

REPORT TO	DATE OF MEETING
GOVERNANCE COMMITTEE	25th September 2013

Report template revised June 2008



SUBJECT	PORTFOLIO	AUTHOR	ITEM
1st Internal Audit Interim Report as at 26th July 2013	N/A	G Barclay / D Highton	9

SUMMARY AND LINK TO CORPORATE PRIORITIES

The purposes of this report are:

- To advise members of the progress made on the South Ribble and Shared Financial Services Internal Audit Plans for the period April 2013 to July 2013 and to comment on the outcomes;
- To give an appraisal of the Internal Audit Service's performance to date;
- To inform members of any general developments involving or impacting upon the work or performance of the Internal Audit Service.

The report links with all of the corporate objectives, especially to be an 'efficient, effective and exceptional council'.

RECOMMENDATION

That the report be noted.

DETAILS AND REASONING

Background

This is the first progress report for the 2013/14 financial year and covers the period 1st April to 26th July 2013.

Internal Audit Plans

Appendix 1 provides a "snapshot" of the overall progress made in relation to the 2013/14 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.

Members will note that at this stage, the Internal Audit Plans are on target to be achieved. Of the reviews completed so far this year, both have been given either substantial or adequate assurance ratings.

The table below provides a summary of the audit work completed during the period 1st April to 26th July 2013, together with any control issues identified.

Audit Area	Control Rating	Comments
Annual Governance Statement	Not applicable	Proactive input was provided in collating information to inform the Annual Governance Statement.
National Fraud Initiative	Not applicable	The matches for the latest exercise were released in February 2013. Investigations into the matches are currently on-going by both the Internal Audit team and the Benefits Enquiry Unit.
Absence Management	Adequate	Management actions were agreed to increase monitoring by Human Resources to ensure employee awareness of and compliance with the Managing Attendance Policy and Procedure.
Data Quality	Substantial	No key control issues were identified.

The majority of the reviews are scheduled to be completed during the remainder of the year and Appendix 1 shows that good progress is being made with this work.

Internal Audit Performance

Appendix 2 provides information on Internal Audit performance as at 26th July 2013.

We are pleased to report that the majority of indicators have either been achieved or exceeded. Only 2 indicators were 1% below the targets, however there are no significant underlying trends or issues arising from these.

GENERAL DEVELOPMENTS

Staffing Developments

A member of the Audit Team was successful in the recent Institute of Internal Auditor examinations.

External Contract - St Catherine's Hospice

We recently met with the Director of Finance & Technical Services and agreed the reviews and timescales for this year's work.

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these.

FINANCIAL	There are no specific financial implications arising from this report.
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LEGAL	The Interim Report is a requirement of The UK Public Sector Internal Audit Standards.
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RISK	The audit risk assessment forms part of the background papers to this report.
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THE IMPACT ON EQUALITY	There are no equality impacts within this report.
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OTHER (see below)	
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<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>

BACKGROUND DOCUMENTS

2013/14 Internal Audit Plans for South Ribble Borough Council and Shared Services.

Internal Audit Risk Assessment.

INTERNAL AUDIT PLANS 2013/14

AUDIT AREA	PLAN (Days)	ACT (Days)	BAL (Days)	CONTROL RATING	COMMENTS
SHARED FINANCIAL SERVICES					
Main Accounting System	15	0	15		To commence Q4
Creditors	15	0	15		To commence Q4
Payroll	20	0	20		To commence Q4
Treasury Management	15	0	15		To commence Q4
Cash & Bank / Cheque Control	20	0	20		To commence Q3
Post Audit Reviews	10	5	5		On-going
Contingency	20	0	20		No requests received
Residual Work from 2012/13	20	19.7	0.3		Complete
TOTAL	135	24.7	110.3		
SOUTH RIBBLE COUNCIL					
CORPORATE AREAS					
Annual Governance Statement	15	10.1	4.9	N/A	Complete
Anti-Fraud & Corruption	15	3	12	N/A	On-going
National Fraud Initiative	20	7.7	12.3	N/A	On-going
System Interrogations	10	0.6	9.4		To commence Q3
CORPORATE GOVERNANCE					
Data Quality	5	4.8	0.2	Substantial	Complete
Performance Management Framework	10	0	10		To commence Q4
BUSINESS TRANSFORMATION & ITC					
Disaster Recovery	15	0	15		To commence Q3
Software Licences	20	4.5	15.5		In progress
Revenues and Benefits					
Council Tax	30	0	30		To commence Q3
Non Domestic Rates					To commence Q3
Housing & Council Tax Benefits					To commence Q3
Debtors					To commence Q3
REGEN & HEALTHY COMMUNITIES					
My Neighbourhood Forums	20	2	18		In progress
Health & Safety	15	0	15		To commence Q4
NEIGHBOURHOODS					
Refuse Collection & Recycling Contract	10	0	10		To commence Q3
PLANNING / HOUSING / PROPERTY					
Disabled Facilities Grant	15	2	13		In progress
Community Infrastructure Levy	10	0.3	9.7	N/A	On-going
Wesley Street Mill	15	2.4	12.6	N/A	On-going
HR & COMMUNICATION					
New Payroll System	15	13.6	1.4	N/A	On-going
Absence Management	20	16.3	3.7	Adequate	Complete
GENERAL AREAS					
Irregularities (Contingency)	20	7.7	12.3	N/A	On-going
Post Audit Reviews	10	3.4	6.6	N/A	On-going
Residual Work from 2012/13	15	11.1	3.9	N/A	Complete
Unplanned Reviews (Contingency)	20	2.6	17.4	N/A	On-going
Governance Committee	20	6.8	13.2	N/A	On-going
TOTAL	345	98.9	246.1		

KEY TO CONTROL RATINGS

Substantial	The Authority can place sufficient reliance on the controls. Only minor control weaknesses exist.
Adequate	The Authority can place only partial reliance on the controls. Some control issues need to be resolved.
Limited	The Authority cannot place sufficient reliance on the controls. Substantive control weaknesses exist.

NOTE

The above control ratings relate only to the point in time when the final audit report was issued. They represent a historic rather than a current judgement as managers are charged with implementing corrective action plans to address the control issues raised. This is in turn supported by a programme of follow-up reviews by the Internal Audit Service.

INTERNAL AUDIT PERFORMANCE INDICATORS AS AT 26th JULY 2013

	Indicator	Audit Plan	Target 2013/14	Target to Date	Actual to Date	Comments
1	% of planned time used	SS	90%	17%	18%	Target exceeded
		SRBC	90%	30%	29%	Slightly below target
2	% audit plan completed	SS	100%	0%	0%	Not applicable
		SRBC	100%	27%	27%	Target achieved
3	% management actions agreed	SS	98%	0%	0%	Not applicable
		SRBC	98%	98%	100%	Target exceeded
4	% overall customer satisfaction rating (assignment level)	SS	90%	0%	0%	Not applicable
		SRBC	90%	90%	89%	Slightly below target

SS = Shared Services
SRBC = South Ribble