30 November 2023.

The Accounts and Audit Regulations 2015 were amended by SI 2021 No. 263. The Department for Levelling Up, Housing and Communities (DLUHC) previously introduced secondary legislation to extend the deadline for publishing audited local authority accounts to 30 November 2022 for the 2021/22 accounts.

This was enacted by The Accounts and Audit (Amendment) Regulations 2022 (SI 2022 No. 708) that came into force on 22 July 2022. The deadline for publishing audited local authority accounts for 2021/22 was extended to 30 November 2022 and thereafter changed to 30 September for years up to 2027/28.

Officers advised us that the draft financial statements are likely to be available for audit in August. The deadline for the preparation of draft accounts for 22/23 is the end of May 2023 however the the complexity of accounting requirements and capacity in the finance team mean that we have agreed with officers to commence the audit on a later timescale. This means we will not complete the audit by the target date of the end of September but will work with officers to complete the audit towards the end of November if possible.

Value for Money

The new Code of Audit Practice (the "Code") came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code was the introduction of an Auditor's Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline for the issue of the Auditor's Annual Report is now no more than three months after the date of the opinion on the financial statements. Our report has not met that deadline because of issues identified by Internal Audit which we have needed to complete additional work on.

We plan to issue our Auditor's Annual Report 2022/23 in November 2023.

Progress at September 2023 (cont.)

Other areas

Certification of claims and returns

We certify the Authority's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DWP). DWP extended the deadline for reporting the findings of this work to 31 January 2023. There were a number of errors identified meaning additional work has been required. We liaised with the DWP and the certification work for the 2021/22 claim has now been completed. We issued our report to DWP in July 2023.

The certification work for the 2022/23 claim will commence from July 2023.

Meetings

We met with Finance Officers as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We have also met with your Chief Executive to obtain and update on emerging issues and challenges for the Council.

We have also provided training to your finance team with a view to helping the audit progress smoothly this year. This included detail around the standard of audit evidence required. We continue to liaise with finance officers to try to ensure an efficient audit for 2022/23.

Events

We provide a range of workshops, along with network events for members and publications to support the Authority. Your officers were invited to our Accounts Workshop in January and February 2023, where we highlighted financial reporting requirements for local authority accounts and gave insight into elements of the audit approach.

Further details of the publications that may be of interest to the Authority are set out in our Sector Update section of this report.

Audit Deliverables

2022/23 Deliverables

	Planned Date	Status
<p>Audit Plan</p> <p>We are required to issue a detailed audit plan to the Governance Committee setting out our proposed approach in order to give an opinion on the Authority's 2022/23 financial statements and to report on the Authority's value for money arrangements in the Auditor's Annual Report</p>	May 2023	Completed
<p>Audit Findings Report</p> <p>The Audit Findings Report will be reported to the November Audit Committee.</p>	November 2023	Not yet due
<p>Auditors Report</p> <p>This includes the opinion on your financial statements.</p>	November 2023	Not yet due
<p>Auditor's Annual Report</p> <p>This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.</p>	November 2023	Not yet due

Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government



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Report of	Meeting	Date
Head of Audit and Risk	Governance Committee	Wednesday, 27 September 2023

Internal Audit Plan October 23 to March 24

Is this report confidential?	No
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Is this decision key?	No
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Purpose of the Report

1. This report sets out the programme of work to be undertaken by the Internal Audit Service. The Internal Audit Plan is the vehicle by which audit workload is identified and prioritised.

The main purposes of the report are to:

- Remind members of the respective roles of managers and Internal Audit to maintain a sound system of governance and internal control within the Council;
- Provide details and seek the Committee’s approval of the Internal Audit Plan.

Recommendations

2. That the Committee approve the Internal Audit Plan.

Reasons for recommendations

3. Governance Committee approval of the Internal Audit Plan is a requirement of the Public Sector Internal Audit Standards.

Other options considered and rejected

4. Not applicable.

Corporate priorities

5. The report relates to the following corporate priorities:

Housing where residents can live well	A green and sustainable borough
An enterprising economy with vibrant local centres in urban and rural areas	Healthy, safe, and engaged communities

The Role of Management and Internal Audit

6. The responsibility for implementing a strong system of governance and internal control within the Council lies primarily with the Shared Senior Management Team. Directors and Heads of Service need to ensure that they maintain effective control procedures not least because services and business systems are subject to on-going change.
7. Internal Audit is an independent appraisal function whose core objective is to evaluate and report on the adequacy of the Council's system of governance, risk management and internal control. In the main this is achieved through an annual programme of reviews, following a detailed risk assessment of audit need.

Compilation of the Audit Plan

8. Professional standards for Internal Audit in local government specify that "the Chief Audit Executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals
9. The Internal Audit Plan October 23 – March 24 has been constructed after taking into consideration the following:
 - The Council's priorities / strategic plan;
 - A review of corporate strategies;
 - The corporate risk register;
 - Information taken from other assurance processes within, and external to, the Council, including External Audit and inspection reports;
 - Direct engagement with Directors;
 - The skills, knowledge, and experience of audit staff;
 - Professional judgement on the risk of fraud and error;
 - Annual Governance Statement and Service Assurance Statements.
10. The Internal Audit Plan contains the programme of reviews for the period of October 23 to March 24 and is shown at **Appendix A**. This clearly shows the link between the work of Internal Audit, strategic and operational risks, and corporate objectives. The reviews are clearly highlighted with the quarter for completion. The plan also details our involvement with key project teams assisting with advice and guidance on risk management, internal control, and governance.

Audit Resource

11. Since the approval of the Internal Audit Plan for March 23 to September 23, there has been a reduction in the level of audit resource. Whilst a recruitment exercise is currently on-going, there is a small impact on the number of available audit days compared to 2022/23 as shown in the table below.

Authority	2022/23	2023/24	Variance
CBC	316	270	(46)

- The Plan will be completed largely by the in-house team with external support procured for specialist ICT reviews and we have a reciprocal arrangement with Preston City Council and Wyre Council to review our risk management arrangements.

Internal Audit Annual Opinion

- Whilst the number of days is reduced, successful delivery of the two combined six-month Plans will mean that there is sufficient coverage to allow for an annual audit opinion on the overall adequacy and effectiveness of the organisation’s governance, risk management and control processes as required by the Public Sector Internal Audit Standards to be formed and reported in May 2024. It is anticipated that the number of audit days will increase during 2024/25 once a fully trained team is in place.

Climate change and air quality

- The work noted in this report does not impact on the Councils Carbon emissions and the wider Climate Emergency and sustainability targets of the Council.

Equality and diversity

- The material presented and discussed in this report has not direct implications on equality and diversity.

Risk

- Risks are outlined in the body of the report.

Comments of the Statutory Finance Officer

- Not applicable.

Comments of the Monitoring Officer

- Not applicable.

There are no background papers to this report

Appendices

Appendix A – Internal Audit Plan October 2023 to March 2024

Report Author:	Email:	Telephone:	Date:
Dawn Highton (Head of Audit and Risk)	dawn.highton@chorley.gov.uk		7.9.23

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Internal Audit Plan - October 2023 to March 2024	QTR	CBC	Detailed Rationale	Links to Risk Registers (strategic & operational) / Corporate Plan Projects / Business plans / Annual Governance Statement (AGS
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CORPORATE AREAS				
Anti-Fraud & Corruption	ALL	1	Review and update of probity policies	AGS
NFI	ALL	2.5	Review / Investigation of 2022 matches	AGS
CUSTOMER & DIGITAL				
Customer Services				
Write off processes	3	5	Review process / authorisation levels etc following on from the review of Sundry Debtors	Financial risk
ICT				
Back up and Disaster Recovery	4	15	Risk based review	Operational risk / Corporate risk register
Streetscene / Neighbourhoods				
COMMUNITIES				
Housing Standards	4	15	Risk based review	Corporate plan projects / operational risk
CHANGE AND DELIVERY				
Business Grants	4	15	Risk based review	Corporate plan project
COMMUNICATIONS AND VISITOR ECONOMY				
Event Management	4	15	Risk based review	Operational risk
GOVERNANCE				
Risk Management	4	10	To be undertaken by Wyre Council (reciprocal arrangement)	Governance Framework
Management of assets (inventories)	3	10	Compliance with new policy / insurance implications	Governance Framework

Internal Audit Plan - October 2023 to March 2024	QTR	CBC	Detailed Rationale	Links to Risk Registers (strategic & operational) / Corporate Plan Projects / Business plans / Annual Governance Statement (AGS)
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FINANCE				
Bank Reconciliation & cash flow forecasting	4	15	Assurance following EA recommendations / pre treasury processes	Financial risk
GENERAL AREAS				
Post Audit Reviews	ALL	5	Follow up of agreed actions	
Contingency / Irregularities	ALL	2.5	Unplanned reviews / contingency	
Internal Audit Effectiveness Review	4	5	Self assessment against the PSIAS	
Committee Reporting / Effectiveness Review	All	5	Preparation of reports and attendance at Governance Committee	
TOTALS		121		



Report of	Meeting	Date
Head of Audit and Risk	Governance Committee	Wednesday, 27 September 2023

Internal Audit Progress Report

Is this report confidential?	No
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Is this decision key?	No
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Purpose of the Report

1. The purpose of this report is to advise members of the work undertaken in respect of the Internal Audit Plan from April 2023 to August 2023 and to give an appraisal of the Internal Audit Service’s performance to date.

Recommendations

2. Members are asked to note the position with regard to the Internal Audit Plan.
3. Members are asked to approve the deferral of two reviews from the April to September Internal Audit Plan.

Reasons for recommendations

4. Consideration of the progress against the Internal Audit Plan is a requirement of the Public Sector Internal Audit Standards.

Other options considered and rejected

5. Not applicable.

Corporate priorities

6. The report relates to the following corporate priorities:

Housing where residents can live well	A green and sustainable borough
An enterprising economy with vibrant local centres in urban and rural areas	Healthy, safe and engaged communities

Background to the report

7. The Internal Audit Plan for the six months April to September 2023 was approved by this Committee at its meeting in March 2023 and provides for 148 days of audit work.

Internal Audit Reports

8. **Appendix A** provides a snapshot of the overall progress made in relation to the six month Internal Audit Plan, indicating which audits have been completed and their assurance rating, those that are in progress and those that have yet to start.
9. As members will be aware, previously if Internal Audit reports are issued with a limited assurance rating, a full copy has been appended to the progress reports. Going forwards, it has been agreed with the Chair that in the interests of openness and transparency, all Internal Audit reports will be published with the agenda.
10. The table below highlights the work completed to date with any issues identified where applicable:

Name of Review	Assurance Rating	Comments
2023-24		
Annual Governance Statement (AGS)	Not applicable	Proactive input was provided to inform the AGS Action plan presented to the Governance Committee in May 2023.
National Fraud Initiative	Not applicable	Internal Audit are working with officers to ensure that the results from the main NFI Exercise issued in February 2023 are completed. In addition, work is in progress with regards to the Council Tax Single Person Discount review, which had been delayed due to recruitment challenges and administering various Government initiatives.
Sundry Debtors – Aged Debts	Limited	A copy of this report is included at Appendix B
Revenues and Benefits Project Team	Not applicable	Pro active support to assist with the alignment of revenues and benefits processes.
Building Control	Substantial	A copy of this report is included at Appendix C
Commercial Directorate Development Group	Not applicable	The Head of Audit and Risk is a member of the group established to develop and embed a strong governance framework and a positive culture focused on high quality service delivery.
Large Commissioning	Adequate	A copy of this report is included at Appendix D
Data Quality	Adequate	A copy of this report is included at Appendix E

2022-23		
Phishing exercise	Not applicable	The exercise highlighted that the Council has robust controls and attempts to access the network were thwarted. However, there is still some learning from the exercise and actions have been agreed to further strengthen the current arrangements.

Assurance Ratings Key

Assurance Rating	Definition
Full	the Authority can place complete reliance on the controls. No control weaknesses exist.
Substantial	the Authority can place sufficient reliance on the controls. Only minor control weaknesses exist.
Adequate	the Authority can place only partial reliance on the controls. Some control issues need to be resolved
Limited	the Authority cannot place sufficient reliance on the controls. Substantive control weaknesses exist

- For all the reviews completed to date, management have accepted all the findings and the agreed actions in these reports will be followed up and reported on at future meetings of this committee.

