

Report of	Meeting	Date
Head of Shared Assurance Services	Governance Committee	14th September 2016

INTERNAL AUDIT INTERIM REPORT AS AT 29TH JULY 2016

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 April 2016 to July 2016 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 all performance indicators have either been achieved or exceeded with the exception of the percentage of planned time used for Chorley Council. This is due to reviews being re-profiled to commence after quarter one to allow time for the management re-structure to embed.

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 first progress report for 2016/17 and covers the period between 1st April 2016 and 29th July 2016.

INTERNAL AUDIT PLANS

7. **Appendix 1** provides a “snapshot” of the overall progress made in relation to the 2016/17 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.
8. 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
Chorley Council		
Annual Governance Statement	Not applicable	Proactive input was provided in collating information to inform the Annual Governance Statement.
National Fraud Initiative (NFI)	Not applicable	<p>Work is currently in progress to collate data for the 2016-17 exercise. This includes the submission of data in October from the following systems:</p> <ul style="list-style-type: none"> • Trade Creditors • Council Tax Reduction Scheme • Council Tax • Electoral Roll • Market Traders • Taxi & Hackney Carriage Licence • Residents Parking Permits • Payroll • Insurance (NFI request this data directly from our insurance provider) <p>The results from the data matching exercise are due to be released in January 2017.</p>
Review of Safeguarding	Amber (5)	<p>As safeguarding can potentially affect all officers and functions, our work concentrated on the Council’s corporate arrangements. The Section 11 Audit Toolkit used by the Lancashire Safeguarding Children Board was used as the basis for our review.</p> <p>Our work established that safeguarding policies are in place and that robust mechanisms for reporting and referrals have been established.</p> <p>However, improvements are needed to update the policies with the new designated safeguarding officers (DSOs), and there are training & awareness needs in some service areas.</p>

Audit Area	Assurance Rating	Comments
ICT Continuity Service (15-16)	Red (9)	<p>This audit has been carried out to review the effectiveness of the council's ICT service continuity management arrangements in ensuring information and communications technology and services are resilient and can be recovered to predetermined levels within agreed timescales.</p> <p>A number of positive solutions and processes in place, however business continuity and recovery plans require updating to reflect the current arrangements.</p>

CONTROLS ASSURANCE KEY

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

AMENDMENT TO THE 2016-17 INTERNAL AUDIT PLAN

8. The Internal Audit Plan presented to members in March 2016 contained the following ICT audit:
- Review of compliance with the outsourced network contract and infrastructure arrangements.

It has since been confirmed that that this contract is not going to be renewed and alternative arrangements are to be introduced from April 2017 onwards. Following a request from the Director (Customer & Digital) and the ICT Manager, this review has been replaced with an audit of the Council's Information Governance arrangements.

INTERNAL AUDIT PERFORMANCE

9. **Appendix 2** provides information on Internal Audit performance as at 29th July 2016. We are pleased to report that the majority of indicators have either been achieved or exceeded. The planned time indicator is below target as some reviews have been profiled to commence after quarter 1 of 2016-17 to allow time for the recent re-structure to embed.

10. During quarter one we held meetings with all new post holders to inform them of planned audit reviews in their respective service areas in 2016-17. We also confirmed and agreed implementation dates of previously agreed management actions.

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 2016/17 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 2016	Audit Interim report

INTERNAL AUDIT PLANS 2016/17

AUDIT AREA	RISK RATING	PLAN (Days)	ACT (Days)	BAL (Days)	ASSURANCE RATING	COMMENTS
CHORLEY						
CORPORATE AREAS						
Annual Governance Statement	N/A	20	20.4	-0.4	N/A	Complete
Anti Fraud & Corruption	N/A	15	3	12	N/A	On-going
NFI	N/A	20	4.6	15.4	N/A	On-going
POLICY & GOVERNANCE						
Policy and Communications						
Performance Management Information	CRITICAL	15	1.9	13.1		In progress
Project Management	MAJOR	10	0.6	14.4		In progress
Events Management (Internal)	MAJOR	15	0.6	14.4		To commence Q4
Legal Democratic & HR Services						
Health & Safety	CRITICAL	15	0	15		To commence Q3
Finance						
Payroll project	N/A	10	0	10		To commence Q3/4
CUSTOMER & DIGITAL						
ICT Services						
Information Governance	CRITICAL	15	0	15		To commence Q2
Customer Transformation						
Land Charges	MAJOR	10	1.7	8.3		In progress
Council Tax	CRITICAL	35	0	35		To commence Q3
Non Domestic Rates	CRITICAL					To commence Q3
Housing Benefits	CRITICAL					To commence Q3
Debtors	CRITICAL					To commence Q3
Waste & Streetscene Services						
Stores	MAJOR	5	0	5		To commence Q2
Fuel Consumption	MAJOR	5	0	5		To commence Q2
Planning						
Development Control	MAJOR	15	0	15		To commence Q4
EARLY INTERVENTION						
Early Intervention & Support						
Safeguarding – Adults & Children	MAJOR	15	16	-1	Amber (5)	Complete
Counter Terrorism – “Prevent” duty	MAJOR	15	0	15		To commence Q3
Housing Options						
Integrated Home Improvement Service / Disabled Facilities Grants	MAJOR	15	0	15		To commence Q2
Health & Wellbeing						
Indoor Leisure Contract	MAJOR	10	0	10		To commence Q4
REGENERATION & INWARD INVESTMENT						
Section 106	MAJOR	10	0	10		To commence Q4
Community Infrastructure Levy	CRITICAL	10	0	10		To commence Q4
GENERAL AREAS						
Irregularities (Contingency)	N/A	10	0	10		On-going
Post Audit Reviews	N/A	10	7.1	2.9		On-going
Residual Work from 2015/16	N/A	15	18.2	-3.2		Complete
Unplanned Reviews (Contingency)	N/A	10	2.2	7.8		On-going
Governance Committee	N/A	20	8.7	11.3		On-going
TOTAL		345	85	260		

AUDIT AREA	RISK RATING	PLAN (Days)	ACT (Days)	BAL (Days)	ASSURANCE RATING	COMMENTS
SHARED SERVICES						
SHARED FINANCIAL SERVICES						
Main Accounting System	CRITICAL	95	0	95		To commence Q3
Creditors	CRITICAL					To commence Q3
Payroll	CRITICAL					To commence Q3
Treasury Management	CRITICAL					To commence Q3
Cash & Bank / Cheque Control	CRITICAL					To commence Q3
GENERAL AREAS						
Post Audit Reviews	N/A	10	4.1	5.9	N/A	On-going
Contingency	N/A	20	0	20	N/A	On-going
Residual Work from 2015/16	N/A	20	25.9	-5.9	N/A	Complete
TOTAL		145	30	115		

INTERNAL AUDIT PERFORMANCE INDICATORS AS AT 29th July 2016

	Indicator	Audit Plan	Target 2016/17	Target to Date	Actual to Date	Comments
1	% of planned time used	SS	90%	16%	20%	Target exceeded
		CBC	90%	30%	25%	Below target – reviews have been profiled to commence after Q1 to allow time for the management re-structure to embed.
2	% audit plan completed	SS	100%	0%	0%	Not applicable
		CBC	100%	18%	18%	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%	90%	100%	Target exceeded
		CBC	90%	90%	100%	Target exceeded

SS = Shared Services

CBC = Chorley