

Report of	Meeting	Date
Head of Shared Assurance Services	Governance Committee	12 th September 2013

INTERNAL AUDIT INTERIM REPORT AS AT 26TH JULY 2013

PURPOSE OF REPORT

1. To advise members of the work undertaken in respect of the Internal Audit Plans for Chorley Council and Shared Financial Services for the period April 2013 to July 2013 and to comment on the outcomes;
2. To give an appraisal of the Internal Audit Service's performance to date;
3. To inform members of any general developments involving or impacting upon the work or performance of the Internal Audit Service.

RECOMMENDATION(S)

4. That the report be noted.

EXECUTIVE SUMMARY OF REPORT

5. The report demonstrates that at this stage the Audit Plans are on target to be achieved and the majority of the performance indicators have either been achieved or exceeded.

Confidential report Please bold as appropriate	Yes	No
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CORPORATE PRIORITIES

6. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all.		A strong local economy	
Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and the local area	X

BACKGROUND

7. This is the first progress report for 2013/14 and covers the period between 1st April 2013 and 26th July 2013.

INTERNAL AUDIT PLANS

8. **Appendix 1** provides a “snapshot” of the overall progress made in relation to the 2013/14 Internal Audit Plans, indicating which audits have been completed and their control rating, those that are in progress and those that have yet to start. Appendix 1 also shows the time planned and actually spent on individual audits.
9. The Internal Audit Plans are on target to be achieved. The reviews completed to date have been given either substantial or adequate assurance ratings with the exception of one. The Review of Mobile Phones received a limited assurance rating, however Members should note that the issues highlighted in the report are not considered to be of a significant risk to the Council and in addition expenditure incurred in this area is relatively minor.
10. The table below provides a summary of the audit work completed during the period, together with any control issues identified.

Audit Area	Control Rating	Comments
Annual Governance Statement	Not applicable	Proactive input was provided in collating information to inform the Annual Governance Statement.
Review of Markets	Substantial	No key control issues
Facilities and Building Management	Adequate	<p>The aims of the audit were to review and evaluate the operational arrangements of the Civic Attendants team including all aspects of Civic Buildings security, health & safety arrangements including fire safety, cleaning and general maintenance.</p> <p>A number of management actions were agreed to strengthen the controls in all of the above areas.</p>
Review of Mobile Phones	Limited	<p>A number of control weaknesses were identified in the administration and management of mobile phones. Management actions were agreed relating to:</p> <ul style="list-style-type: none"> • Mobile phone policy; • Improving the allocation criteria; • Review of management information including usage.
Review of CCTV (interim report)	Not applicable at this stage.	<p>Due to the incomplete nature of the existing usage and performance information relating to how the use of CCTV has a tangible and demonstrable impact on crime and disorder in the borough, we were unable to finalise the review at this moment in time and have therefore issued an interim report covering the work completed up to the end of July 2013.</p> <p>This includes a recommendation to capture more robust performance information and a final report will be issued at a later date when this is made available for analysis.</p>

INTERNAL AUDIT PERFORMANCE

11. **Appendix 2** provides information on Internal Audit performance as at 26th July 2013. We are pleased to report that the majority of indicators have either been achieved or exceeded.

GENERAL DEVELOPMENTS

Staffing

12. A member of the Audit Team was successful in the recent Institute of Internal Auditor examinations.

External Contract – St Catherine’s Hospice

13. We recently met with the Director of Finance & Technical Services and agreed the reviews and timescales for this year’s work.

IMPLICATIONS OF REPORT

14. The matters raised in the report are cross cutting and impact upon individual services and the Council as a whole.

GARRY BARCLAY
HEAD OF SHARED ASSURANCE SERVICES

Background papers include the 2013/14 Internal Audit Plans for Chorley Council and Shared Financial Services.

Report Authors	Ext	Date	Doc ID
Garry Barclay Dawn Highton	01772 625272 01257 515468	August 2013	Audit Interim report

APPENDIX 1

INTERNAL AUDIT PLANS 2013/14

AUDIT AREA	PLAN (Days)	ACT (Days)	BAL (Days)	CONTROL RATING	COMMENTS
SHARED FINANCIAL SERVICES					
Main Accounting System	15	0	15		To commence Q4
Creditors	15	0	15		To commence Q4
Payroll	20	0	20		To commence Q4
Treasury Management	15	0	15		To commence Q4
Cash & Bank / Cheque Control	20	0	20		To commence Q3
Post Audit Reviews	10	5	5		On-going
Contingency	20	0	20		No requests received
Residual Work from 2012/13	20	19.7	0.3		Complete
TOTAL	135	24.7	110.3		
CHORLEY					
CORPORATE AREAS					
Annual Governance Statement	15	11.8	3.2	N/A	Complete
Anti-Fraud & Corruption	15	4.3	10.7	N/A	On-going
National Fraud Initiative (NFI)	20	9.7	10.3	N/A	On-going
System Interrogations	10	0.4	9.6		To commence Q3
Financial Regulations	5	0	5		To commence Q4
PARTNERSHIPS, HOUSING & PLANNING					
Cotswold House	15	0	15		To commence Q4
CIL (with PCC & SRBC)	10	0.1	9.9	N/A	On-going
Markets	10	11.3	-1.3	Substantial	Complete
TRANSFORMATION					
Performance Management	5	0	5		To commence Q4
Facilities & Building Management	15	13.5	1.5	Adequate	Complete
Mobile Phones	15	15.4	-0.4	Limited	Complete
Information Management	15	0	15		To commence Q3
Asset Management	15	4.3	10.7		In progress
New Payroll System	15	0	15		To commence Q3
Revenues & Benefits					
Council Tax Discounts	15	3.3	11.7		In progress
Council Tax					To commence Q3
Non Domestic Rates					To commence Q3
Housing & Council Tax Benefits	30	0	30		To commence Q3
Debtors					To commence Q3
PEOPLE & PLACES					
Fuel Management	10	0	10		To commence Q3
Neighbourhood Officers	10	7.9	2.1		In progress
CCTV	15	17.9	-2.9		Interim Report issued
GENERAL AREAS					
Irregularities (Contingency)	20	7.1	12.9	N/A	On-going
Post Audit Reviews	10	5.3	4.7	N/A	On-going
Residual Work from 2012/13	15	11.3	3.7	N/A	Complete
Unplanned Reviews (Contingency)	20	3.5	16.5	N/A	On-going
Governance Committee	20	7.3	12.7	N/A	On-going
TOTAL	345	134.4	210.6		

KEY TO CONTROL RATINGS

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.

The above control ratings relate only to the point in time when the final audit report was issued. They represent a historic rather than a current judgement as managers are charged with implementing corrective action plans to address the control issues raised. This is in turn supported by a programme of follow-up reviews by the Internal Audit Service.

INTERNAL AUDIT PERFORMANCE INDICATORS AS AT 26th JULY 2013

	Indicator	Audit Plan	Target 2013/14	Target to Date	Actual to Date	Comments
1	% of planned time used	SS	90%	17%	18%	Target exceeded
		CBC	90%	30%	39%	Target exceeded
2	% audit plan completed	SS	100%	0%	0%	Not applicable
		CBC	100%	33%	33%	Target achieved
3	% management actions agreed	SS	98%	0%	0%	Not applicable
		CBC	98%	98%	100%	Target exceeded
4	% overall customer satisfaction rating (assignment level)	SS	90%	0%	0%	Not applicable
		CBC	90%	90%	91%	Target exceeded

SS = Shared Services

CBC = Chorley