Amendments to the Audit Plan

- As highlighted in the Audit Plan October to March 24 report, there has been a recent change in the level of audit resource. This has not only impacted upon the plan going forwards but also there has been a small impact upon the current plan of April to September. As a result, we are seeking the approval of the Committee to defer two separate reviews, listed below. These have been selected based upon the skills of the team and the level of risks within each review. If approved for deferral, both reviews will be considered again within the risk assessment.
 - Capita Migration – 10 days
 - Cemetery Management – 15 days.

Internal Audit Performance

- Appendix F** provides information on Internal Audit performance as at 30th June 2023. The majority of the indicators are on target as at the end of June with only the percentage of agreed actions implemented by management being lower than the agreed target. Internal Audit have reviewed the outstanding actions and have concluded that many of these are currently in progress but are not at the stage of being fully implemented.

Public Sector Internal Audit Standards

- In order for members and senior officers to be able to place reliance on the Internal Audit Service and the annual audit opinion, the service is required to conform with the Public Sector Internal Audit Standards (PSIAS).

- 15. To be able to demonstrate conformance, a self-assessment is undertaken on an annual basis, with an external validation once every 5 years. The external validation took place in June / July and the report is now attached at **Appendix G**.
- 16. It is pleasing to note that the service fully conforms with the PSIAS with the exception of some minor process improvements which will be implemented over the next few months.

Climate change and air quality

- 17. The work noted in this report does not impact the climate change and sustainability targets of the Councils Green Agenda and all environmental considerations are in place.

Equality and diversity

- 18. The material presented and discussed in this report has not direct implications on equality and diversity.

Risk

- 19. Risks are considered and highlighted throughout the report.

Comments of the Statutory Finance Officer

- 20. Not applicable.

Comments of the Monitoring Officer

- 21. Not applicable.

Background documents

There are no background papers to this report

Appendices

- Appendix A – Internal Audit Plan April 23 to September 23
- Appendix B - Internal Audit Review of Sundry Debtors – Aged Debts
- Appendix C – Internal Audit Review of Building Control
- Appendix D – Internal Audit Review of Large Commissioning
- Appendix E – Internal Audit Review of Data Quality
- Appendix F – Internal Audit Performance Indicators as at 30th June 2023.
- Appendix G – Peer Review of Internal Audit against the UK Public Sector Internal Audit Standards.

Report Author:	Email:	Telephone:	Date:
Dawn Highton (Head of Audit and Risk)	dawn.highton@chorley.gov.uk	01772 625625	12.9.23

Internal Audit Plan - April 2023 to September 2023	QTR	Status of Review	Assurance Rating
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CORPORATE AREAS			
Annual Governance Statement	1	Complete	Not applicable
Anti-Fraud & Corruption	ALL	On-going over the 12 months	Not applicable
NFI	ALL	On-going over the 12 months	Not applicable
CUSTOMER & DIGITAL			
Customer Services			
Revenues and Benefit project support	ALL	On-going over the 12 months	Not applicable
Council Tax	2	In progress	
Sundry Debtors – Aged Debts	1	Complete	Limited
CAPITA migration	1	To be deferred	
ICT			
Physical Security	2	In progress	
Neighbourhoods			
Cemetery Management	2	To be deferred	
COMMUNITIES			
Large Commissioning	2	Complete	Adequate
PROPERTY AND PLANNING			
Building Control	1	Complete	Substantial
Commercial Directorate Development Group	ALL	On-going over the 12 months	Not applicable
CHANGE AND DELIVERY			
Performance Management / Data Quality	1	Complete	Adequate
Driver Licence checks	2	In progress	
GOVERNANCE			
General Data Protection Regulations	2	In progress	
GENERAL AREAS			
Post Audit Reviews	ALL	On-going over the 12 months	Not applicable
Contingency / Irregularities	ALL	On-going over the 12 months	Not applicable
PSIAS – Peer Review	ALL	Complete	Not applicable
Residual Work from 2022-2023	1	Complete	Not applicable
Committee Reporting / Effectiveness Review	All	On-going over the 12 months	Not applicable

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Chorley Council & South Ribble Council

Final
Internal Audit Report

Sundry Debtors – Aged Debts

2023/24

Audit Assurance: Limited
Auditor: David Holgate/Jacqui Murray
Date Issued: 9th August 2023



WORKING TOGETHER

Reason for the Audit & Scope	
1	<p>The sundry debtor system is the mechanism in place for the collection and recording sums of money due to the Council which is not accounted for by the specialist systems used for Council Tax and Non - Domestic Rates. The Council endeavours to recover all sundry income raised to maximise income, as failure to recover debt or identify balances for write off can impact on budget setting and available reserves.</p> <p>This review will focus on the policies and procedures in place for the collection of aged debt to ensure compliance with the principles outlined within the Council's Fair Collection Charter.</p> <p>The review is included in the 2023/24 Annual Audit Plan approved by the Governance Committee on the 7th March 2023 at South Ribble and the 15th March 2023 at Chorley.</p>

Audit Objectives	
2	The overall objective of the audit was to provide an opinion of the adequacy, application and reliability of the key internal controls put in place by management to ensure that the identified risks are being sufficiently managed.
3	The audit also assessed the effectiveness of the various other sources of assurances using the three lines of defence methodology.
4	The audit will focus on specific risks where the controls in place mitigate a gross red / amber risks to a residual green risk. In addition, all fraud risks and performance management data will be included within our work.

Audit Assurance	
5	A full risk-based review of Sundry Debtors has been undertaken regularly over the last 5 years. This review will focus solely on sundry debtor aged debts and adherence to the Fair Collection Charter to provide assurance or otherwise that debt recovery processes have been re-established after a period of suspension during Covid-19.
6	The Head of Internal Audit is required to provide the Governance Committee with an annual audit opinion on the effectiveness of the overall control environment operating within the Council and to facilitate this each individual audit is awarded a controls assurance rating. This is based upon the work undertaken during the review and considers the reliance we can place on the other sources of assurance.
7	<p>A Fair Collection Charter (Charter) was formally approved by Full Council at each authority in February 2022 to ensure an ethical approach to debt collection including a more supportive recovery process and a reduction in the use of debt collection agencies however, further work is required to embed the principles of the Charter across both organisation's as there was a general lack of awareness of its existence outside of the immediate Debtor Team. Widespread officer training on the Council's debt recovery process has not been provided for a number of years. To improve awareness of the Charter and maintain focus on the collection of Council income, policies and procedures should be reviewed and relaunched, and training provided to all service areas with debt recovery responsibilities.</p> <p>Our review identified that the finance system has the appropriate parameters to ensure invoices are raised, timely reminders are issued, and memos are sent to the relevant service areas to advise of unpaid sums. However, the following weaknesses/issues were identified outside of the automated processes within the sampled debtors that may impact the ability to recover unpaid sums:</p> <ul style="list-style-type: none"> • A reduced level of proactivity from service areas tasked with contacting customers to seek unpaid invoices after unsuccessful reminders. • Poor/inconsistent communication between the service area and the Debtor Team resulting in a high number of cases not progressing to the next recovery stage;

In accordance with the Public Sector Internal Audit Standards, internal audit has been the subject of an independent external assessment, which concluded that the 'internal audit activity conforms to the Standards'

- A fully completed and up to date record of recovery action undertaken was not maintained by a number of service areas reviewed therefore, we are unable to ascertain whether all required recovery actions have been undertaken in good time to help aid successful recovery;
- A reduced level of proactivity from the Debtor Team due to a lack of capacity and officers holding additional responsibilities outside of the debtor role.

There is a high risk that the level of sundry debt owed to both Council's will continue to increase without sufficient dedicated debtor resource in place to facilitate a cohesive, consistent and proactive approach to debt recovery. It was acknowledged during the course of the review that there had been a loss of tacit knowledge with experienced officers leaving both Councils. Recruitment is currently ongoing however; the benefits of this recruitment will not be realised immediately due to the period of time required for induction and bespoke debtor training.

In addition to the weaknesses identified above, reliance is placed on the Aged Debtor reports to inform service areas of unpaid invoices so that proactive action can be taken and/or service provision suspended. A significant proportion of reports are not automatically issued/emailed to service areas as appropriate departmental recipients had not been identified. If service areas are not provided with regular up to date information regarding the status of unpaid invoices there is the risk that the Council will continue to provide a service that the customer is unable to pay for, and allow large amounts of irrecoverable debt to accumulate.

For these reasons, a **Limited** assurance rating has been awarded for this review. There are a number of improvements to be made to strengthen the current operational arrangements which are detailed in the action plan at Appendix B.

Control Rating Key

Full – the Authority can place complete reliance on the controls. No control weaknesses exist.

Substantial - the Authority can place sufficient reliance on the controls. Only minor control weaknesses exist.

Adequate - the Authority can place only partial reliance on the controls. Some control issues need to be resolved.

Limited - the Authority cannot place sufficient reliance on the controls. Substantive control weaknesses exist

Risk and Controls	Control Evaluation
Risk 1 – Council has failed to set out its approach to the recovery of sundry debtor income.	
Fair Collection Charter Introduced	Working as intended
Fair Collection Charter formally approved	Working as intended
Awareness of the Fair Collection Charter	Action 1
Fair Collection Charter readily accessible	Action 1
Risk 2 – Lack of policies and procedures in place leading to inconsistent application of the fair collection charter.	
Collection policies and procedures do not support the Charter implementation	Action 1
Training provided for responsible officers	Action 2
Procedural oversight by dedicated officer	Action 3
Risk 3 – Lack of compliance with the principles of the Charter and the processes outlined in supporting policies/guidance.	
Procedural oversight by dedicated officer	Action 3
Adherence to Charter/policies/procedures	Action 3, 4 & 7
Audit trail of debt collection activities undertaken	Action 3, 4 & 7
Aged debt reports issued to appropriate officers	Action 5
Performance indicators in place to monitor levels of sundry debt	Action 6

In accordance with the Public Sector Internal Audit Standards, internal audit has been the subject of an independent external assessment, which concluded that the 'internal audit activity conforms to the Standards'

AUDIT ASSURANCE

Three Lines of Defence

Audit Area	1st Line	2nd Line	3rd Line	Internal Audit opinion
Sundry Debtors	Revenues Team/Service Areas	Finance	Internal Audit	Reliance cannot be placed on the first line of defence as outside of the Revenues team, there is a general lack of awareness of the Council's Fair Collection Charter and there is evidence of an inconsistent approach to debt recovery.

