

Summary of Internal Audit Work 2021/22

Appendix B

Internal Audit Plan 21/22	Assurance Rating	Commentary
Annual Governance Statement	Not applicable	<p>The review comprised of detailed testing and analysis of the Local Code of Corporate Governance and Service Assurance Statements completed by Directors.</p> <p>Common themes of improvements are included within the Annual Governance Statement Action Plan 2022</p>
Anti-Fraud & Corruption	Not applicable	<p>A full review of the Council's probity policies was undertaken and approved by the Governance Committee. All policies are available to officers on Connect and the Council website.</p> <p>Throughout the year, fraud alerts received from various sources are circulated so that officers / the public are made aware of new threats and risks.</p> <p>Fraud and Corruption mandatory training module has been developed and is available on the Learning Hub.</p>
National Fraud Initiative	Not applicable	<p>Over the course of the past year the annual Council Tax Single Person Discount exercise data was submitted to the NFI. The Council has used the services offered by the NFI to undertake pre-payment checks to reduce the risk of grant payments being made either in error or fraudulent claims. In addition investigations arising from the biennial NFI has led to the recovery of overpaid Housing Benefit of £1397.50 and additional Council Tax of £440.</p>
COVID Support Work	Not applicable	<p>A considerable amount of work has been undertaken in support of the various grants paid over the past 12 months.</p> <p>Newly introduced processes were considered by Internal Audit prior to implementation to provide assurance that they are robust, meet Government requirements and measures are in place to ensure fraudulent activity is minimised for grant payments.</p> <p>Internal Audit participated in the BEIS post payment assurance verification process; providing the required evidence to support the payments made are compliant with the grant eligibility criteria.</p>
Council Tax	Adequate	<p>Processes in place for the collection of Council Tax are well established however, mainly due to the impact of the pandemic some key controls have not been operational or require strengthening relating to supervisor checks, review of discounts and administrator access to the dedicated Council Tax system.</p>
Business Rates	Adequate	<p>Processes in place for the collection of NNDR are well established however, mainly due to the impact of the pandemic, some key controls have not been operational or require strengthening relating to supervisory checks and review of discounts.</p>

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Sundry Debtors	Substantial	This was a risk-based review and only minor improvements are required to strengthen the current arrangements in place.
Customer Services Transformation Project	Not applicable	Following the implementation of a Shared Service within Revenues and Benefits, Internal Audit play an active role in the project team reviewing and aligning processes to ensure they are both robust and resilient.
ICT - Audit Needs Assessment	Not applicable	To establish a framework of assurance within ICT, a comprehensive audit needs assessment was undertaken which involved gaining a full understanding of the both current status of ICT and future proposals. This will be used to ensure reviews undertaken in 2022/23 are risk based, meaningful and targeted at high risk areas.
Section 106 agreements	Substantial	This was a risk-based review and only minor improvements are required to strengthen the current arrangements in place.
Commercial and Assets	Not applicable	<p>This review was a follow up of the gap analysis carried out in 2019. The original gap analysis identified significant weaknesses in the system of control which put at risk the achievement of the system objectives. In total 23 management actions were agreed at the time.</p> <p>This review has identified that 18 of the actions have been implemented in full. The remaining actions, whilst in progress, are dependent upon improvements to the dedicated ICT system.</p>
Market Walk	Substantial	This was a risk-based review and only minor improvements are required to strengthen the current arrangements in place.
Primrose Gardens	Limited	<p>It was established that in the two years that Primrose Gardens has been open to residents the Asset Manager has put in place effective policies and procedures to direct the day to day operation of the site. A suite of policies has been developed and officers actively support, and proactively enforce these, to help ensure the safety and well-being of residents, fellow staff members, visitors and service providers.</p> <p>However, despite the above, issues were identified that have the potential to expose the Council to financial and/or reputational damage, and in a position where it would struggle to demonstrate it has effectively planned for an emergency incident on site.</p> <p>A range of management actions were agreed and a significant number of these have now been implemented in full. The remaining actions are in progress and are due to be finalised imminently.</p>
Leisure Centres	Not	The review has been completed and report presented to the Board of Directors of Chorley Leisure Limited.

