

Report of	Meeting	Date
Head of Shared Assurance Services	Governance Committee	10 <sup>th</sup> September 2014

## INTERNAL AUDIT INTERIM REPORT AS AT 1<sup>ST</sup> AUGUST 2014

### 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 2014 to July 2014 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

### 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	<b>X</b>

### BACKGROUND

7. This is the first progress report for 2014/15 and covers the period between 1<sup>st</sup> April 2014 and 1<sup>st</sup> August 2014.

## INTERNAL AUDIT PLANS

8. **Appendix 1** provides a “snapshot” of the overall progress made in relation to the 2014/15 Internal Audit Plans, indicating which audits have been completed and their assurance 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 table below highlights the main pieces of work undertaken during the period together with any control issues identified, where applicable;

Audit Area	Assurance Rating	Comments
<b>Chorley Council</b>		
Annual Governance Statement	Not applicable	Proactive input was provided in collating information to inform the Annual Governance Statement.
National Fraud Initiative (NFI)	Not applicable	Preparations are now in progress for the NFI submission in October 2014. Fair Processing Notices have been checked for compliance against the Audit Commission’s requirements and data is currently being checked to the nationally agreed specifications.
Health and Safety	<b>Amber (6)</b>	No control issues were identified. The Council’s arrangements were found to be robust.
Data Protection	<b>Amber (5)</b>	A range of management actions were agreed in relation to raising awareness of Data Protection responsibilities through refresher training and use of the Loop and the introduction and use of a Data Sharing Protocol.
Contingency	Not applicable	Investigation in support of the Council’s Disciplinary Policy
<b>Shared Financial Services</b>		
Residual Work from 2013/14	Not applicable	Completion of 2013/14 reviews of key financial systems
Contingency	Not applicable	Investigation in support of the Council’s Disciplinary Policy

<p><b>Limited</b> - the Authority cannot place sufficient reliance on the controls. Substantive control weaknesses exist. <b>Adequate</b> - the Authority can place only partial reliance on the controls. Some control issues need to be resolved. <b>Substantial</b> - the Authority can place sufficient reliance on the controls. Only minor control weaknesses exist</p>	<b>Control Rating</b>	<b>Limited</b>	4	7	9
		<b>Adequate</b>	2	5	8
		<b>Substantial</b>	1	3	6
			<b>Minor</b>	<b>Major</b>	<b>Critical</b>
<b>Risk Rating</b>					
<p><b>Minor, Major or Critical</b> reflects the relative risk of each system and the impact on the Council in financial and/or reputational terms if it was to fail. The risk rating for each audit has been agreed following a detailed risk assessment by Internal Audit and approval by Senior Management.</p>					

## **INTERNAL AUDIT PERFORMANCE**

10. **Appendix 2** provides information on Internal Audit performance as at 1<sup>st</sup> August 2014. We are pleased to report that the majority of indicators have either been achieved or exceeded.

## **GENERAL DEVELOPMENTS**

11. A member of the Audit Team was successful in her recent examinations. This was her final exam and now means that all members of the team are professionally qualified and have achieved the Institute of Internal Auditors Diploma.

## **IMPLICATIONS OF REPORT**

12. 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 2014/15 Internal Audit Plans for Chorley Council and Shared Financial Services.

<b>Report Authors</b>	<b>Ext</b>	<b>Date</b>	<b>Doc ID</b>
Garry Barclay Dawn Highton	01772 625272 01257 515468	August 2014	Audit Interim report

