

Report of	Meeting	Date
Head of Shared Assurance Services	Governance Committee	21st November 2018

## INTERNAL AUDIT INTERIM REPORT AS AT 28<sup>TH</sup> SEPTEMBER 2018

### 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 2018 to September 2018 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.

<b>Confidential report</b> Please bold as appropriate	Yes	No
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### CORPORATE PRIORITIES

4. 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

5. This is the first progress report for 2018/19 and covers the period between 1<sup>st</sup> April 2018 and 28th September 2018.

### INTERNAL AUDIT PLANS

6. **Appendix 1** provides a "snapshot" of the overall progress made in relation to the 2018/19 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.

7. The table below highlights the main pieces of work undertaken during the period together with any control issues identified, where applicable;

<b>Audit Area</b>	<b>Assurance Rating</b>	<b>Comments</b>
<b>Chorley Council</b>		
Residual work from 2017/18	Not applicable	Finalisation of audit work and reports from 2017/18.
Annual Governance Statement	Not applicable	Proactive input provided in collating information to inform the Annual Governance Statement.
Waste Contract Procurement	Not applicable	Project team support provided. Contract awarded June 2018.
General Data Protection Regulations (GDPR)	Not applicable	Project team support provided. Largely implemented. Watching brief of residual actions ongoing.
Service Risk Registers	Not applicable	Work is currently in progress, following a 2-stage plan.
National Fraud Initiative (NFI)	Not applicable	<p>The NFI is a data matching exercise, which matches data within and between organisations to help detect fraud, overpayments and error.</p> <p>Internal Audit is co-ordinating the Council's input to the 2018/19 main exercise and is making preparations for the Council Tax Single Person Discount / Electoral Register exercise later this year.</p>
NFI Business Rates Pilot	Not applicable	<p>Internal Audit is co-ordinating the Council's participation in the NFI Business Rates data matching pilot exercise.</p> <p>The Council is part of a group which includes; South Ribble, Fylde, Preston, Lancaster and South Lakeland Councils.</p> <p>The principle behind this pilot exercise is matching Business Rates data together with existing NFI data such as; residential care home data, creditors and premises data, within and between bodies to identify potential Business Rates fraud and error.</p>

<b>Audit Area</b>	<b>Assurance Rating</b>	<b>Comments</b>
<b>Chorley Council (cont'd)</b>		
Primrose Garden & Retirement Village	Not applicable	Project team support ongoing.
Market Walk – Phase 2	Not applicable	Project team support ongoing.

Housing Company	Not applicable	Project team support ongoing.
Astley Hall	Amber (6)	Management controls generally sound. Recommendations made to improve security and proactive maintenance.
Environmental Permitting Regulations	Red (12)	Management controls inadequate. No information on the Council's website. Internal procedures and programme of inspections out of date.

## CONTROLS ASSURANCE KEY

Control Rating

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## INTERNAL AUDIT PERFORMANCE

8. **Appendix 2** provides information on Internal Audit performance as at 28<sup>th</sup> September 2018. We are pleased to report that the majority of indicators have either been achieved or exceeded, except for “% Chorley audit plan completed” which is due to there being a number of audits still in progress at the report date.

## IMPLICATIONS OF REPORT

9. 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 2018/19 Internal Audit Plans for Chorley Council and Shared Financial Services.

Report Author	Ext	Date	Doc ID
Garry Barclay	01772 625272	October 2018	Audit Interim report

