

Report of	Meeting	Date
Head of Shared Assurance Services	Governance Committee	20th September 2017

INTERNAL AUDIT INTERIM REPORT AS AT 28TH JULY 2017

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 2017 to July 2017 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 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

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 2017/18 and covers the period between 1st April 2017 and 28th July 2017.

INTERNAL AUDIT PLANS

7. **Appendix 1** provides a “snapshot” of the overall progress made in relation to the 2017/18 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.
Waste Contract Procurement	Not applicable	Project team support is being provided to ensure that proportionate governance, risk management and control processes are in place for the procurement exercise.
Review of Transport	Pending	Audit in progress. Results to be presented to January Governance Committee.
General Data Protection Regulations (GDPR)	Not applicable	We are supporting the ICT & Programme Manager in preparation for the introduction of GDPR in 2018.
Homelessness	Pending	Audit in progress. Results to be presented to January Governance Committee.
Primrose Garden & Retirement Village	Not applicable	Project team support to ensure that the risks are being appropriately identified, recorded and monitored.
Market Walk	Pending	Audit in progress. Results to be presented to January Governance Committee.
Community Infrastructure Levy	Amber (14)	No key control issues identified
Shared Services		
Internal Audit of the Financial & Assurance Shared Services Annual Accounts 2016/17	Not applicable	We undertook a “light touch” internal inspection to provide the Joint Committee with assurance in respect of the integrity of the partnership’s year-end financial statements

CONTROLS ASSURANCE KEY

<p>Control Rating</p> <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.</p> <p>Substantial - the Authority can place sufficient reliance on the controls. Only minor control weaknesses exist.</p> <p>Full – the Authority can place complete reliance on the controls. No control weaknesses exist.</p>	Control Rating	Limited	4	8	12	16
		Adequate	3	7	11	15
		Substantial	2	6	10	14
		Full	1	5	9	13
		Minor	Standard	Major	Critical	
		Risk Rating				
<p>Risk Rating</p> <p>Minor, Standard, Major or Critical reflects the relative risk of each system and the impact on the Council if it was to fail.</p> <p>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 28th July 2017. We are pleased to report that the majority of indicators have either been achieved or exceeded.

GOVERNANCE RISK AND CONTROL EVALUATION (GRACE)

10. Members will recall that earlier this year, the Council procured a risk management system GRACE, which allows the continuous recording, monitoring and reporting of risks at all levels throughout the Council.

Training

11. Since the implementation of GRACE in April 2017, Internal Audit have delivered training to 72 Chorley Council and Shared Services Officers. In addition we have trained a further 10 external consultants who are assisting with the population of key projects risk registers. We are currently in the process of delivering training to all members of the Senior Management Team (SMT) and developing the reporting arrangements at both corporate and service level.

On-going Support

12. It was agreed with SMT that Internal Audit would provide support with the development / enhancement of key risk registers including:
- Corporate Risk Register
 - Corporate Plan Projects and
 - Key Partnerships.

Whilst these risk registers are at various stages of development, there are currently over 190 individual risks being continuously reviewed and monitored by the risk owners.

IMPLICATIONS OF REPORT

13. 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 2017/18 Internal Audit Plans for Chorley Council and Shared Financial Services.

Report Authors	Ext	Date	Doc ID
Garry Barclay Dawn Highton	01772 625272 01257 515468	September 2017	Audit Interim report

INTERNAL AUDIT PLANS 2017/18

WORK AREA	Risk	Qtr	Est	Actual	Balance	Assurance Rating	Comments
CHORLEY COUNCIL							
CORPORATE AREAS							
Annual Governance Statement	N/A	1	20	12.3	7.7	N/A	Complete
Anti-Fraud & Corruption	N/A	ALL	10	1.4	8.6	N/A	on-going
NFI	N/A	ALL	20	4.7	15.3	N/A	on-going
POLICY & GOVERNANCE							
Legal, Democratic & HR Services							
Health & Safety - Streetscene	CRITICAL	4	15	0	15		To commence Q4
Time Management System	CRITICAL	3	15	0	15		To commence Q3
Performance & Partnerships							
Performance Management Information	CRITICAL	2	15	0	15		To commence Q2
Key Partnership Framework	CRITICAL	4	15	0	15		To commence Q4
CUSTOMER & DIGITAL							
Transformation							
Council Tax	CRITICAL	3	10	1	9		In progress
NNDR	CRITICAL	3	10	1	9		In progress
Housing Benefits	CRITICAL	3	10	1	9		In progress
Sundry Debtors	CRITICAL	3	10	0.8	9.2		In progress
Planning							
Development Control	MAJOR	2	15	0	15		To commence Q2
Waste & Streetscene							
Waste Contract Procurement	N/A	ALL	10	1.7	8.3	N/A	In progress
Transport	MAJOR	2	15	4.8	10.2		In progress
ICT Services							
Data Protection	MAJOR	ALL	15	2.2	12.8		in progress
EARLY INTERVENTION							
Housing Options & Support							
Homelessness (including prevention)	MAJOR	1	15	2.9	12.1		in progress
BUSINESS DEVELOPMENT & GROWTH							
Development & Regeneration							
Primrose Garden Retirement Village -	N/A	ALL	10	5.9	4.1	N/A	In progress
Employment Skills & Business Support							
Digital Office Park	N/A	ALL	10	0.3	9.7	N/A	In progress
Market Walk & Town Centre							
Market Walk	CRITICAL	2	15	4	11		In progress
Property Services							
Commercial Properties / Estates	MAJOR	4	15	0	15		To commence Q4
GENERAL AREAS							
Residual Work 2016/17			20	27.2	-7.2	Amber (14)	Complete
Risk & Control Self-Assessment (GRACE)	N/A		30	19.6	10.4	N/A	On-going
Post Audit Reviews	N/A		10	2.2	7.8	N/A	On-going
Contingency / Irregularities	N/A		15	6.3	8.7	N/A	on-going
Governance Committee	N/A	ALL	15	2.7	12.3	N/A	on-going
CHORLEY TOTAL							
360 102 258							
SHARED SERVICES							
SHARED FINANCIAL SERVICES							
Treasury Management	CRITICAL	3	20	0	20		To commence Q3
Payroll	CRITICAL	3	20	0	20		To commence Q3
Creditor	CRITICAL	3	20	0	20		To commence Q3
SHARED ASSURANCE SERVICES							
Risk Management	CRITICAL	4	15	0	15		To commence Q4
GENERAL AREAS							
Residual Work from 2016/17	N/A	1	20	28	-8	N/A	Complete
Risk & Control Self-Assessment (GRACE)	N/A		5	3.2	1.8	N/A	On-going
Post Audit Reviews	N/A		10	0.4	9.6	N/A	On-going
Contingency / Irregularities	N/A		10	2.7	7.3	N/A	On-going
SHARED SERVICES TOTAL							
120 34.3 85.7							

INTERNAL AUDIT PERFORMANCE INDICATORS AS AT 28th July 2017

	Indicator	Audit Plan	Target 2017/18	Target to Date	Actual to Date	Comments
1	% of planned time used	SS	90%	25%	28%	Target exceeded
		CBC	90%	30%	30%	Target achieved
2	% audit plan completed	SS	100%	0%	0%	Not applicable
		CBC	100%	13%	13%	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%	0%	Not applicable
		CBC	90%	90%	92%	Target exceeded

SS = Shared Services

CBC = Chorley