Risk and Control Evaluation

Risks Examined	Full	Substantial	Adequate	Limited
Risk 1 – Council has failed to set out its approach to the recovery of sundry debtor income.			✓	
Risk 2 – Lack of policies and procedures in place leading to inconsistent application of the Fair Collection Charter.				✓
Risk 3 – Lack of compliance with the principles of the Charter and the processes outlined in supporting policies/guidance.				✓
OVERALL AUDIT OPINION				✓

In accordance with the Public Sector Internal Audit Standards, internal audit has been the subject of an independent external assessment, which concluded that the 'internal audit activity conforms to the Standards'

MANAGEMENT ACTION PLAN

NO.	FINDING	AGREED ACTION	OFFICER & DATE
Chorley & South Ribble findings			
1	<p>A Fair Collection Charter (Charter) was formally approved by Full Council at each authority in February 2022 to ensure an ethical approach to debt collection including a more supportive recovery process and a reduction in the use of debt collection agencies.</p> <p>Testing identified that the operational policies that support the Charter, define responsibilities, and outline each Council's recovery processes have not been reviewed to ensure that they fully align with the Charter. Additionally, general awareness of the existence of the Charter was low within the service areas sampled and our review highlighted that there was little evidence of a consistent approach to debt recovery operating across all services.</p> <p>Awareness of the Charter needs to increase amongst officers tasked with debt recovery responsibilities across all service areas, and appropriate supporting procedures need to be reviewed. These need to be shared to ensure clarity of responsibility between the officers' tasked with debtor administration and the respective teams providing the service. The approved approach should be adopted across service areas to ensure that customers are being treated with a consistent approach regardless of the service they are accessing.</p>	<p>The Revenues Manager/Head of Customer Services will seek to increase organisational awareness of the Fair Collection Charter and signpost officers to the training available within the Learning Hub by publishing an article on both Councils' intranets (Connect/Loop).</p> <p>Additionally, procedures will be strengthened to ensure that debt recovery responsibilities of the debtor's team and service areas are clearly defined. The Revenues Manager/Head of Customer Services will establish agreements with service areas that will set out to clarify the following:</p> <ul style="list-style-type: none"> • recovery tasks to be undertaken and by whom; • the standard of record keeping required ensuring full audit trail; • appropriate timescales required for recovery; • what should be done when recovery action by the service area has failed. 	<p>Revenues Manager/ Alison Wilding</p> <p>October 2023</p>
2	<p>Our review identified that training has been provided historically for the collection of sundry debtor income however, it is evident that no widespread training has been provided since the adoption of the</p>	<p>To further increase awareness of the Fair Collection Charter and the associated debt recovery processes the</p>	<p>Alison Wilding</p> <p>October</p>

In accordance with the Public Sector Internal Audit Standards, internal audit has been the subject of an independent external assessment, which concluded that the 'internal audit activity conforms to the Standards'

	<p>Charter at both Councils. Furthermore, testing identified that there had been a number of staff changes within the services areas sampled highlighting a lack of knowledge/experience in officers tasked with debt recovery and/or an inconsistent approach adopted due to a temporary lack of resource that has not ultimately been addressed.</p> <p>Once the Charter has been relaunched/promoted internally and a review of procedures have been undertaken, consideration should be given to providing training to all officers tasked with debt recovery responsibilities to consolidate knowledge and further embed processes.</p>	<p>Head of Customer Services will provide a report to SLT to ask managers to:</p> <ul style="list-style-type: none"> • encourage officers who have debt recovery responsibilities to complete the Fair Collection Charter training on Learning Hub; • identify any specific training needs within their team so that additional bespoke training can be provided. <p>The report will also seek to provide an overview of the Councils documented procedures for debt recovery to provide clarity in the areas highlighted in Action 1.</p>	<p>2023</p>
<p>3</p>	<p>Well established debt recovery processes are essential to ensure that income is sought and a consistent approach is maintained and our review identified that the finance system the appropriate parameters to ensure invoices are raised, timely reminders are issued and memos are sent to the relevant service areas to advise of unpaid sums. However, the following weaknesses/issues were identified outside of the automated processes:</p> <ul style="list-style-type: none"> • A reduced level of proactivity from service areas tasked with engaging with customers to seek unpaid sums. Testing identified examples where no evidence of recovery was available outside of the automated process; • Poor/inconsistent communication between the service area and the officers tasked with debtor administration resulting in a high number of cases not progressing to the next recovery stage. 	<p>As outlined in Paragraph 7 ongoing recruitment will provide additional resource to the Revenues Team after a period of induction and bespoke debtor training.</p> <p>Actions 1 & 2 will seek to address these findings to improve communication between the Revenues Team and service areas.</p> <p>The Revenues Manager will ensure that the Revenues Team liaise with Legal Services to obtain a status report of cases that have remained with Legal for a prolonged period of time and will seek to progress these cases with service areas or write off the debt as appropriate.</p>	<p>Revenues Manager/ Alison Wilding</p> <p>December 2023</p>

	<ul style="list-style-type: none"> Capacity issues within the Legal team leading to 48% of outstanding transactions on the SRBC May report stalling at this recovery stage awaiting a decision to pursue or write off. A reduced level of proactivity from the officers tasked with debtor administration due to a lack of capacity and holding additional responsibilities outside of the debtor role. <p>There is a high risk that the level of sundry debt owed to both Council's will continue to increase without sufficient dedicated debtor resource in place to facilitate a cohesive, consistent and proactive approach to debt recovery.</p>		
4	<p>The financial system is routinely used to track and monitor the stage of debt recovery a debtor has reached, and an audit trail of the automated processes was available for review. Outside of the automated process, notes and correspondence can be input into the system by the officers administering the debtors function and although testing identified that this function is utilised, accompanying information was not available for a proportion of the sample reviewed. This made it difficult to ascertain what course of action had been taken as a full audit trail of actions/outcomes was not available on the financial system for the majority of the 38 debtors sampled.</p> <p>Without a central log of debt recovery activity there is a risk that we are unable to ascertain whether all required recovery actions have been undertaken in good time to help ensure the successful recovery of unpaid sums due to the Council.</p>	<p>Actions 1 & 2 will seek to address these findings by providing clarity on the standard of record keeping required to ensure a full audit trail is maintained and retained.</p>	
5	<p>Aged Debtor reports are utilised at both Council's to provide details of all outstanding sundry debt owed. Individual service areas should be provided with a copy of this report regularly to allow them</p>	<p>The Financial Systems Manager will seek to identify the appropriate recipient officer/s within each service area to receive the regular Aged Debt reports.</p>	<p>Richard Birchall November 2023</p>

	<p>identify customers that have not paid so that proactive action can be taken and/or service provision suspended.</p> <p>Our review established that a significant proportion of the Aged Debtor reports (Chorley 26% and South Ribble 76%) are not being automatically issued/emailed as a recipient within the service area had not been assigned, mainly due to officers leaving the authority and a new recipient not being identified.</p> <p>If service areas are not provided with regular up to date information regarding the status of unpaid invoices there is the risk that the Council will continue to provide a service that the customer is unable to pay for, and allow large amounts of irrecoverable debt to accumulate.</p>	<p>A process will be developed to ensure that new recipients will be updated promptly to reflect any changes within teams i.e. starters/leavers.</p>	
6	<p>There are currently no reportable corporate performance indicators relating to the volume of debt and/or the number of debtors being administered within the Council's debt recovery process.</p> <p>Consideration should be given to identifying key performance indicators to monitor the Council's recovery efforts, maintain focus on the importance of securing Council income, and help identify factors/trends/weaknesses that impact on the rate of collection.</p>	<p>The Head of Customer Service will seek to provide a regular report of aged debts by directorate at SMT highlighting trends and potential areas for concern.</p>	<p>Head of Customer Services December 2023</p>
Chorley Only			
7	<p>The council reserves the right to continue with legal action against debtors who are unwilling to pay however our review identified that legal enforcement is not actively utilised at Chorley for the recovery of outstanding monies.</p> <p>Testing established that £2,187,331.80 (May 2023) is currently at the debt recovery stage 'Reviewed by exchequer' awaiting further</p>	<p>The Revenues Manager is currently overseeing a Revenues and Benefits alignment process and this stage of the aged debt recovery process will be reviewed to ensure continuity across both Councils. The Revenues Manager will ensure that the Revenues Team obtain a status report of cases that have remained at the stage 'Reviewed by exchequer' for a prolonged</p>	<p>Revenues Manager/ Alison Wilding December 2023</p>

In accordance with the Public Sector Internal Audit Standards, internal audit has been the subject of an independent external assessment, which concluded that the 'internal audit activity conforms to the Standards'

	input, action, or a decision to 'write-off' funds that are deemed irrecoverable.	period of time and will seek to progress these cases further or write off the debt as appropriate.	
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In accordance with the Public Sector Internal Audit Standards, internal audit has been the subject of an independent external assessment, which concluded that the 'internal audit activity conforms to the Standards'

Chorley Council

Final
Internal Audit Report

Review of Building Control 2023/24

Audit Assurance: Substantial
Auditor: Struan Jackson
Date Issued: 6th September 2023



WORKING TOGETHER

Reason for the Audit & Scope	
1	The Building Act 1984 and the Regulations 2010 places a legal duty on the Council to ensure building work carried out in the Borough meets the minimum standards and that buildings are accessible and provide a safe and healthy environment.
2	The review is included in the 2023/24 Annual Audit Plan approved by the Governance Committee on the 15th March 2023.
3	This review focused on the arrangements that are in place for administration of building control applications, collection of fees and site inspections. Enforcement action was not included within the scope of the review.

Audit Objectives	
4	The overall objective of the audit was to provide an opinion of the adequacy, application and reliability of the key internal controls put in place by management to ensure that the identified risks are being sufficiently managed.
5	The audit also assessed the effectiveness of the various other sources of assurances using the three lines of defence methodology.
6	The audit will focus on specific risks where the controls in place mitigate a gross red / amber risks to a residual green risk. In addition, all fraud risks and performance management data will be included within our work.

Audit Assurance	
7	Building Control was last reviewed in 2016/17 and was awarded a substantial rating.
8	The Head of Internal Audit is required to provide the Governance Committee with an annual audit opinion on the effectiveness of the overall control environment operating within the Council and to facilitate this each individual audit is awarded a controls assurance rating. This is based upon the work undertaken during the review and considers the reliance we can place on the other sources of assurance.
9	Appendix A shows the risks recorded on GRACE for Building Control and the assurance opinion awarded to each. Our evaluation of the reliance we can place on the three lines of defence is also shown.
10	<p>Our work identified that the Building Control Service adheres to the LABC Quality Management System ISO 9001:2015 that aims to deliver a consistent national service delivered at a local level, as such ISO audits are undertaken on a regular basis and the service currently hold certification confirming that their Quality Management System meets these requirements.</p> <p>The Council website provides comprehensive information and guidance to residents relating to building regulations and applicants have the choice of applying online via the Planning Portal or downloading an application form for email submission.</p> <p>Our review acknowledges that the service has struggled to maintain a full team complement of permanent building control officers over the last 12-18 months and has had to bring in temporary resource to ensure the correct level of knowledge and technical experience is maintained to deliver the service. Despite this, sample testing confirmed that records were maintained to a good standard, information to support decisions was readily available and that decisions were made within the stipulated period of time (or had received agreement from the applicant to exceed timescales). Plan check fees are routinely receipted, and application acknowledgement letters highlight any outstanding fees when</p>

In accordance with the Public Sector Internal Audit Standards, internal audit has been the subject of an independent external assessment, which concluded that the 'internal audit activity conforms to the Standards'

these have not been submitted along with the application and plans. Invoicing and income monitoring arrangements are evident for inspection fees.

The introduction of the Building Safety Act 2022 will bring additional requirements for the Council as a building control authority including the requirement to register with the new Building Safety Regulator in England by April 2024. An implementation action plan should be developed to ensure all required tasks and resources are clearly identified and any changes that need to be made recognised and timetabled to ensure compliance by the effective date.

For these reasons, a **Substantial** assurance rating has been awarded for this review. Improvements to be made to strengthen the current operational arrangements are detailed in the action plan at Appendix B.

Outside the scope of this review it is also noted that the Building Control Service has been referred to the Shared Services Joint Committee as a potential opportunity to help build resilience in an area that has proved very hard to recruit to. Initial proposals have been discussed at the Shared Services Joint Committee meeting on the 24 July and further discussions/work will be undertaken with staff to ascertain what a shared service could look like.

The LABC Implementation Audit undertaken by the service prior ISO accreditation identified a number of improvement recommendations relating to the service structure, team resource and competencies. The recommendations outlined in the Implementation Audit should remain a consideration throughout this process.

Control Rating Key

Full – the Authority can place complete reliance on the controls. No control weaknesses exist.

Substantial – the Authority can place sufficient reliance on the controls. Only minor control weaknesses exist.

Adequate – the Authority can place only partial reliance on the controls. Some control issues need to be resolved.