## INTERNAL AUDIT PLANS 2014/15

AUDIT AREA	RISK RATING	PLAN (Days)	ACT (Days)	BAL (Days)	ASSURANCE RATING	COMMENTS
<b>SHARED FINANCIAL SERVICES</b>						
Main Accounting System	CRITICAL	95	1.5	93.5		To commence Q4
Creditors	CRITICAL					To commence Q4
Payroll	CRITICAL					To commence Q4
Treasury Management	CRITICAL					To commence Q4
Cash & Bank / Cheque Control	CRITICAL					To commence Q4
Post Audit Reviews	N/A	10	1.3	8.7	N/A	On-going
Contingency	N/A	20	13	7	N/A	On-going
Residual Work from 2013/14	N/A	20	25.2	-5.2	N/A	Complete
<b>TOTAL</b>		<b>145</b>	<b>41</b>	<b>104</b>		
<b>CHORLEY</b>						
<b>CORPORATE AREAS</b>						
Annual Governance Statement	N/A	20	13.9	6.1	N/A	Complete
Anti-Fraud & Corruption	N/A	15	2.1	12.9	N/A	On-going
National Fraud Initiative (NFI)	N/A	30	6.5	23.5	N/A	On-going
System Interrogations	N/A	10	2.5	7.5	N/A	On-going
<b>CHIEF EXECUTIVE</b>						
<b>Economic Development</b>						
Town Centre Grants	MAJOR	15	2.2	12.8		In progress
<b>Policy and Communications</b>						
Performance Management	CRITICAL	10	0.6	9.4		To commence Q3
<b>Governance</b>						
Elections	CRITICAL	10	1	9		To commence Q3
<b>Human Resources</b>						
Health and Safety	CRITICAL	10	9	1	AMBER (6)	Complete
<b>Finance</b>						
New Payroll system	N/A	10	0	10	N/A	On-going
<b>CUSTOMER AND ADVICE SERVICES</b>						
<b>ICT</b>						
Outsource of network	CRITICAL	15	0	15		To commence Q4
Data Protection	MAJOR	15	13.1	1.9	AMBER (5)	Complete
<b>Revenues and Benefits</b>						
Transactional Services	CRITICAL	20	6.2	13.8	N/A	On-going
Council Tax	CRITICAL	30	0.3	29.7		To commence Q3
Non Domestic Rates	CRITICAL					To commence Q3
Housing Benefits	CRITICAL					To commence Q3
Debtors	CRITICAL					To commence Q3
<b>PUBLIC PROTECTION, STREETSCENE AND COMMUNITY</b>						
<b>Planning</b>						
Planning Income	MAJOR	5	0	5		To commence Q2
Community Infrastructure	N/A	10	0	10		On-going
<b>Health, Environment and Neighbourhoods</b>						
Sports Development	MAJOR	10	0	10		To commence Q2
Licencing	MAJOR	10	0	10		To commence Q3
<b>Streetscene</b>						
Plant and Equipment	MAJOR	15	0	15		To commence Q3
Mobile Technology	MAJOR	15	0	15		To commence Q4
<b>GENERAL AREAS</b>						
Irregularities (Contingency)	N/A	15	6.2	8.8	N/A	On-going
Post Audit Reviews	N/A	10	3.1	6.9	N/A	On-going
Residual Work from 2013/14	N/A	15	5.2	9.8	N/A	Complete
Unplanned Reviews (Contingency)	N/A	20	1.3	18.7	N/A	On-going
Governance Committee	N/A	20	5.6	14.4	N/A	On-going
<b>TOTAL</b>		<b>355</b>	<b>78.8</b>	<b>276.2</b>		

INTERNAL AUDIT PERFORMANCE INDICATORS AS AT 1<sup>st</sup> AUGUST 2014

	Indicator	Audit Plan	Target 2014/15	Target to Date	Actual to Date	Comments
1	% of planned time used	SS	90%	20%	28%	Target exceeded
		CBC	90%	21%	23%	Target exceeded
2	% audit plan completed	SS	100%	0%	0%	Not applicable
		CBC	100%	23%	23%	Target achieved
3	% management actions agreed	SS	98%	0%	0%	Not applicable
		CBC	98%	100%	100%	Target exceeded
4	% overall customer satisfaction rating (assignment level)	SS	90%	90%	97%	Target exceeded
		CBC	90%	90%	88%	Slightly below target

SS = Shared Services

CBC = Chorley