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Disabled Facilities Grants	Adequate	<p>Overall, the management of the application process was of a good standard that enabled applications to be processed on time whilst working remotely. Testing was undertaken on a sample of applications processed throughout periods of Covid 19 lockdown and identified that due to a change in working practices driven by the pandemic, modifications have been made to established controls to accommodate working from home arrangements.</p> <p>Established controls have now been reinstated, however due to the control changes in place during the period of review an Adequate assurance rating was awarded for this review.</p>
Performance Management / Data quality	Adequate	<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. This review considered the progress made since the development of the Performance Management Framework and verification of the reported figures for Q3 20/21 and Q1 21/22.</p> <p>Several issues identified demonstrate that there is a need for greater oversight of the data collection system by the responsible officers, in conjunction with the authorising officers.</p>
Recruitment and Selection / Human Resources Transformation Project	Not applicable	<p>Due to the HR transformation project which encompassed a new payroll system and a suite of joint HR policies, it was agreed that it would be more beneficial for Internal Audit to play an active role in the project team to assist with the smooth transition to the new provider.</p>
Payroll – Overtime and Expenses	Adequate	<p>This audit was a planned audit review undertaken in accordance with the agreed 2021-22 Internal Audit Plan, however since the plan was agreed the Council has been working towards implementing a new payroll system and a suite of joint HR policies across both Councils that will change processes for claiming overtime and expenses going forward. This review was undertaken to ascertain the level of compliance with the current policies and arrangements to ensure that any findings can be addressed and encompassed within the new processes taking effect from April 2022 and allow targeted training to be delivered.</p> <p>Our review confirmed that there are established arrangements in place at each Council to claim, authorise and reimburse expense and overtime payments and that these arrangements are generally followed. Recommendations were agreed to improve arrangements in relation to the retention of documentation and guidance.</p>

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GDPR – Data Sharing Agreements	Limited	<p>This review highlighted that the ROPA has not been routinely updated in line with changes in structure and responsibilities across the organization and there was no evidence of an established process in place for regular routine monitoring and update of the ROPA.</p> <p>A number of actions have been agreed to strengthen the current arrangements.</p>
Risk Management	Adequate	<p>The review established that overall procedures are in place to record and monitor risks. Whilst some work has been undertaken to help embed these procedures there is still work to be done to ensure that the recording and evaluation of all risks have been fully completed on the dedicated risk management system GRACE.</p>
Compliance with contract procedure rules	Substantial	<p>From the work undertaken we were able to establish that there was a high level of compliance with the Councils CPRs and evidence was available to support that the essential processes within the procurement cycle had been followed.</p>
Budget Monitoring and reporting	Substantial	<p>Our work has established that the budget monitoring process has significantly improved over the past 12 months, with monthly budget monitoring reports issued. The style and content of the report is now consistent across the two authorities and the use of narrative helps to draw out any significant issues.</p> <p>There are no formal departmental procedures documented for finance staff to follow meaning there is a risk to the council that errors may occur and guidance notes or training for budget holders has not been carried out.</p>
Bank reconciliation	Not applicable	<p>Whilst this was included as a separate review, bank reconciliations were included Income Collection and Treasury Management.</p>
Creditors	Substantial	<p>Our work has confirmed that since our last review, a significant amount of work has been undertaken to improve the control environment since the 2019/20 review. Controls in place for Creditors are generally well established and operating as intended, and a number of processes have been strengthened.</p> <p>There are only a couple of areas which could be further strengthened, and actions have been agreed in relation to these.</p>
Treasury Management	Substantial	<p>The Treasury Management Service fulfils an important role in the overall financial management of the Council's</p>

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		<p>affairs. It deals with 'the management of the authority's investments and cashflows, its banking, money market and capital market transactions; the control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks' (CIPFA).</p> <p>Our work confirmed that the controls in place for Treasury Management are well established and generally operating as intended with only a few minor improvements required to strengthen operational procedures</p>
Income collection	Adequate	<p>Our work established that the Council has sufficient arrangements in place for the collection, receipting and banking of Council income via the cash office and via other channels such as payments received via the website, post office and telephone, however some weaknesses were identified in other areas including:</p> <ul style="list-style-type: none"> • The lack of an overarching banking and cash handling policy; • Improvements to the income reconciliation process (in relation to income directly from Chorley Leisure Ltd); • Establishing controls to restrict access to the dedicated cash receipting system and • Strengthening the supervisory / management checks.