Limited – the Authority cannot place sufficient reliance on the controls. Substantive control weaknesses exist

Risk and Controls	Control Evaluation
Risk 1 – Policies and procedures are not in place, leading to a failure of compliance with the Building Control Act 1984 and the Building Regulations 2010	
*Procedures and guidance in compliance with the building regulations and legislation.	Working as intended
*Comprehensive guidance and application process on Council’s website.	Working as intended
Documented procedures are in place for service and are regularly reviewed.	Working as intended
Officers have access to and are familiar with the documented procedures.	Working as intended
* Procedures conforms to ISO 9001:2015 LABC Quality Management System.	Action 1
Risk 2 – Failure to consider changes to legislation and implement suitable controls	
The Customer Services Manager (Enforcement) is tasked with monitoring legislation and disseminating to the team.	Action 2
Building Control Officers are members of the LABC (Local Authority Building Control).	Working as intended
Risk 3 – Lack of effective income management and reconciliation processes	
*Standardised plan check fees and inspection charges.	Working as intended
*Acknowledgement letter issued.	Working as intended
*Surveyors calculate fees and record in Idox.	Working as intended
*Inspection invoices are issued promptly.	Working as intended
*Customer Services record receipt of income on each applicant account	Working as intended
*A record of payment is retained on the Financial System – Authority Web.	Working as intended
*Debtor reports are received and actioned.	Working as intended

In accordance with the Public Sector Internal Audit Standards, internal audit has been the subject of an independent external assessment, which concluded that the ‘internal audit activity conforms to the Standards’

Risk 4 – Applications are not administered promptly, decisions, notices and completion certificates are not issued within statutory time limits	
Application are processed in date order.	Working as intended
Applications input to Idox and unique identifier assigned.	Working as intended
*Acknowledgement letter issued.	Working as intended
Applications are validated on receipt of plan fee.	Working as intended
Applications/decisions determined by a suitably qualified officer.	Working as intended
The progress of applications monitored via Idox tasks	Working as intended
Approval made within 5 week limit/approval to extend received.	Working as intended
Team is adequately resourced.	Action 1 & 2
Risk 5 – Lack of effective monitoring to ensure that developers and builders are complying with the Building Act 1984 and the Building Regulations 2010	
Cross service working arrangements.	Working as intended
Direct customer access to Building Control officers.	Working as intended
Building inspections are scheduled, completed, and recorded.	Working as intended
Consultation with other agencies undertaken when required.	Working as intended
*Comprehensive guidance and application process on Council's website.	Working as intended
Referrals made to the Service are investigated.	Working as intended
Risk 6 – Failure to take appropriate action on the reporting of a dangerous building or structures	
*Comprehensive guidance and application process on Council's website.	Working as intended
Referrals made to the Service are investigated.	Working as intended
Arrangements in place to respond to emergency calls.	Working as intended
Risk 7 – Building control records are not accurately maintained, accessible and retained in compliance with data retention requirements	
Applications input to Idox and unique identifier assigned.	Working as intended
Supporting documentation/records retained.	Working as intended
*Decisions and building conditions are recorded on Idox.	Working as intended
*Site inspection outcomes recorded, and evidence retained.	Working as intended
*Restricted access to Building Control records.	Working as intended
Decisions subject to review by a suitable qualified officer.	Working as intended
Periodic data cleansing.	Action 3
Risk 8 – Unable to recruit appropriate levels of qualified and experienced staff	
Approval to recruit and appoint staff is received from the Chief Executive.	Working as intended
Recruitment undertaken when additional staff is required.	Working as intended
Hire agency/temporary staff to maintain adequate resource.	Working as intended
Re-assess team resource in line with changes to service/legislation.	Action 1 & 2
Risk 9 – Loss of business to external building control surveyors	
The market is regularly tested to establish how competitive the service is. Building control fees are regulated.	Working as intended

*Additional risks and controls identified by Internal Audit to be added to GRACE

AUDIT ASSURANCE

Three Lines of Defence

Audit Area	1st Line	2nd Line	3rd Line	Internal Audit opinion
Building Control	Building Control Services	LABC QM system ISO 9001:2015	Internal Audit	Our review confirmed that reliance can be placed on Management as the 1st Line of Defence. Ongoing compliance with LABC QM system ISO 9001:2015 provides assurance of consistency of process.

Risk and Control Evaluation

Risks Examined	Full	Substantial	Adequate	Limited
Risk 1 – Policies and procedures are not in place, leading to a failure of compliance with the Building Control Act 1984 and the Building Regulations 2010		✓		
Risk 2 – Failure to consider changes to legislation and implement suitable controls			✓	
Risk 3 – Lack of effective income management and reconciliation processes	✓			
Risk 4 – Applications are not administered promptly, decisions, notices and completion certificates are not issued within statutory time limits		✓		
Risk 5 – Lack of effective monitoring to ensure that developers and builders are complying with the Building Act 1984 and the Building Regulations 2010	✓			
Risk 6 – Failure to take appropriate action on the reporting of a dangerous building or structures	✓			
Risk 7 – Building control records are not accurately maintained, accessible and retained in compliance with data retention requirements		✓		
Risk 8 – Unable to recruit appropriate levels of qualified and experienced staff			✓	
Risk 9 – Loss of business to external building control surveyors	✓			
OVERALL AUDIT OPINION		✓		

In accordance with the Public Sector Internal Audit Standards, internal audit has been the subject of an independent external assessment, which concluded that the ‘internal audit activity conforms to the Standards’

In accordance with the Public Sector Internal Audit Standards, internal audit has been the subject of an independent external assessment, which concluded that the 'internal audit activity conforms to the Standards'

MANAGEMENT ACTION PLAN

NO.	FINDING	AGREED ACTION	OFFICER & DATE
1	<p>The LABC Implementation Audit provided a number of improvement recommendations for the service relating to the service structure, team resource and competencies. It is evident that the Customer Services Manager has endeavored to address these issues initially through the recruitment of permanent Building Control Officers however several rounds of recruitment have failed to appoint suitably qualified and experienced staff.</p> <p>The Building Control Service has been referred to the Shared Services Joint Committee as a potential opportunity to help build resilience in an area that has proved very hard to recruit to. Initial proposals have been discussed at the Shared Services Joint Committee meeting on the 24 July and further discussions/work will be undertaken with staff to ascertain what a shared service could look like. The recommendations outlined in the Implementation Audit should remain a consideration throughout this process.</p>	<p>A timetable for the transition of Chorley and South Ribble's Building Control teams to a shared service arrangement has been set and agreed. It is anticipated that the shared arrangements will commence with effect from 1 January 2024.</p> <p>The Customer Services Manager (Enforcement) will contribute throughout the consultation period to ensure that the proposed arrangements/structure continue to meet service objectives and address the improvement recommendations identified.</p>	<p>Tracy Brzozowski</p> <p>December 2023</p>
2	<p>The introduction of the Building Safety Act 2022 will bring additional requirements for the Council as a building control authority including the requirement to register with the new Building Safety Regulator in England.</p> <p>Our work established that the Customer Service Manager (Enforcement) has an awareness of the new act but does not hold building control qualifications.</p>	<p>Service structure and job descriptions will be evaluated throughout the shared service consultation period and consideration will be given to the requirements of the Building Safety Act 2022 that seeks to ensure that Building Control Officers are suitable qualified and possess the correct level of qualification for the inspections that the routinely undertake.</p>	<p>Adele Hayes</p> <p>April 2024</p>

	To help identify the tasks that are required and/or changes that need to be made within the timescales outlined, as well as identifying what resources may be needed, consideration should be given to developing an implementation action plan for the service.		
3	<p>A data cleansing exercise was undertaken during the period of Covid in 2020 and Section 32 Notices issued where building work had not commenced within a period of 3 years application for building control approval.</p> <p>A regular data cleansing exercise should be scheduled to ensure data held is up to date, error free and not retained for longer than stated.</p>	The Customer Service Manager (Enforcement) will ensure that a data cleansing exercise is undertaken prior to the formation of a shared service.	<p>Tracy Brzozowski</p> <p>December 2023</p>

Chorley Council

Final
Internal Audit Report

Review of Large Commissioning Services 2023/2024

Audit Assurance: Adequate
Auditor: Linsey Roberts
Date Issued: 13th September 2023



WORKING TOGETHER

Reason for the Audit & Scope	
1	<p>Chorley Council is committed to supporting its communities and to ensuring that the voluntary, community and faith sector (VCFS) are enabled to play their part in the community. In December 2013 it was agreed that a commissioning model approach for the use of core funding would be adopted from 2014 onwards. The current commissioned services model was approved in January 2023 and contracts were awarded in May 2023. The total annual budget as part of this commissioning is £161,000 for 2 years, covering the period 2023 to 2025.</p> <p>The review is included in the 2023/24 Annual Audit Plan approved by the Governance Committee on the 15th March 2023.</p>

Audit Objectives	
2	The overall objective of the audit was to provide an opinion of the adequacy, application and reliability of the key internal controls put in place by management to ensure that the identified risks are being sufficiently managed.
3	The audit also assessed the effectiveness of the various other sources of assurances using the three lines of defence methodology.
4	The audit will focus on specific risks where the controls in place mitigate a gross red / amber risks to a residual green risk. In addition, all fraud risks and performance management data will be included within our work.

Audit Assurance	
5	This is the first review of large commissioning services.
6	The Head of Internal Audit is required to provide the Governance Committee with an annual audit opinion on the effectiveness of the overall control environment operating within the Council and to facilitate this each individual audit is awarded a controls assurance rating. This is based upon the work undertaken during the review and considers the reliance we can place on the other sources of assurance.
7	Appendix A shows the risks recorded on GRACE for the large commissioning of services and the assurance opinion awarded to each. Our evaluation of the reliance we can place on the three lines of defence is also shown.
8	<p>Our work has established that support services have been identified through a needs analysis process to assist in the achievement of the Council’s corporate priority ‘healthy, safe, and engaged communities’. These services have been procured via an open tender/quote process utilising the local authority procurement portal, The Chest, thus ensuring that the opportunity to bid is clear, transparent and is compliant with Council’s Contract Procedure Rules (CPRs).</p> <p>There is a robust system in place to monitor the delivery of outcomes and outputs defined in the tender/quote service specifications via quarterly reporting and an ongoing close working relationship with partners. The efficiency of this system will be further enhanced by the implementation of a service monitoring spreadsheet to record progress and aid analysis of the quarterly results. Furthermore, a new additional performance indicator measuring the number of people benefiting from community services is currently being introduced providing a further evaluation of funding to ensure that meets its objectives for the residents of Chorley.</p> <p>Whilst the selected procurement route is compliant with CPRs, our work has identified that some procurement procedures have not been fully applied, including:</p> <ul style="list-style-type: none"> ● Failure to convene an evaluation panel to consider the advisory service contract;

In accordance with the Public Sector Internal Audit Standards, internal audit has been the subject of an independent external assessment, which concluded that the ‘internal audit activity conforms to the Standards’

- Due diligence supplier checks were not undertaken;
- Incomplete procurement stages in The Chest;
- Contract award notices have not been published on Contracts Finder;
- No approval evidence retained for accepting a quotation outside the standard process.

Whilst the procurement procedural issues identified are important and should be remedied as soon as possible, the risk impact identified is of a lesser nature due to the VCFS partners being known to the Council professionally and having a successful history of delivering services alongside the Council. The current working arrangements ensure that there is a robust monitoring processes in place to identify any issues with the viability of a partner.

Furthermore, ongoing resource gaps within the Procurement Team have contributed to some of the process issues identified with The Chest. Action is currently being taken to bring in additional experienced staff on a temporary basis until an agreed longer-term solution is identified.

For these reasons, an **Adequate** assurance rating has been awarded for this review.

Control Rating Key

Full – the Authority can place complete reliance on the controls. No control weaknesses exist.

Substantial - the Authority can place sufficient reliance on the controls. Only minor control weaknesses exist.

Adequate - the Authority can place only partial reliance on the controls. Some control issues need to be resolved.

