

Report of	Meeting	Date
Head of Shared Assurance Services	Governance Committee	24 th January 2018

INTERNAL AUDIT INTERIM REPORT AS AT 29TH DECEMBER 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 August 2017 to December 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 homes and 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 2017/18 and covers the period between 31st July 2017 and 29th December 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		
National Fraud Initiative	Not applicable	<p>Investigations undertaken of the 2016/17 exercise are still on-going and to date have identified overpayments of housing benefit and council tax reduction scheme of £20,233 which is currently being recovered.</p> <p>Data for the Council Tax (Single Person Discount) and the Electoral Register was submitted in December 2017, with 1651 matches identified which are now being investigated.</p>
NNDR	Amber (8) Substantial	No significant control weaknesses were identified however an independent review of the awarding of reliefs and discounts should be introduced.
Housing Benefit	Amber (4) Full	No key control issues identified.
Waste Contract Procurement	Not applicable	We are a member of the project team to provide advice and guidance on governance, control and risk. In addition we have provided support to enable the production of a robust risk register, which is being continuously reviewed and assessed.
Fleet Management	Amber (9) Adequate	<p>There is evidence that the fleet management function is being effectively managed at an operational day to day level. There are a range of improvements to be made in relation to:</p> <ul style="list-style-type: none"> • Updating of the Fleet Strategy to set out the aims and objectives of the service; • Driver licence checks to ensure completeness; • Document retention to ensure compliance with legislation; • Monitoring and recording of performance management information to assist with management decision-making, service planning, accountability and transparency.
General Data Protection Regulations	Not applicable	We are continuing to support the Head of Legal Democratic and HR Services in preparation for the introduction of GDPR in May 2018.

(GDPR)		
Homelessness	Amber (9) Adequate	<p>Whilst our work has confirmed that there are good arrangements in place to mitigate the majority of risks facing the service and that they are operating as intended, there are some areas within the service which should be strengthened relating to:</p> <ul style="list-style-type: none"> the development of health and safety risk assessments; the review and update of the Homelessness Prevention Strategy and ensuring that the Council can meet the requirements of the new Homelessness Reduction Act.
Primrose Garden Retirement Village	Not applicable	We are a member of the project team to provide advice and guidance on governance, control and risk. In addition we have provided support to enable the production of a robust risk register, which is being continuously reviewed and assessed.
Shared Services		
Treasury Management	Amber (8) Substantial	The controls in place for the management and administration of Treasury Management provide substantial assurance with only a couple of minor control weaknesses identified.

CONTROLS ASSURANCE KEY

<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>	Risk Rating	Critical	4	8	12	16
		Major	3	6	9	12
		Standard	2	4	6	8
		Minor	1	2	3	4
			Full	Substantial	Adequate	Limited
		Control Rating				
<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. Substantial - the Authority can place sufficient reliance on the controls. Only minor control weaknesses exist. Full - the Authority can place complete reliance on the controls. No control weaknesses exist.</p>						

INTERNAL AUDIT PERFORMANCE

9. **Appendix 2** provides information on Internal Audit performance as at 29th December 2017. All the indicators have either been achieved or exceeded with the exception of one indicator -% Audit Plan completed which is slightly below target due to one review being at draft report stage.

GOVERNANCE RISK AND CONTROL EVALUATION (GRACE)

10. The implementation of GRACE is continuing and since April 2017, over 92 Chorley Council, Shared Services Officers and external consultants have received training.
11. At the Governance Committee meeting in September 2017, we reported that over 190 risks were being continuously reviewed and monitored by risk owners. This figure has now risen to over 350 risks with both corporate and system level reports are now being routinely produced.

