

Report of	Meeting	Date
Head of Shared Assurance Services	Governance Committee	16 th January 2014

INTERNAL AUDIT INTERIM REPORT AS AT 29TH NOVEMBER 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 August 2013 to November 2013 and to comment on the outcomes;
2. To give an appraisal of the Internal Audit Service's performance to date;

RECOMMENDATION(S)

3. That the report be noted.

EXECUTIVE SUMMARY OF REPORT

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

Confidential report Please bold as appropriate	Yes	No

CORPORATE PRIORITIES

5. 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

6. This is the second progress report for 2013/14 and covers the period between 1st August 2013 and 29th November 2013.

INTERNAL AUDIT PLANS

7. **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. The Internal Audit Plans are on target to be achieved. Members should note that although a number of the reports have been given an adequate assurance rating, the agreed management actions relate to improving controls rather than a failure of core controls.
8. The table below provides a summary of the audit work completed since the last meeting together with any control issues identified.

Audit Area	Control Rating	Comments
System Interrogations	Not applicable	<p>IDEA software was utilised to identify unusual activity within the Creditors Payments System, for example payment runs completed outside the normal processing periods.</p> <p>All payment runs were included in the tested data for the period October 2012 to October 2013 and incorporated Creditors, Benefits, Council Tax and NNDR refunds.</p> <p>No unusual activity was identified.</p>
Asset Management	Adequate	<p>The audit focused primarily on the core maintenance service.</p> <p>The review provides the Head of Governance with recommendations to take the service forward both during the transitional period and beyond. These included strengthening and updating the Planned Maintenance Programme and the Improvement Management Programme, improving communication / reporting to enable more effective monitoring of works and budgets.</p>
Council Tax Discounts	Adequate	<p>This review focused on the application of Council Tax Discounts. It was agreed to raise awareness of the consequences of making a fraudulent claim and also of the Council’s pro-active exercises in order to prevent and detect fraud. Consideration will also be given to establishing a cost effective method of reviewing single person discounts.</p>

Audit Area	Control Rating	Comments
Neighbourhood Officers	Adequate	<p>The purpose of this audit was to ascertain whether the operational and management arrangements for Neighbourhood Officers are effective.</p> <p>Management actions were agreed to strengthen procedural guidance notes for IDOX Enterprise, introduce additional management checks and review the arrangements for producing performance management information.</p>
Cash and Bank	Substantial	<p>The aims of the review were to determine that the banking service was being delivered as stated in the new contract and to ensure that the banking arrangements are working as intended.</p> <p>There were no key control issues identified.</p>

9. All of the reviews completed since the last meeting have been given either substantial or adequate assurance ratings.

INTERNAL AUDIT PERFORMANCE

10. **Appendix 2** provides information on Internal Audit performance as at 29th November 2013. We are pleased to report that all the indicators have either been achieved or exceeded.

IMPLICATIONS OF REPORT

11. 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	December 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	4.6	15.4		In progress
Treasury Management	15	0	15		To commence Q4
Cash & Bank / Cheque Control	20	20.8	-0.8	Substantial	Completed
Post Audit Reviews	10	2	8		On-going
Contingency	20	0.3	19.7		No requests received
Residual Work from 2012/13	20	19.7	0.3		Complete
TOTAL	135	47.4	87.6		
CHORLEY					
CORPORATE AREAS					
Annual Governance Statement	15	12.2	2.8	N/A	Complete
Anti-Fraud & Corruption	15	7.1	7.9	N/A	On-going
National Fraud Initiative (NFI)	20	17.5	2.5	N/A	On-going
System Interrogations	10	4.5	5.5	N/A	On-going
Financial Regulations	5	0	5		To commence Q4
PARTNERSHIPS, HOUSING & PLANNING					
Cotswold House	15	0	15		To commence Q4
CIL (with PCC & SRBC)	10	2.2	7.8	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	13.8	1.2	Adequate	Complete
Mobile Phones	15	18.4	-3.4	Limited	Complete
Information Management	15	0	15	N/A	Deferred to 14/15
Asset Management	15	15.7	-0.7	Adequate	Complete
New Payroll System	15	0	15	N/A	Deferred to 14/15
Revenues & Benefits					
Council Tax Discounts	15	16.4	-1.4	Adequate	Complete
Council Tax					In progress
Non Domestic Rates					In progress
Housing & Council Tax Benefits	30	1.3	28.7		In progress
Debtors					In progress
PEOPLE & PLACES					
Fuel Management	10	0	10		To commence Q4
Neighbourhood Officers	10	11.6	-1.6	Adequate	Complete
Review of 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	8.5	1.5	N/A	On-going
Residual Work from 2012/13	15	11.3	3.7	N/A	Complete
Unplanned Reviews (Contingency)	20	10.9		N/A	On-going
CCTV Outcome report		9.4	-0.3		In progress
Governance Committee	20	9.9	10.1	N/A	On-going
TOTAL	345	207	138		

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 29th NOVEMBER 2013

	Indicator	Audit Plan	Target 2013/14	Target to Date	Actual to Date	Comments
1	% of planned time used	SS	90%	33%	35%	Target exceeded
		CBC	90%	60%	60%	Target achieved
2	% audit plan completed	SS	100%	25%	25%	Target achieved
		CBC	100%	60%	60%	Target achieved
3	% management actions agreed	SS	98%	98%	100%	Target exceeded
		CBC	98%	98%	100%	Target exceeded
4	% overall customer satisfaction rating (assignment level)	SS	90%	0%	0%	Not applicable
		CBC	90%	90%	95%	Target exceeded

SS = Shared Services

CBC = Chorley