Limited - the Authority cannot place sufficient reliance on the controls. Substantive control weaknesses exist

Risk and Controls	Control Evaluation
Risk 1 – *Commissioning model approach fails to identify key needs of residents.	
Commissioning review needs analysis	Action 5
Experience and knowledge of the Communities Team, including local intelligence to identify needs	Working as intended
*Monitoring participants satisfaction to ensure the services provided address their needs	Working as intended
Risk 2 – Inability to identify suitable provider for identified need.	
Experience and knowledge of Communities Team and local intelligence is used to identify local partners that can deliver the services required.	Working as intended
Procurement tendering process (via The Chest) to seek service providers.	Working as intended
Risk 3 – Commissioned services are not procured in line with the approved policy/governance arrangements	
Clearly assigned responsibility for procurement process	Action 7
Knowledge and applicable training for those involved in procurement process	Action 1
*Procurement policy, procedures and guidance is followed to ensure that commissioned services are procured appropriately	Actions 1, 2, 3, 4, 5
*Senior management oversight and support	Action 1
Risk 4 – Service user key needs are not addressed by the commissioned service providers. Poor monitoring arrangements in place	
Robust procurement / tendering process	Action 1, 2, 4
Responsibility to manage commissioned services adequately resourced and clearly assigned	Working as intended
*Contractually agreed SMART outcomes and agreed procedure should performance issues arise	Working as intended
*Service delivery tracking spreadsheet to ensure specification standards/requirements are met	Not tested – this control is not yet operating.
*Regular meetings and update reports with partner providers to monitor contract delivery	Action 6

In accordance with the Public Sector Internal Audit Standards, internal audit has been the subject of an independent external assessment, which concluded that the ‘internal audit activity conforms to the Standards’

*Performance measures and reporting process	Not tested – this control is not yet operating.
*Monitoring participants satisfaction to ensure the services provided address their needs	Working as intended
Risk 5 *Commissioned service expenditure exceeds available budget	
*Regular budget monitoring by budget holder	Working as intended
*Purchase order raised that matches contracted service value	Working as intended
*Invoices verified and authorised prior to payment	Working as intended
Risk 6 Failure to deliver commissioned services as agreed	
Robust procurement / tendering process	Action 1, 2, 4
*Regular meetings and update reports with partner providers to monitor contract delivery	Action 6
Risk 7 Service provider misstates performance information, deliberately or accidentally	
Robust procurement / tendering process	Working as intended
*Regular meetings and update reports with partner providers to monitor contract delivery	Action 6
*Spot checks carried out to verify that services have been delivered as per the specification	Working as intended
Risk 8 Wrongful/fraudulent use of funding provided	
Robust procurement / tendering process	Action 3
*Regular meetings and update reports with provider to monitor contract delivery	Action 6
Service agreement in place and staggered funding payments	Action 8
*Spot checks carried out to verify that services have been delivered as per the specification	Working as intended

*Additional risks and controls identified by Internal Audit to be added to GRACE

AUDIT ASSURANCE

Three Lines of Defence

Audit Area	1st Line	2nd Line	3rd Line	Internal Audit opinion
Large Commissioning Services	Management	Procurement Team	Internal Audit	Reliance can be placed on the first line of defence to monitor the delivery of contracts. Ongoing capacity issues of the Procurement Team mean that adequate oversight cannot be assured.

Risk and Control Evaluation

Risks Examined	Full	Substantial	Adequate	Limited
Risk 1 *Commissioning model approach fails to identify key needs of residents.		✓		
Risk 2 Inability to identify provider for identified need.	✓			
Risk 3 Commissioned services are not procured in line with the approved policy/governance arrangements				✓
Risk 4 Service user key needs are not addressed by the commissioned service providers. Poor monitoring arrangements in place			✓	
Risk 5 *Commissioned service expenditure exceeds available budget		✓		
Risk 6 Failure to deliver commissioned services as agreed.			✓	
Risk 7 Service provider misstates performance information, deliberately or accidentally.			✓	
Risk 8 Wrongful/fraudulent use of funding provided		✓		
OVERALL AUDIT OPINION			✓	

In accordance with the Public Sector Internal Audit Standards, internal audit has been the subject of an independent external assessment, which concluded that the 'internal audit activity conforms to the Standards'

MANAGEMENT ACTION PLAN

NO.	FINDING	AGREED ACTION	OFFICER & DATE
1	<p>The advisory services commissioned by the Council is a large value contract and to comply with Contract Procedure Rules an evaluation team is required to review tender bids. However, this tender evaluation was solely undertaken by the contract manager.</p> <p>Furthermore, there is an additional requirement to carry out a financial assessment of the successful bidder prior to contract award. This was not carried out.</p> <p>Testing acknowledged that only one tender was received, and the successful bidder has worked in partnership with the Council for several years. However, it is important to comply with the rules as this ensures/evidences sufficient probity and compliance with procurement legislation and case law, thus protecting the Council.</p> <p>The procuring officer should re-familiarise themselves with the Council's procurement policy/guidance and attend further training to ensure an adequate knowledge of the requirements the Council's CPR's.</p>	<p>The Community Grants and Funding Officer will re-familiarise themselves with the Council's procurement rules including CPR's, procurement guidance, view the procurement training slides on the Learning Hub and will attend further training (when the opportunity is available) to ensure an adequate knowledge of the requirements the Council's CPR's.</p> <p>Also, where future procurements require an evaluation team, the Community Grants and Funding Officer will ensure the participants re-familiarise themselves (read the guidance/view the procurement training on the Learning Hub).</p>	Bernie Heggarty December 2023
2	<p>The Invitation to Tender/Quote stipulates that the shortlisted contractor will be required to provide the following information to the Council's satisfaction prior to contract award:</p> <ul style="list-style-type: none"> • Insurance documentation; • Safeguarding policy; 	<p>The Community Grants and Funding Officer will obtain and review the required due diligence information for all the large commissioned services partners. Work is already in progress; most of the information has already been reviewed, including the large value procurement partners documentation. Partners will be required to provide copies of insurance documentation at renewal.</p>	Bernie Heggarty November 2023

In accordance with the Public Sector Internal Audit Standards, internal audit has been the subject of an independent external assessment, which concluded that the 'internal audit activity conforms to the Standards'

	<ul style="list-style-type: none"> Health and safety information including a suitable risk assessment which includes aspects of personal safety and managing challenging behaviour or vulnerable people. <p>This information was not requested and reviewed prior to contract award of the commissioned services as the procuring officer mistakenly believed that organisational due diligence checks are undertaken by the Procurement Team.</p> <p>Whilst the procurement procedural issues identified are important and should be remedied as soon as possible to ensure compliance with the procurement rules, and provide evidence that the contractors have satisfactory arrangements in place, the risk to the Council is considered to be low due to officer local knowledge and the long-standing partnership relationship with the organisations involved.</p>		
3	<p>The Council has a zero-tolerance approach to fraud and the Anti-Fraud and Corruption Strategy/Whistleblowing Policy requires all Members and employees of the Council to ensure the highest standards of stewardship of public funds and this extends to partners, and contractors of the Council. Our enquiries identified that the Council's policies have not been communicated to the partners.</p> <p>As a recipient of Council funds it is important that the procuring service ensures that its partners are aware of the Council's policies and approach to fraud and highlight their responsibilities contained within.</p>	The Community Grants and Funding Officer has recently provided a copy of the Anti-Fraud and Corruption Strategy/Whistleblowing Policy to the large commissioned service partners, highlighting their responsibilities.	Implemented by Bernie Heggarty September 2023
4	Testing identified that The Chest was utilised for the procurement for all commissioned services, however a review of the sampled	The Community Grants and Funding Officer will check the Chest to ensure that all procurement stages,	Bernie Heggarty October 2023 and

In accordance with the Public Sector Internal Audit Standards, internal audit has been the subject of an independent external assessment, which concluded that the 'internal audit activity conforms to the Standards'

	<p>tenders found that procurement stages were not fully completed within the Chest.</p> <p>Whilst it is the responsibility of the Procurement Team to complete all processes within the Chest (including award notices) it is important that the lead procuring officer ensures that all expected steps are completed and that the status shown in the Chest reflects the correct stage of procurement.</p> <p>Moreover, the Council is required to publish its contract data in the Council's Transparency Register and publish a contract award notice on Contracts Finder for all procurements above £25000. As a consequence of the identified procedural gaps contract details have not been uploaded to the Transparency Register and contract award notices have not been published for all the relevant commissioned services.</p>	<p>(including for instance contract award notifications) are fully completed, for the recent and future procurements.</p> <p>The Community Grants and Funding Officer will check that the Transparency Register is a complete record of <i>all</i> contracts awarded (above £5k) and notify the Procurement Team if any are missing/require to be updated as part of the quarterly publication process.</p>	Ongoing
5	<p>It is important that a complete audit trail is retained centrally to evidence the procurement process and ensure this is readily available. Our work found that the audit trail could be improved by retaining:</p> <ul style="list-style-type: none"> • the needs and prioritisation analysis input from Officers and Executive Member; • the initial assessment of the procurement risks to decide if a risk register is required; • Monitoring Officer decision to allow a quotation to be accepted after the closure date, outside the Chest. 	<p>The Community Grants and Funding Officer will maintain a central record of the procurement processes, including the retention of the following for future commissions:</p> <ul style="list-style-type: none"> • the needs and prioritisation analysis input from Officers and Executive Member; • the initial assessment of the procurement risks to decide if a risk register is required; • Monitoring Officer decision to allow a quotation to be accepted after the closure date, outside the Chest. 	Bernie Heggarty December 2023 and Ongoing
6	<p>The review found that generally sufficient arrangements are in place to monitor the commissioned contracts, however some improvements should be made, including the following:</p>	<p>The Community Grants and Funding Officer will:</p>	Bernie Heggarty October 2023 and ongoing

In accordance with the Public Sector Internal Audit Standards, internal audit has been the subject of an independent external assessment, which concluded that the 'internal audit activity conforms to the Standards'

	<ul style="list-style-type: none"> Progress report outcome and output guidance/definitions should be strengthened to ensure there is a clearer understanding about what information is required to be provided; Review meetings are informal and not recorded in writing, it is important that a written record of the meeting is prepared and shared with the partners to evidence the discussion/agreed outcomes and enable follow-up should it be required; Review meetings should be scheduled to ensure participants availability and they occur at the correct frequency. 	<ul style="list-style-type: none"> Prepare and share with partners a written record of the review meetings to evidence the discussion/agreed outcomes and enable follow-up should it be required (immediate implementation). Schedule review meetings to ensure participants availability and they occur at the correct frequency. Clarify the progress report, where necessary, to provide clearer understanding about what information is required to be provided. 	
7	Responsibility for the procurement process has been assigned and clearly documented in the responsible officer's job description, however this is currently in draft stage. An up to date job description is important as it ensures that the officer is clear about the expectations of them in undertaking the role, particularly in the event of a dispute.	A Community Service review is currently in progress. Revised job descriptions will be agreed and issued as part of the process to ensure that roles and responsibilities are clearly communicated.	Angela Barrago March 2024
8	An arrangement between the Council and the advisory service provider to reduce the contractual payment for premises rent is in place, however it is not evidenced in writing. This arrangement should be formally acknowledged in the agreed contract.	The Community Grants and Funding Officer will liaise with Legal Services/Financial Services to agree the best way to administer the current arrangement with the Advisory Services partner. For instance, acknowledge the arrangement in the contract (subsequent commissions) or have a separate agreement for the service provision and premises rent.	Bernie Heggarty December 2023

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South Ribble Council &
Chorley Council

Final
Internal Audit Report

Review of Data Quality

2023/2024

Audit Assurance: Adequate
Auditor: Linsey Roberts/David Holgate
Date Issued: 14th August 2023



Cert No: 20128
ISO 9001



WORKING TOGETHER

Reason for the Audit & Scope	
1	<p>The Council is committed to delivering high quality and value for money services for its residents. The achievement of this is measured and reported through its performance management framework. It is essential that reported performance information is accurately presented. Performance information is used to aid decision making and is published.</p> <p>A sample of indicators (corporate, key and local) from the most recent reporting cycle will be reviewed to ensure that accurate information relative to those indicators is compiled, recorded, retained and reported.</p> <p>The review is included in the 2023/24 Annual Audit Plan approved by the Governance Committee on the 7th March (SRBC) and 15th March (CBC) 2023.</p>

Audit Objectives	
2	The overall objective of the audit is to obtain assurance that the Corporate Performance Framework, incorporating a Data Quality Guide is applied by Directorates to deliver robust and accurate indicator outturn figures.
3	The audit also assessed the effectiveness of the various other sources of assurances using the three lines of defence methodology.