## APPENDIX 1 - INTERNAL AUDIT PLANS 2018/19

### CHORLEY COUNCIL

WORK AREA	RISK	QTR	EST (Days)	ACT	BAL	ASSURANCE RATING	STATUS
<b>CORPORATE</b>							
Annual Governance Statement	N/A	1&4	20	12.9	7.1	N/A	2017/18 AGS completed
Anti-Fraud & Corruption	N/A	ALL	10	2.1	7.9	N/A	Ongoing
National Fraud Initiative (NFI)	N/A	ALL	15	13.1	1.9	N/A	Ongoing
<b>POLICY &amp; GOVERNANCE</b>							
<b>Legal, Democratic &amp; HR Services</b>							
GDPR Implementation	N/A	1	5	4.4	0.6	N/A	Ongoing
Ethical Culture Review	CRITICAL	3	10	0.0	10.0		Not started
Health & Safety (Early Intervention)	CRITICAL	2&3	10	6.2	3.8		In progress
<b>Performance &amp; Partnerships</b>							
Performance Management Information	CRITICAL	3	15	0.2	14.8		Not started
Service Risk Registers	CRITICAL	2&3	10	1.7	8.3		In progress
Astley Hall	MAJOR	1	15	16.0	-1.0	Amber (6)	Completed
<b>CUSTOMER &amp; DIGITAL</b>							
<b>Transformation</b>							
Council Tax	CRITICAL	2&3	5	0.1	4.9		Not started
Non-Domestic Rates (NDR)	CRITICAL	2&3	5	0.0	5.0		Not started
Housing Benefits	CRITICAL	2&3	5	0.1	4.9		Not started
Sundry Debtors	CRITICAL	2&3	5	0.0	5.0		Not started
<b>Enforcement</b>							
Enforcement Service	MAJOR	2	10	4.3	5.7		In progress
<b>Waste &amp; Street Scene</b>							
Maintenance & Inspection Regime	MAJOR	3	10	0.0	10.0		Not started
Waste Contract Procurement	N/A	1	5	1.2	3.8	N/A	Completed
<b>ICT Services</b>							
ICT Review	CRITICAL	3	15	0.2	14.8		Not started
<b>EARLY INTERVENTION</b>							
<b>Housing Options &amp; Support</b>							
Choice Based Lettings	MAJOR	4	10	0.0	10.0		Not started
Primrose Gardens – Operations	N/A	ALL	10	5.4	4.6	N/A	Ongoing
<b>Regulatory Services</b>							
Environmental Permitting Regulations	MAJOR	1	15	16.2	-1.2	Red (12)	Completed
<b>BUSINESS DEVELOPMENT &amp; GROWTH</b>							
<b>Market Walk &amp; Town Centre</b>							
Financial Governance of Large Projects	CRITICAL	2&3	15	2.6	12.4		In progress
Market Walk Extension	N/A	ALL	10	3.1	6.9	N/A	Ongoing
<b>Property Services</b>							
Commercial Properties	MAJOR	4	15	0.0	15.0		Not started
<b>GENERAL AREAS</b>							
Residual Work from 2017/18	N/A	1	20	27.4	-7.4	N/A	Completed
GRACE System Administration	N/A	ALL	15	19.1	-4.1	N/A	Ongoing
Business Continuity	N/A	ALL	15	7.3	7.7	N/A	Ongoing
Post Audit Reviews	N/A	ALL	10	4.5	5.5	N/A	Ongoing
Contingency / Irregularities	N/A	ALL	20	6.0	14.0	N/A	Ongoing
Governance Committee	N/A	ALL	15	7.5	7.5	N/A	Ongoing
<b>TOTALS</b>			<b>340</b>	<b>161.6</b>	<b>178.4</b>		

### SHARED FINANCIAL SERVICES

WORK AREA	RISK	QTR	EST (Days)	ACT	BAL	ASSURANCE RATING	COMMENTS
Treasury Management	CRITICAL	3	20	0.1	19.9		Not started
Payroll	CRITICAL	4	20	0.5	19.5		Not started
Creditors	CRITICAL	3	20	0.6	19.4		Not started
Main Accounting	CRITICAL	4	20	0.0	20.0		Not started
Cash & Bank	CRITICAL	4	20	0.2	19.8		Not started
Residual Work from 2017/18	N/A	1	15	18.0	-3.0	N/A	Completed
GRACE System Administration	N/A	ALL	5	2.0	3.0	N/A	Ongoing
Post Audit Reviews	N/A	ALL	10	0.0	10.0	N/A	Ongoing
Contingency / Irregularities	N/A	ALL	10	6.6	3.4	N/A	Ongoing
<b>TOTALS</b>			<b>140</b>	<b>28.0</b>	<b>112.0</b>		

**APPENDIX 2 - INTERNAL AUDIT PERFORMANCE INDICATORS AS AT 28<sup>th</sup> September 2018**

	Indicator	Audit Plan	Target 2018/19	Target to Date	Actual to Date	Comments
<b>1</b>	% of planned time used	SS	90%	20%	20%	Target achieved
		CBC	90%	45%	48%	Target exceeded
<b>2</b>	% audit plan completed	SS	90%	0%	0%	Not applicable
		CBC	90%	30%	21%	Below target
<b>3</b>	% management actions agreed	SS	98%	0%	0%	Not applicable
		CBC	98%	100%	100%	Target exceeded
<b>4</b>	% overall customer satisfaction rating (assignment level)	SS	90%	90%	100%	Target exceeded
		CBC	90%	90%	98%	Target exceeded

SS = Shared Services

CBC = Chorley