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 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	January 2018	Audit Interim report

INTERNAL AUDIT PLANS 2017/18

WORK AREA	Risk	Qtr	Est	Actual	Balance	Comments	Risk
CHORLEY COUNCIL						(+/-)	Rating
CORPORATE AREAS							
Annual Governance Statement	N/A	1	20	13.2	6.8	Complete	
Anti-Fraud & Corruption	N/A	ALL	10	6.5	3.5	on-going	
NFI	N/A	ALL	20	15.4	4.6	on-going	
POLICY & GOVERNANCE							
Legal, Democratic & HR Services							
Health & Safety - Streetscene	CRITICAL	4	15	9.5	5.5	In progress	
Time Management System	CRITICAL	4	15	0	15	To commence Q4	
Performance & Partnerships							
Performance Management Information	CRITICAL	3	15	11.9	3.1	In progress	
Key Partnership Framework	CRITICAL	4	15	0	15	To commence Q4	
CUSTOMER & DIGITAL							
Transformation							
Council Tax	CRITICAL	3	10	2.3	7.7	In progress	
NNDR	CRITICAL	3	10	12.1	-2.1	Complete	Amber (8) Substantial
Housing Benefits	CRITICAL	3	10	11.4	-1.4	Complete	Amber (4) Full
Sundry Debtors	CRITICAL	3	10	0.8	9.2	To commence Q4	
Planning							
Development Control	MAJOR	4	15	2.1	12.9	To commence Q4	
Waste & Streetscene							
Waste Contract Procurement	N/A	ALL	10	5.1	4.9	on-going	
Fleet Management	MAJOR	2	15	16.8	-1.8	Complete	Amber (9) Adequate
ICT Services							
Data Protection/ GDPR Implementation	MAJOR	ALL	15	5.7	9.3	on-going	
EARLY INTERVENTION							
Housing Options & Support							
Homelessness (including prevention)	MAJOR	1	15	18.2	-3.2	Complete	Amber (9) Adequate
BUSINESS DEVELOPMENT & GROWTH							
Development & Regeneration							
Primrose Garden Retirement Village -	N/A	ALL	10	10.2	-0.2	on-going	
Employment Skills & Business Support							
Digital Office Park	N/A	ALL	10	1.1	8.9	on-going	
Market Walk & Town Centre							
Market Walk	CRITICAL	2	15	17.6	-2.6	Draft report	
Property Services							
Commercial Properties / Estates	MAJOR	4	15	1.2	13.8	To commence Q4	
GENERAL AREAS							
Residual Work from 2016/17	N/A		20	33.2	-13.2		
Risk & Control Self-Assessment (GRACE)	N/A		30	29.4	0.6		
Post Audit Reviews	N/A		10	9.3	0.7		
Contingency / Irregularities			15	18.9	-3.9		
Governance Committee	N/A	ALL	15	11.2	3.8		
CHORLEY SUB-TOTAL			360	263	97		
SHARED SERVICES							
SHARED FINANCIAL SERVICES							
Treasury Management	CRITICAL		20	19.9	0.1	Complete	Amber (8) Substantial
Payroll	CRITICAL		20	0.2	19.8		
Creditor	CRITICAL		20	0.8	19.2		
SHARED ASSURANCE SERVICES							
Risk Management	CRITICAL		15	0	15		
General Areas							
Residual Work from 2016/17			20	29.7	-9.7		
Risk & Control Self-Assessment (GRACE)			5	4.5	0.5		
Post Audit Reviews			10	3.4	6.6		
Contingency / Irregularities			10	4	6		
SHARED SERVICES SUB TOTAL			120	62.5	57.5		

INTERNAL AUDIT PERFORMANCE INDICATORS AS AT 29th December 2017

	Indicator	Audit Plan	Target 2017/18	Target to Date	Actual to Date	Comments
1	% of planned time used	SS	90%	53%	53%	Target achieved
		CBC	90%	67.5%	73%	Target exceeded
2	% audit plan completed	SS	100%	33%	33%	Target achieved
		CBC	100%	61%	54%	Below target - one review at draft report stage
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%	90%	0%	Not applicable
		CBC	90%	90%	90%	Target achieved

SS = Shared Services

CBC = Chorley