Audit Assurance										
4	<p>Whilst this is the first shared review of data quality, the previous assurance ratings for the individual councils are shown below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Year</th> <th style="text-align: left;">Chorley Council</th> <th style="text-align: left;">South Ribble Council</th> </tr> </thead> <tbody> <tr> <td>2021/22</td> <td>Adequate</td> <td>Adequate</td> </tr> <tr> <td>2019/20</td> <td>N/A</td> <td>Limited</td> </tr> </tbody> </table>	Year	Chorley Council	South Ribble Council	2021/22	Adequate	Adequate	2019/20	N/A	Limited
Year	Chorley Council	South Ribble Council								
2021/22	Adequate	Adequate								
2019/20	N/A	Limited								
5	The Head of Internal Audit is required to provide the Governance Committee with an annual audit opinion on the effectiveness of the overall control environment operating within the Council and to facilitate this each individual audit is awarded a controls assurance rating. This is based upon the work undertaken during the review and considers the reliance we can place on the other sources of assurance.									
6	Our evaluation of the reliance we can place on the three lines of defence is shown in Appendix A.									
7	<p>Directorates should ensure that robust data collection systems are in place to deliver reliable, timely and accurate data to decision makers.</p> <p>A significant amount of resource has been employed by the Policy and Performance Team to oversee, offer training/support to Directorates and further improvements have recently been introduced to further embed the Performance Management/Data Quality Framework, including:</p> <ul style="list-style-type: none"> • Development of service level dashboard and Performance and Policy Officer monthly meetings with heads of service; • Data quality training is now mandatory for all Collection/Responsible/Authorising Officers. <p>Disappointingly, despite the support provided and the ongoing quarterly data quality spot checking undertaken by the Performance & Policy Team, the review of Q4 (22/23) performance measures identified a significant number of issues. This can be seen in the table below and in the detailed tables in Appendix B and C.</p>									

In accordance with the Public Sector Internal Audit Standards, internal audit has been the subject of an independent external assessment, which concluded that the 'internal audit activity conforms to the Standards'

	Corporate Indicator		Key Organisational Indicator		Local Indicator	
	CBC	SRBC	CBC	SRBC	CBC	SRBC
Measures incorrectly reported, not calculated in accordance with procedures or error found	2	1	1	2	2	
Data Quality checks are not robust	2	2		2	2	
Definitions/procedures need to be strengthened	3	2	1	4	3	

8 Given the issues identified, set out in appendix B & C, it is for these reasons an overall **adequate** assurance rating has been awarded for this review.

Control Rating Key
Full – the Authority can place complete reliance on the controls. No control weaknesses exist.
Substantial - the Authority can place sufficient reliance on the controls. Only minor control weaknesses exist.
Adequate - the Authority can place only partial reliance on the controls. Some control issues need to be resolved.
Limited - the Authority cannot place sufficient reliance on the controls. Substantive control weaknesses exist

In accordance with the Public Sector Internal Audit Standards, internal audit has been the subject of an independent external assessment, which concluded that the ‘internal audit activity conforms to the Standards’

AUDIT ASSURANCE**Three Lines of Defence**

Audit Area	1st Line	2nd Line	3rd Line	Internal Audit opinion
Data Quality	Directorate Responsible Officers & Authorising Officers	Perf. & Policy Team	Internal Audit	<p>Our sample testing identified that data collection is operating effectively within some service areas however this first line of defence cannot consistently be relied upon council wide.</p> <p>The second line of defence is identifying issues and is operating as intended.</p>

In accordance with the Public Sector Internal Audit Standards, internal audit has been the subject of an independent external assessment, which concluded that the 'internal audit activity conforms to the Standards'

MANAGEMENT ACTION PLAN

NO.	FINDING	AGREED ACTION	OFFICER & DATE
1.	<p>Directorates should ensure that robust data collection systems are in place to deliver reliable, timely and accurate data to decision makers.</p> <p>Whilst it is evident that Policy and Partnership Team have continued to provide training and ongoing support to directorates key issues were still found in the written procedures and calculations that need to be addressed. The issues found demonstrated that there is a need for greater oversight of the data collection system by the responsible officers, in conjunction with the authorising officers.</p> <p>Appendix B and C above outline the specific Directorate level issues arising from this review. Internal Audit will provide details of these key areas (separate from this report) to each responsible officer to ensure that they have knowledge of the specific control weaknesses identified and can undertake remedial action.</p>	<p>The Policy and Partnership Team will liaise with the teams identified to ensure that the specific concerns highlighted have been addressed prior to the quarter 2 reporting deadline.</p> <p>Additionally, the performance team going forward will be undertaking more regular health checks in accordance with their risk assessment.</p> <p>The focus will be on corporate priority indicators which have been given an adequate/limited assurance rating.</p> <p>The report findings will be taken to the next SLT .</p>	<p>Michael Johnson and Polly Patel October 2023</p>

In accordance with the Public Sector Internal Audit Standards, internal audit has been the subject of an independent external assessment, which concluded that the 'internal audit activity conforms to the Standards'

INTERNAL AUDIT PERFORMANCE INDICATORS AS AT 30th JUNE 2023 (Quarter one)

	Indicator	Audit Plan	Target 2023/24	Quarter One Target	Actual to Date	Comments
1	% of planned time used	CBC	90%	50%	60%	Above target
2	% audit plan completed	CBC	90%	22%	20%	On Target
3	% satisfaction rating (assignment level)	CBC	90%	90%	94%	Above Target
4	% of agreed actions implemented by management	CBC	90%	90%	65%	See body of the report
		SS	90%	90%	74%	

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**SOUTH RIBBLE BOROUGH COUNCIL AND CHORLEY
BOROUGH COUNCIL AUDIT AND RISK SERVICE**

**PEER REVIEW OF INTERNAL AUDIT AGAINST THE UK
PUBLIC SECTOR INTERNAL AUDIT STANDARDS**

JUNE/JULY 2023

September 2023

Review Team

Colin Ferguson, Head of Audit & Assurance Blackburn with Darwen Borough Council

Dawn Allen, Audit, Risk and Performance Lead, Wyre Council

Ian Evenett, Internal Audit Manager, Burnley Borough Council

1 Introduction

- 1.1 All principal local authorities and other relevant bodies subject to the Accounts and Audit (England) Regulations 2015 (amended), the Accounts and Audit (Wales) regulations 2005, section 95 of the Local Government (Scotland) Act 1973 and the Amendment to the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 must make provision for internal audit in accordance with the Public Sector Internal Audit Standards (PSIAS) as well as the (CIPFA) Local Government Application Note.
- 1.2 A professional, independent and objective internal audit service is one of the key elements of good governance in local government.
- 1.3 The PSIAS require that an external assessment of an organisation's internal audit function is carried out once every five years by a qualified, independent assessor or assessment team from outside of the organisation. External assessments can be in the form of a full external assessment, or a self-assessment with independent external validation.
- 1.4 The Lancashire Districts Chief Auditor Group (LDCAG) has established a 'peer-review' process that is managed and operated by the constituent authorities. This process addresses the requirement of external assessment by 'self-assessment with independent external validation' and this report presents the summary findings of the review carried out on behalf of Chorley and South Ribble Borough Councils.
- 1.5 "An independent assessor or assessment team means not having either a real or an apparent conflict of interest and not being a part of, or under the control of, the organisation to which the internal audit activity belongs." This review has been carried out by the Heads of Internal Audit at Burnley and Blackburn with Darwen Borough Councils and the Audit, Risk and Performance Lead at Wyre Borough Council. Their 'pen pictures', outlining background experience and qualifications, are included at Appendix A.

2 Approach/Methodology

- 2.1 The LDCAG has agreed a detailed Memorandum of Understanding (MoU) that outlines the broad methodology for the conduct of this review. A copy of the MoU is available upon request. However, in summary, the key elements of the process are:
 - The peer review is undertaken in three stages: pre-review; on-site review; post-review and covers audit activity during the period covered in the latest Head of Internal Audit Annual Report and Opinion. For example, reviews commencing after 1 July 2020 will cover the audit year 1 April 2019 to 31 March 2020.
 - Each authority is required to complete and share its self-evaluation of the Internal Audit service together with any relevant supporting evidence/documentation in advance of on-site review commencement. The LDCAG has agreed that the self-assessment will use the **CIPFA Local Government Application Note (LGAN)** questionnaire. Typically,

supporting evidence will include the Internal Audit Plan & Charter, The Head of Internal Audit Annual Report and Opinion, Quality Assurance and Improvement Programme and examples of final audit reports.

- To support the remote or on-site review, a customer survey form will be issued to key personnel within the authority being reviewed.
- The review itself comprises a combination of ‘desktop’ and ‘actual on-site’ or remote review.
- The review cannot reasonably consider all elements of the LGAN self-assessment and the review team must use the ‘desktop’ period to determine strengths, weaknesses and subsequent key lines of enquiry in order that the review itself is risk-based, timely and adds real value. Each authority will be assessed against the four broad themes of: Purpose and Positioning; Structure and Resources; Audit Execution; and Impact.
- Upon conclusion, the Review team offers a ‘true and fair’ judgement and it is proposed that each Authority will be appraised as **Conforms**, **Partially Conforms** or **Does Not Conform** against each thematic area of the LGAN, from which an aggregation of the four themed scores gives an overall Authority score.

3 Summary Findings

3.1 Following a detailed examination process, the review team has concluded the following judgements:

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

Assessment against the individual elements of each area of focus is included in the table at Appendix B

3.2 Positive Observations (i.e. good practice, innovation)

3.2.1 Internal Audit is seen as a professional and well-respected service with capable officers that have the full support of management and members.

3.2.2 The internal audit service is a shared service which reports to two separate Governance Committees (Audit Committees). The team operate a six month audit plan for each council which means that there are four audit plans to manage, this is done effectively by the team.

3.3 Significant Observations (i.e. leading to a 'does not conform' judgement)

3.3.1 No significant observations of non-conformance were identified.

3.4 Minor Observations (i.e. areas for improvement/development, minor elements of non-conformance, gaps in 'good practice' statement).

3.4.1 There is a regular sign up of staff to evidence the compliance with conflict of interest requirements but this could be widened to include ethics and standards covered by the PSIAS. (4.1 and 1120).

3.4.2 There was evidence of review of working papers and reports for engagements, however this was in the form of emails. This could be incorporated into the Audit Engagement – Quality Control Checklist (1310) and formally recorded.

3.4.3 Some of the documentation provided (specifically the Charters) need to be updated to match the latest Job titles. (1000).

3.4.4 The Council's own internal review had identified that they had not assessed how they compare themselves against CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption (2120). This has therefore been included in the 2022/3 Annual Governance Statement.

3.4.5 The Annual Opinion Report does not include any specific reference to any scope or resource limitations placed on the service during the year or any other issues that the CAE judges is relevant to the preparation of the governance statement. (2450).

3.5 PSIAS Action Table (Details any suggested actions to improve the service, its status or impact and quality of the service provided) Appendix C.

Appendix A**Review Team****Colin Ferguson**

Colin is a fully qualified member of the Association of Chartered Certified Accountant with 31 years' experience of internal audit in the local government sector. He is currently Head of Audit & Assurance for Blackburn with Darwen Borough Council. Colin started his finance career working in external audit in the private sector with KPMG. Prior to joining Blackburn Colin worked in internal audit with Lancashire County Council. Colin manages the preparation and delivery of the Blackburn annual audit plan across a wide range of Council services and schools. His responsibilities also include insurance and risk management.

Dawn Allen

Dawn is the Audit, Risk and Performance Lead at Wyre Borough Council and has over 20 years of audit experience. She is a fully qualified member of the Association of Accounting Technicians, has completed her IIA Certificate in Internal Audit and Business Risk and is currently gathering her evidence base to become a fully qualified Chartered Internal Auditor through the Institute of Internal Auditors experience route.

Ian Evenett

Ian is the Internal Audit Manager at Burnley Borough Council. His internal audit experience spans over 30 years. He is a part qualified member of CIPFA and has specialisms in computer and contract audit areas. His experience includes London Authorities and District Councils.

