REPORT TO	DATE OF MEETING
GOVERNANCE COMMITTEE	23rd September 2015

Report template revised June 2008

SUBJECT	PORTFOLIO	AUTHOR	ITEM
1st Internal Audit Interim Report as at 28th August 2015	N/A	G Barclay / D Highton	6

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 Services Internal Audit Plans for the period April 2015 to August 2015 and to comment on the outcomes;

- To give an appraisal of the Internal Audit Service's performance to date;

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 2015/16 financial year and covers the period 1st April to 28th August 2015.

Internal Audit Plans

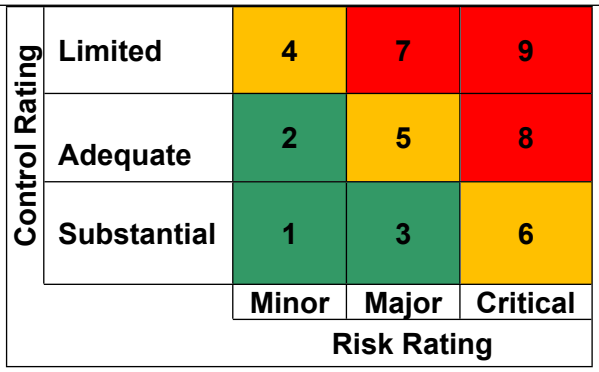
Appendix 1 provides a "snapshot" of the overall progress made in relation to the 2015/16 Internal Audit Plans, indicating which audits have been completed and their control rating, those that are in progress and those that have yet to start. Appendix 1 also shows the time planned and actually spent on individual audits.

Members will note that at this stage, the Internal Audit Plans are on target to be achieved. The table on page 2 highlights the main pieces of work undertaken during the period together with any control issues identified, where applicable;

Audit Area	Assurance Rating	Comments
South Ribble Borough Council		
Annual Governance Statement	Not applicable	Proactive input was provided in collating information to inform the Annual Governance Statement.
National Fraud Initiative	Not applicable	The results for the 2014/15 exercise were released in Febuary 2015 and investigations are on-going. To date the exercise has identified 70 instances whereby Council Tax Single Person Discount has been removed, totalling £37,785.
Fuel Consumption	**Green (3)**	The objectives of the audit were to assess the adequacy and effectiveness of internal controls over fuel management including: • Procurement arrangements; • Fuel accessibility; • Management information and analysis of usage; • Waste vehicle recharging arrangements. Only minor control issues were identified. The Council's arrangements were found to be robust.
Shared Services		
Insurance	**Amber (6)**	Our work consisted of reviewing the Council's arrangements to ensure that the following controls are in place: • The type and level of insurance cover is adequate for the claims made against the councils; • Protocols are followed in respect of the annual renewal of insurance policies, potentially resulting in inflated premiums; • Insurers make claim decisions based on accurate or complete information; and • Action is taken to assist services to prevent future claims. No control issues were identified. The Council's arrangements were found to be robust.

CONTROLS ASSURANCE KEY

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.



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.

INTERNAL AUDIT PERFORMANCE

Appendix 2 provides information on Internal Audit performance as at 28th August 2015. We are pleased to report that the majority of indicators have either been achieved or exceeded with the exception of two;

- The planned time used (SRBC);
- The percentage of the audit plan completed (SRBC).

These are below target as the majority of reviews are due to be undertaken in the second half of the financial year at the request of Senior Managers.

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.

LEGAL	The Interim Report is a requirement of The UK Public Sector Internal Audit Standards.

RISK	The audit risk assessment forms part of the background papers to this report.

THE IMPACT ON EQUALITY	There are no equality impacts within this report.

