

Report of	Meeting	Date
Head of Shared Assurance Services	Governance Committee	13 th January 2016

INTERNAL AUDIT INTERIM REPORT AS AT 27TH NOVEMBER 2015

PURPOSE OF REPORT

1. To advise members of the work undertaken in respect of the Internal Audit Plans for Chorley Council and Shared Services for the period August 2015 to November 2015 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 that the majority of performance indicators have either been achieved or exceeded.

Confidential report Please bold as appropriate	Yes	No
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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 2015/16 and covers the period between 3rd August 2015 and 27th November 2015.

INTERNAL AUDIT PLANS

7. **Appendix 1** provides a “snapshot” of the overall progress made in relation to the 2015/16 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.
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
Chorley Council		
National Fraud Initiative	Not applicable	<p>Investigations into the matches released from the 2014-15 exercise have to date identified overpayments of housing benefit and council tax reduction scheme of £22,398 and £47,713.19 whereby Single Person Discount has been incorrectly awarded.</p> <p>Preparations are currently underway to upload the Council Tax and Electoral Roll data for the 2015-16 exercise. These results will be released in January 2016.</p>
Contract Procedure Rules	Amber (6)	<p>The overarching aim of the review was to ascertain levels of compliance with the Council’s Contract Procedure Rules.</p> <p>No control issues were identified. The Council’s arrangements were found to be robust.</p>
Section 106 / Community Infrastructure Levy (CIL)	Red (9)	<p>This review was undertaken to ascertain the current status of the control records relating to S.106 and CIL.</p> <p>This identified numerous internal control weaknesses within the Council’s S.106 arrangements & that an effective system of control was not established to administer the Council’s CIL regime. A range of management actions have been agreed and we are continuing to work closely with Managers to assist with their timely implementation.</p>
Licensing	Amber (5)	<p>The aim of this review was to seek assurance that the key systems for the administration and processing of licence applications and enforcement activity are adequate and operating effectively.</p> <p>Officers are aware of their roles and responsibilities within the Licensing function and of statutory requirements, however our work identified that the current arrangements should be strengthened to introduce quality control checks to ensure that all licences are issued appropriately.</p>

Audit Area	Control Rating	Comments
Performance Management Information	Red (8)	<p>This review focussed on the performance data of Streetscene, Grounds Maintenance and Parks/Open Spaces. It was a high-level review to ensure compliance with the Council's Data Quality Policy.</p> <p>The methodology for collating and calculating some of the performance indicators requires improving and robust arrangements for the oversight/checking of performance data needs to be introduced.</p>
Shared Financial Services		
Creditors	Amber (6)	<p>This is an annual review to assess the adequacy of the key controls in the Council's main financial systems.</p> <p>No control issues were identified. The Council's arrangements were found to be robust.</p>

<p>Limited - the Authority cannot place sufficient reliance on the controls. Substantive control weaknesses exist.</p> <p>Adequate - the Authority can place only partial reliance on the controls. Some control issues need to be resolved.</p> <p>Substantial - the Authority can place sufficient reliance on the controls. Only minor control weaknesses exist</p>	Control Rating	Limited	4	7	9
		Adequate	2	5	8
		Substantial	1	3	6
			Minor	Major	Critical
Risk Rating					
<p>Minor, Major or Critical 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

9. **Appendix 2** provides information on Internal Audit performance as at 27th November 2015. We are pleased to report that the majority of indicators have either been achieved or exceeded with the exception of one. The percentage of the audit plan completed (CBC) is below target due to a delay in finalising one review.
10. Due to the amount of time that has been used on the S.106 / CIL review, we will continue to closely monitor the Audit Plan over the final quarter to ensure that it remains on target to be achieved.