Appendix B

Detailed Assessment

PSIAS Ref		Conforms	Partially conforms	Does not conform	Comments
Purpose & positioning					
1000	• Remit	X			See 3.4.3
1000	• Reporting lines	X			
1110	• Independence	X			See 3.4.1
2010	• Risk based plan	X			
2050	• Other assurance providers	X			
Structure & resources					
1200	• Competencies	X			
1210	• Technical training & development	X			
1220	• Resourcing	X			
1230	• Performance management	X			
1230	• Knowledge management	X			
Audit execution					
1300	• Quality Assurance & Improvement Programme	X			See 3.4.2
2000	• Management of the IA function	X			See 3.4.4
2200	• Engagement planning	X			
2300	• Engagement delivery	X			
2400	• Reporting	X			
2450	• Overall opinion	X			See 3.4.5

Conforms	X	Partially Conforms		Does Not Conform	
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South Ribble Borough Council and Chorley Borough Council Shared Assurance Service – PSIAS Action Table

The following points for consideration to develop the Audit Function arise from the review undertaken:

PSIAS Ref (Appendix 2)	Report ref	Point For Consideration	Responsible	Action
1120	3.4.1	There is a regular sign up of staff to the compliance with conflict-of-interest requirements but this could be widened to include ethics and standards covered by the PSIAS	Head of Audit and Risk	Conflict of interest will be strengthened to include ethics and standards.
1310	3.4.2	There was evidence of review of working papers for engagements, however this was in the form of emails. This could be incorporated formally recorded into the Audit Engagement – Quality Control Checklist		<p>Whilst this action is acknowledged, it is not accepted. The beginning of each year has a standing item on the IA team meeting agenda regarding IA procedures and this is used to identify ways to work more efficiently and streamline our operations.</p> <p>As we are only a small team providing a comprehensive audit service to 2 separate authorities and 2 wholly owned companies, we have tried to actively reduce any surplus documentation that does not add any additional value / evidence.</p>

PSIAS Ref (Appendix 2)	Report ref	Point For Consideration	Responsible	Action
1000	3.4.3	Some of the documentation provided (specifically the charters) need to be updated to match the Job titles.	Head of Audit and Risk	All I A documentation will be reviewed to ensure all job titles are updated.
2120	3.4.4	The Council's own internal review had identified that they had not assessed how they compare themselves against CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption (2120). This has therefore been included in the 2022/3 Annual Governance Statement.	Head of Audit and Risk	As per AGS action plan
2450	3.4.5	The Internal Audit Annual Opinion Report should include commentary on any impairments or restrictions in scope or resources placed on it during the year and any other issues that the CAE judges are relevant to the preparation of the governance statement. Where no issues are noted, consider including a statement to this effect.	Head of Audit and Risk	Additional wording to be added to the annual report.

CONFIDENTIAL



Report of	Meeting	Date
Head of Audit and Risk	Governance Committee	Wednesday, 27 September 2023

Governance Committee Effectiveness Review 2023

Is this report confidential?	No
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Is this decision key?	No
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Purpose of the Report

- To evaluate the Council’s compliance with the Chartered Institute of Public Finance & Accountancy (CIPFA) guidance, “Audit Committees – Practical Guidance for Local Authorities and Police 2022” and to present details of the review of the self-assessment of good practice contained within the guidance.

Recommendations

- That the Committee notes the report and considers and comments on the self-assessment of good practice and the subsequent actions;
- The Committee consider the appointment of independent members.

Reasons for recommendations

- The Governance Committee is a key component of governance. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk, and control arrangements.

Other options considered and rejected

- Not applicable.

Corporate priorities

- The report relates to the following corporate priorities:

Housing where residents can live well	A green and sustainable borough
An enterprising economy with vibrant local centres in urban and rural areas	Healthy, safe and engaged communities

Background to the report

7. The purpose of the Governance Committee is to provide those charged with governance, independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.
8. As presented at the meeting in August, CIPFA have issued "Audit Committees – Practical Guidance for Local Authorities and Police 2022". This sets out the functions, operations, roles, and responsibilities of audit / governance committees in local authorities and represents best practice.
9. A key aspect of the guidance is evaluating and developing the Committee's effectiveness. The guidance states that "the committee's effectiveness should be judged by the contribution it makes to and the beneficial impact it has on the authority's business. Evidence of effectiveness will usually be characterised as influence, persuasion, and support. A good standard of performance against recommended practice, together with a knowledgeable and experienced membership are essential requirements for delivering effectiveness."

Self-Assessment of Good Practice

10. The guidance incorporates a Self-Assessment of good practice which has been completed and details of the assessment are included at **Appendix A**.
11. The self-assessment contains the following areas for improvement:

TERMS OF REFERENCE

12. The CIPFA guidance incorporates a model terms of reference. An initial comparison with the current ToR was undertaken and has identified that there are some amendments required, however it should be noted that that the Governance Committee is already operating in line with the model terms of reference. This work will be undertaken, and a revised Terms of Reference will be brought back to the Committee at a later date.

SKILLS & KNOWLEDGE

13. CIPFA'S guidance acknowledges that there is a range of knowledge and experience that Members can bring to the Committee to enable it to perform effectively. It emphasises that there are core areas of knowledge that are beneficial for all Committee Members to have.
14. Contained within the guidance, is a Knowledge and Skills self-assessment. The purpose of this is to ensure that members are fully equipped to meet the requirements of the best practice guidance and terms of reference of the Committee. Members have recently completed, and the shared results are shown at **Appendix B**. These results will be analysed alongside Democratic Services and a training plan developed to address any identified training needs.

INDEPENDENT PERSON

15. CIPFA recommend the use of two independent members with the objective being to increase the knowledge and experience base of the committee, and therefore reinforcing its independence.
16. The reasons for CIPFA's recommendation are:
 - To supplement the knowledge and experience of elected representatives in specific areas, such as audit or financial reporting;
 - To provide continuity outside of the political cycle;
 - To help achieve a non-political focus on governance, risk, and control matters;
 - Having two independent members rather than one will allow recruitment of members with different but complementary knowledge and experience, increase the resilience and continuity of the committee;
 - Having two independent members shows a commitment to supporting and investing in the committee.
17. Whilst the guidance is clear that the appointment of independent persons is not a requirement, the Committee should consider the appointment of an independent person to support its work.

ANNUAL REPORT

18. It has been agreed with the Chair of the Governance Committee that a report will be published on an annual basis and considered by the Committee before being presented at full council at the meetings in May. This report will incorporate the review of effectiveness of the Committee and also obtain feedback from those interacting or place reliance on the work of the Committee.

CIPFA Training

19. A mandatory training day has been arranged for all members of the Governance Committee on the 30th October 2023. This will be shared with Chorley Council Governance Committee members and an example programme is attached at **Appendix C**.

Climate change and air quality

20. The work noted in this report does not impact on the Councils Carbon emissions and the wider Climate Emergency and sustainability targets of the Council.

Equality and diversity

21. The material presented and discussed in this report has not direct implications on equality and diversity.

Risk

22. Risks are outlined in the body of the report.

Comments of the Statutory Finance Officer

23. Not applicable.

Comments of the Monitoring Officer

24. Not applicable.

Background documents

Audit Committees: Practical guidance for local authorities and police.

Appendices

- Appendix A – Self Assessment of Good Practice
- Appendix B - Shared Skill and Knowledge responses
- Appendix C - CIPFA training programme.

Report Author:	Email:	Telephone:	Date:
Dawn Highton (Head of Audit and Risk)	dawn.highton@chorley.gov.uk	01772 625625	15.9.23

Self-assessment of good practice 2023

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and this publication. Where an audit committee has a high degree of performance against the good practice principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

Good practice questions	Yes	Partly	No	Comments	Further Actions
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Audit committee purpose and governance					
1. Does the authority have a dedicated audit committee that is not combined with other functions (e.g. standards, ethics, scrutiny)?			✓	The Governance Committee undertakes the role of Audit Committee and also undertakes the role of Standards Committee.	
2. Does the audit committee report directly to full council? (applicable to local government only)	✓			The Governance Committee reports to Full Council. A general report of each Governance meeting held is submitted for consideration.	
3. Has the committee maintained its advisory role by not taking on any decision-making powers?		✓		The committee reviews, considers and monitors the Council's Governance, Risk and Control environment and does not have any decision-making powers. The committee also has responsibility for Member Standards and receives, hears and makes decisions on standards complaints following investigation.	
4. Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?		✓		The Terms of Reference needs updating.	Terms of Reference to be reviewed and updated to incorporate the revised CIPFA 2022 Position Statement and guidance.
5. Do all those charged with governance and in leadership roles	✓			All members of the committee receive training following their appointment to the Committee on their roles.	

Self-assessment of good practice 2023

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Good practice questions	Yes	Partly	No	Comments	Further Actions
have a good understanding of the role and purpose of the committee?				New managers receive introduction to Audit and Risk Training from the Head of Service – Audit & Risk to ensure awareness and understanding.	
6. Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?	✓			The Governance Committee can refer concerns to Full Council should there be a need to escalate issues.	
7. Does the governing body hold the audit committee to account for its performance at least annually ?			✓	A review of the effectiveness of the Governance Committee was last undertaken in November 2021.	Standard of performance against recommended practice will be reviewed annually and presented to the Committee at the November meetings.
8. Does the committee publish an annual report in accordance with the 2022 guidance, including: <ul style="list-style-type: none"> compliance with the CIPFA Position Statement 2022 			✓	A general report of each Governance meeting held is submitted for consideration to Full Council. No evidence of an annual report being produced.	Annual report to be published and presented to Full Council at the meetings in May
<ul style="list-style-type: none"> results of the annual evaluation, development work undertaken and planned improvements 			✓	As above	
<ul style="list-style-type: none"> how it has fulfilled its terms of reference and the key issues escalated in the year? 			✓	As above	
Functions of the committee					
9. Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?					Terms of Reference to be reviewed and updated to incorporate the revised CIPFA

Self-assessment of good practice 2023

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Good practice questions	Yes	Partly	No	Comments	Further Actions
<ul style="list-style-type: none"> Governance arrangements 		✓		See Regulatory Framework 3,5,and 6	2022 Position Statement and guidance.
<ul style="list-style-type: none"> Risk management arrangements 		✓		See Regulatory Framework 3	
<ul style="list-style-type: none"> Internal control arrangements, including: <ul style="list-style-type: none"> financial management value for money ethics and standards counter fraud and corruption 		✓		Section Audit Activity 4 Section Regulatory Framework 4 - counter fraud and corruption Section Regulatory Framework 1 & 7 – standards	
<ul style="list-style-type: none"> Annual governance statement 			✓	No specific reference is made to the AGS.	
<ul style="list-style-type: none"> Financial reporting 		✓		Section Regulatory Framework 7	
<ul style="list-style-type: none"> Assurance framework 		✓		Section Audit Activity 1	
<ul style="list-style-type: none"> Internal audit 		✓		Section Audit Activity 1-4	
<ul style="list-style-type: none"> External audit 		✓		Section Audit Activity 5-9	
10. Over the last year, has adequate consideration been given to all core areas?	✓			Adequate consideration has been given to the AGs and Governance, Internal Audit, External Audit, Risk Management and Financial Reporting.	
11. Over the last year, has the committee only considered agenda items that align with its core functions	✓			Over the last year the Governance Committee has considered the following wider functions: <ul style="list-style-type: none"> Treasury Management – Annual report and monitoring 	

Self-assessment of good practice 2023

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Good practice questions	Yes	Partly	No	Comments	Further Actions
or selected wider functions, as set out in the 2022 guidance?				<ul style="list-style-type: none"> Scrutiny of Financial Affairs - Draft Core Financial Statements Supporting Corporate Improvements – Review of Effectiveness of Internal Audit & Annual Governance Statement Action Plan 	
12. Has the committee met privately with the external auditors and head of internal audit in the last year?	✓			The committee has not collectively met privately with the external auditors and head of internal audit in the last year however, this would occur should a particular situation arise.	
Membership and Support					
13. Has the committee been established in accordance with the 2022 guidance as follows?	✓			No members of the Governance Committee are members of the Executive Cabinet.	
<ul style="list-style-type: none"> Separation from executive 					
<ul style="list-style-type: none"> A size that is not unwieldy and avoids use of substitutes 	✓			Governance Committee comprises of 8 members. Committee also has reserve members.	