OTHER (see below)	

Asset Management	*Corporate Plans and Policies*	*Crime and Disorder*	*Efficiency Savings/Value for Money*
Equality, Diversity and Community Cohesion	*Freedom of Information/ Data Protection*	*Health and Safety*	*Health Inequalities*
Human Rights Act 1998	*Implementing Electronic Government*	*Staffing, Training and Development*	*Sustainability*

BACKGROUND DOCUMENTS
2015/16 Internal Audit Plans for South Ribble Borough Council and Shared Services.
Internal Audit Risk Assessment

APPENDIX 1

INTERNAL AUDIT PLANS 2015/16

AUDIT AREA	RISK RATING	PLAN (Days)	ACT (Days)	BAL (Days)	ASSURANCE RATING	COMMENTS
SOUTH RIBBLE						
CORPORATE AREAS						
Annual Governance Statement	N/A	20	15.4	4.6	N/A	Complete
Anti-Fraud & Corruption	N/A	15	2.7	12.3	N/A	On-going
National Fraud Initiative (NFI)	N/A	20	5.7	14.3	N/A	On-going
Contract Procedure Rules	CRITICAL	15	12.9	2.1		In progress
CORPORATE GOVERNANCE AND BUSINESS TRANSFORMATION						
Scrutiny & Performance						
Performance Management Framework	CRITICAL	15	0	15		To commence Q4
Democratic Services & Elections						
Elections	CRITICAL	10	0.4	9.6		To commence Q3
Legal Services						
Land Charges	MAJOR	15	0	15		To commence Q3
Revenues & Benefits						
Council Tax	CRITICAL	35	0.8	34.2		To commence Q3
Non Domestic Rates	CRITICAL					To commence Q3
Housing Benefits	CRITICAL					To commence Q3
Debtors	CRITICAL					To commence Q3
ICT						
ICT Controls	CRITICAL	15	0	15		In progress
CARETAKING & CATERING						
Building & Facilities Management	MAJOR	15	0.6	14.4		To commence Q2
DEVELOPMENT, ENTERPRISE & COMMUNITIES						
Housing						
Commuted Sums / Social Housing	MAJOR	15	0	15		To commence Q4
Planning & Building Control						
Community Infrastructure Levy	CRITICAL	15	0	15		To commence Q3
NEIGHBOURHOODS, ENVIRONMENTAL HEALTH & ASSETS						
Waste and Transport						
Refuse Collection and Recycling	CRITICAL	15	0	15		To commence Q4
Fuel Consumption	MAJOR	15	16	-1	**Green (3)**	Complete
Public Health						
Licensing	MAJOR	15	13.5	1.5		In progress
Public Health Fees and Charges	CRITICAL	15	0	15		To commence Q2
HUMAN RESOURCES						
Flexi and overtime	CRITICAL	15	0	15		To commence Q2
GENERAL AREAS						
Irregularities (Contingency)	N/A	10	3.6	6.4	N/A	On-going
Post Audit Reviews	N/A	10	2.8	7.2	N/A	On-going
Residual Work from 2014/15	N/A	15	19.5	-4.5	N/A	Complete
Unplanned Reviews (Contingency)	N/A	10	3.9	6.1	N/A	On-going
Governance Committee	N/A	20	5.7	14.3	N/A	On-going
TOTAL		**345**	**103.5**	**241.5**		

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 Q4
Creditors	CRITICAL					To commence Q4
Payroll	CRITICAL					To commence Q4
Treasury Management	CRITICAL					To commence Q4
Cash & Bank / Cheque Control	CRITICAL					To commence Q4
SHARED ASSURANCE SERVICES						
Insurance	CRITICAL	20	19	1	**Amber (6)**	Complete
GENERAL AREAS						
Post Audit Reviews	N/A	10	1	9	N/A	On-going
Contingency	N/A	20	7	13	N/A	On-going
Residual Work from 2014/15	N/A	20	25	-5	N/A	Complete
TOTAL		**165**	**52**	**113**		

APPENDIX 2

INTERNAL AUDIT PERFORMANCE INDICATORS AS AT 28th AUGUST 2015

	Indicator	Audit Plan	Target 2015/16	Target to Date	Actual to Date	Comments
1	% of planned time used	SS	90%	29%	32%	Target exceeded
		SRBC	90%	37%	30%	Below target
2	% audit plan completed	SS	100%	9%	9%	Target achieved
		SRBC	100%	20%	14%	Below target
3	% management actions agreed	SS	98%	98%	100%	Target exceeded
		SRBC	98%	98%	100%	Target exceeded
4	% overall customer satisfaction rating (assignment level)	SS	90%	90%	100%	Target exceeded
		SRBC	90%	90%	91%	Target exceeded

SS = Shared Services
SRBC = South Ribble