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 2015/16 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 2015	Audit Interim report

INTERNAL AUDIT PLANS 2015/16

AUDIT AREA	RISK RATING	PLAN (Days)	ACT (Days)	BAL (Days)	ASSURANCE RATING	COMMENTS
CHORLEY						
CORPORATE AREAS						
Annual Governance Statement	N/A	20	15.4	4.6	N/A	Complete
Anti Fraud & Corruption	N/A	15	2.7	12.3	N/A	On-going
NFI	N/A	20	9.6	10.4	N/A	On-going
CHIEF EXECUTIVE						
Policy and Communications						
Performance Management	CRITICAL	15	16.8	-1.8	Red (8)	Complete
Partnerships	CRITICAL	15	1	14		To commence Q4
Governance						
Market Walk	N/A	10	0	10		To commence Q4
Finance						
New Payroll system	CRITICAL	10	0	10		Project not yet commenced
Travel and Expenses	MAJOR	15	18.4	-3.4	Amber (5)	Complete
Contract Procedure Rules	CRITICAL	15	16.8	-1.8	Amber (6)	Complete
CUSTOMER AND ADVICE SERVICES						
ICT						
Information Security	CRITICAL	15	0	15		To commence Q4
Disaster Recovery	CRITICAL	15	0	15		To commence Q4
Customer						
Transactional Services	CRITICAL	15	5.8	9.2		In progress
Council Tax	CRITICAL	35	9	26		In progress
Non Domestic Rates	CRITICAL					In progress
Housing Benefits	CRITICAL					In progress
Debtors	CRITICAL					In progress
PUBLIC PROTECTION, STREETSCENE AND COMMUNITY						
Planning						
Community Infrastructure / S.106	CRITICAL	15	46.5	-31.5	Red (9)	Complete
Health, Environment and Neighbourhoods						
Empty Homes	MAJOR	5	2.5	2.5		In progress
Licencing	MAJOR	15	14	1	Amber (5)	Complete
Streetscene						
Plant and Equipment	CRITICAL	5	0	5		To commence Q4
Tree Maintenance & Inspection regime	MAJOR	10	2.8	7.2		In progress
Management of external events	MAJOR	15	14.4	0.6		In progress
GENERAL AREAS						
Irregularities (Contingency)	N/A	10	6	4		On-going
Post Audit Reviews	N/A	10	4.7	5.3		On-going
Residual Work from 2014/15	N/A	15	17.2	-2.2		Complete
Unplanned Reviews (Contingency)	N/A	10	8.2	1.8		Complete
Governance Committee	N/A	20	10	10		On-going
TOTAL		345	221.8	123.2		

AUDIT AREA	RISK RATING	PLAN (Days)	ACT (Days)	BAL (Days)	ASSURANCE RATING	COMMENTS
SHARED SERVICES						
SHARED FINANCIAL SERVICES						
Main Accounting System	CRITICAL	95	19.4	75.6		To commence Q4
Creditors	CRITICAL				Amber (6)	Complete
Payroll	CRITICAL					To commence Q4
Treasury Management	CRITICAL					In progress
Cash & Bank / Cheque Control	CRITICAL					In progress
SHARED ASSURANCE SERVICES						
Insurance	CRITICAL	20	19.6	0.4	Amber (6)	Complete
GENERAL AREAS						
Post Audit Reviews	N/A	10	3.1	6.9	N/A	On-going
Contingency	N/A	20	1.7	18.3	N/A	On-going
Residual Work from 2014/15	N/A	20	34.1	-14.1	N/A	Complete
TOTAL		165	77.9	87.1		

APPENDIX 2

INTERNAL AUDIT PERFORMANCE INDICATORS AS AT 27th NOVEMBER 2015

	Indicator	Audit Plan	Target 2015/16	Target to Date	Actual to Date	Comments
1	% of planned time used	SS	90%	45%	47%	Target exceeded
		CBC	90%	60%	65%	Target exceeded
2	% audit plan completed	SS	100%	27%	27%	Target achieved
		CBC	100%	46%	40%	Below target / 1 review at draft report stage
3	% management actions agreed	SS	98%	100%	100%	Target exceeded
		CBC	98%	100%	100%	Target exceeded
4	% overall customer satisfaction rating (assignment level)	SS	90%	90%	100%	Target exceeded
		CBC	90%	90%	97%	Target exceeded

SS = Shared Services

CBC = Chorley