Self-assessment of good practice 2023

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and this publication. Where an audit committee has a high degree of performance against the good practice principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

Good practice questions	Yes	Partly	No	Comments	Further Actions
<ul style="list-style-type: none"> Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation 			✓	The Governance Committee has 2 co-opted independent members for Standards issues only.	Committee to consider the Inclusion of independent members
14. Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?	✓			Assessment of member skills and knowledge was undertaken in 2023. Member Development Programme – Governance Committee Training May 2023.	
15. Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?		✓		Assessment of member skills and knowledge was undertaken in 2023.	Skills and knowledge responses to be analysed and training plan developed to address identified needs.
16. Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?	✓			Training has been provided to Governance Committee members by the Head of Internal Audit and Monitoring Officer during 2022/23 covering all core areas. Further training is to be provided on the role of the Audit / Governance Committee is to be held on the 30 th October 2023.	
17. Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?		✓		Recent training provided, as above. Assessment of member skills and knowledge was undertaken in 2023.	Skills and knowledge responses to be analysed and training plan developed to address identified needs.

Self-assessment of good practice 2023

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and this publication. Where an audit committee has a high degree of performance against the good practice principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

Good practice questions	Yes	Partly	No	Comments	Further Actions
18. Is adequate secretariat and administrative support provided to the committee?	✓			All meetings are attended by a member of the Democratic Services who support the Committee with their secretariat and administrative needs. All agendas and minutes of the meetings are published on the Council's website.	
19. Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	✓			External Audit, Chief Financial Officer, Head of Audit and Monitoring Officer attend the majority of meetings. Senior Management attend to provide further information as required.	
Effectiveness of the committee					
20. Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?			✓	No formal feedback has been sought by the Committee.	General feedback will be sought as part of a wider committee self-assessment. Results to be reported in the Annual report
21. Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?	✓			During 2022/23 the Committee operated with an experienced Chair and meetings were well conducted.	

Self-assessment of good practice 2023

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and this publication. Where an audit committee has a high degree of performance against the good practice principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

Good practice questions	Yes	Partly	No	Comments	Further Actions
				New Chair in place with effect from May 2023.	
				Training and support will be provided in response to outcomes of the skills and knowledge questionnaire.	
22. Are meetings effective with a good level of discussion and engagement from all the members?	✓			Good engagement levels from members. Evidenced in meeting minutes.	
23. Has the committee maintained a non-political approach to discussions throughout?	✓			Good engagement levels from members. Non-political approach evidenced in meeting minutes.	
24. Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	✓			Review summaries and information on outstanding audit actions are provided to Committee on a regular basis. Senior officers have attended the meetings to present reports on subject matters appropriate for the committee or to provide background and updates on areas identified as requiring improvement.	
25. Does the committee make recommendations for the improvement of governance, risk and control arrangements?	✓			Good levels of discussion evidenced in the committee meeting minutes and via recordings of meeting available publicly on YouTube in relation to governance, risk and control.	

Self-assessment of good practice 2023

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and this publication. Where an audit committee has a high degree of performance against the good practice principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

Good practice questions	Yes	Partly	No	Comments	Further Actions
26. Do audit committee recommendations have traction with those in leadership roles?	✓			As above	
27. Has the committee evaluated whether and how it is adding value to the organisation?			✓	This will be assessed as the feedback is obtained and the annual report developed.	Refer to actions above.
28. Does the committee have an action plan to improve any areas of weakness?		✓		See further actions	The results of this self assessment and the skills and knowledge questionnaire by all Committee members will further inform an updated action plan.
29. Has this assessment been undertaken collaboratively with the audit committee members?		✓		See further actions	

Chorley and South Ribble Council Governance Committee Knowledge and Skills Framework 2023

Question	1 = hardly ever/ poor	2 = occasionally/ inadequate	3 = most of the time/ satisfactory	4 = all of the time/ good	N/A = not applicable	Total number of responses
<p>1. Organisational knowledge</p> <p>An overview of the governance structures of the authority and decision-making process.</p> <p>Knowledge of the organisational objectives and major functions of the authority.</p>	1	3	5	2	0	11
<p>2. Governance Committee role and functions</p> <p>An understanding of the committee's role and place within the governance structures. Familiarity with the committee's terms of reference and accountability arrangements.</p> <p>Knowledge of the purpose and role of the Governance Committee.</p>	0	2	6	3	0	11
<p>3. Governance</p> <p>Knowledge of the seven principles as outlined in the Delivering Good Governance in Local Government Framework (CIPFA/Solace 2016). and the requirements of the Annual Governance Statement (AGS).</p> <p>Knowledge of the local code of governance.</p>	1	3	5	2	0	11
<p>4. Internal Audit</p> <p>Members are aware of the key principles of the Public Sector Internal Audit Standards and the Local Government Application Note.</p> <p>Members have knowledge of the arrangements for the delivery of the internal audit service in the authority and the charter. Knowledge of how the role of the head of internal audit is fulfilled. Details of the most recent external assessment and level of conformance with the standards. Internal Audit's strategy, plan and most recent annual opinion.</p>	2	0	8	1	0	11

<p>5. Financial management and accounting</p> <p>Members have an awareness of the financial statements that a local authority must produce and the principles it must follow to produce them. Members have an understanding of good financial management practice as set out in CIPFA Financial Management Code and the level of compliance with it. Knowledge of how the organisation meets the requirements of the role of the Chief Financial Officer, as required by the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.</p>	1	4	4	2	0	11
<p>6. External Audit</p> <p>Members have knowledge of the role and functions of the external auditor and who currently undertakes this role. Members have knowledge of the key reports and assurances that external audit will provide. Familiarity with the auditor's most recent plan and opinion reports.</p> <p>Members know about the arrangements for the appointment of auditors and quality monitoring undertaken.</p>	1	2	5	3	0	11
<p>7. Risk management</p> <p>Members have an understanding of the principles of risk management, including how it supports good governance and decision making. Members have knowledge of the risk management policy and strategy of the organisation. Members have an understanding of risk governance arrangements, including the role of members and the Governance Committee. Knowledge of the current risk maturity of the organisation and any key areas of improvement.</p>	1	1	7	2	0	11
<p>8. Counter-fraud</p> <p>Members have an understanding of the main areas of fraud and corruption risk the organisation is exposed to. Members have knowledge of the principles of good fraud risk management practice in accordance with the Code of Practice on Managing the Risk of Fraud</p>	1	3	7	0	0	11

and Corruption (CIPFA 2014) and knowledge of the organisation's arrangements for tackling fraud.						
9. Values of good governance Members have knowledge of the Seven Principles of Public Life. Knowledge of the authority's key arrangements to uphold ethical standards for both members and staff and knowledge of the whistleblowing arrangements in the authority.	0	3	6	2	0	11
10. Treasury Management Members are aware of the assessment tool for reviewing the arrangements "Effective Scrutiny of Treasury Management" The key areas of knowledge are: <ul style="list-style-type: none"> regulatory requirements; treasury risks; the organisation's treasury management strategy; the organisation's policies and procedures in relation to treasury management.	5	2	4	0	0	11
11. Strategic thinking & understanding of materiality Members are able to focus on material issues and the overall position rather than being side tracked by detail.	0	5	5	0	0	10
12. Questioning and Constructive Challenge Members are able to frame questions that draw relevant facts and explanations. Members are challenging performance and seeking explanations while avoiding hostility and grandstanding	0	2	6	2	0	10
13. Focus on improvement Members ensure there is a clear plan of action and allocation of responsibility.	0	4	5	1	0	10
14. Ability to balance practicality against theory	0	2	7	0	0	9

Members are able to understand the practical implications of recommendations to understand how they might work in practice.						
15. Clear Communications skills and focus on the needs of users Members support the use of plain English in communications, avoiding jargon and acronyms etc.	0	0	7	3	0	10
16. Objectivity Members evaluate information on the basis of evidence presented and avoiding bias or subjectivity.	0	2	7	1	0	10

CIPFA Better Governance Forum

Introduction to the Knowledge and Skills of the Audit Committee

In house delivery – venue provided by client

Date

Purpose

This course is intended for audit committee members and officers who work closely with the committee. It covers key areas of responsibility and brief committee members on current guidance. It will help you to make a more effective contribution to your audit committee and support your committee to improve its overall impact.

During the webinar we will encourage discussion, questions and sharing of experiences with audit committees. Delegates are welcome to contact the organiser in advance to highlight specific areas.

Learning Outcomes

By the end of this course you will:

- Understand the wider roles and responsibilities of the audit committee and the importance of gaining assurance
- Know how current developments will impact on the work of your committee and shape its agenda.
- Be better placed to work with your internal auditors, including understanding the requirements of the Public Sector Internal Audit Standards
- Appreciate how the audit committee should work with others to improve the management of its organisation's risk
- Have improved the practical skills required of committee members
- Have developed an appreciation of where an audit committee can add value and how to demonstrate its effectiveness.

Who Will Benefit

This course is designed for audit committee members in the public sector, both elected and independents. Officers who support audit committees will find this course a useful opportunity to gain an unfettered view of what members really expect of them.

Programme

09:45 – 10:00

Refreshments

10:00 – 10:10

Introductions and welcome

10:10 – 10:40

Thinking about assurance and the role of the committee

- The scope of audit committee terms of reference
 - Key areas of responsibility
 - The importance of assurance
-

10:40 – 11:30

CIPFA Position Statement on Audit Committees 2022

CIPFA has updated its Position Statement outlining the key requirements of an audit committee in local government. This session will highlight the main changes and where audit committee members need to focus.

11:30 – 11:45

Break

11:45 – 12:40

Internal audit and the audit committee

- An overview of the professional standards for internal audit (the *Public Sector Internal Audit Standards*), with a particular focus on the role of the audit committee
 - Developing effective working relations with the head of internal audit
 - Getting the best out of internal audit
-

12:40 – 13.40

Lunch

13:40 – 14:20

Risk management and the audit committee

- The audit committee's role in risk management
 - Strengths and weaknesses in an organisation's approach to risk management – what the audit committee should look for
 - Supporting better management of risk and understanding the organisation's risk appetite. How the audit committee can help
-

14:20 – 14:30

Break

14:30 – 15:00

Planning assurance

- Different sources and types of assurance
- How to assess the value of assurance
- Assurance planning, including the three lines model

15:00 – 15:45

Developing your skills and improving effectiveness

- This session will consider any problems that can disrupt the effective working of an audit committee, highlighted either during the webinar or in advance, and give practical hints and tips to address them.
- The factors that contribute to the effectiveness of the committee and the importance of regular review and evaluation, including some tools to do this

15:45 – 16:00

Summary and discussions

16:00

Close

The facilitator for the event will be tbc



CIPFA Sustainability Policy

CIPFA is delivering all of our training courses, workshops and seminars in accordance with our sustainability strategy. We do not provide hardcopy course materials to delegates and these are now distributed by email in advance of the event. We are striving to reduce our carbon footprint in every way that we can, and we hope that we can count on your support.

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Governance Committee Work Programme 2023/24

24 May 2023

Report	Officer
Review of the Effectiveness of Internal Audit	Dawn Highton
Audit and Risk Annual Report and Opinion 2022-2023	
External Audit Progress Report	Grant Thornton
External Audit Plan 2022-23	Grant Thornton
Management Response to External Audit Planning Enquiries – 2022-23	Louise Mattinson
Charities and Trust Funds – 2022-23	Louise Mattinson
Draft Annual Governance Statement	Chris Moister

2 August 2023

Report	Officer
External Audit Progress Report	Grant Thornton
Treasury Management Outturn 2022-23 and Qtr1 Treasury Monitoring Report 2023-24	Louise Mattinson
CIPFA Audit Committees - Practical Guidance for Local Authorities and Police	Dawn Highton
Chair of Governance Committee Response to External Audit Planning Enquiries	Dawn Highton
Strategic Risk Register	Victoria Willett

27 September 2023

Report	Officer
External Audit Progress Report	Grant Thornton
Internal Audit Plan Oct 23 – March 24	Dawn Highton
Audit and Risk Interim Report	Dawn Highton
Governance Committee Effectiveness Review 2023	Dawn Highton

29 November 2023

Report	Officer
External Audit Progress Report	Grant Thornton
Statement of Accounts 2022-23	Louise Mattinson
Treasury Management Mid-Year Review 2023-24	Louise Mattinson



17 January 2024

Report	Officer
Audit and Risk Interim Report	Dawn Highton
External Audit Progress Report	Grant Thornton
AGS Update	Chris Moister

13 March 2024

Report	Officer
Internal Audit Plan April 24 – Sept 24	Dawn Highton
External Audit Progress Report	Grant Thornton