

<i>REPORT TO</i>	<i>DATE OF MEETING</i>
<b>GOVERNANCE COMMITTEE</b>	<b>21st September 2016</b>

Report template revised June 2008



<i>SUBJECT</i>	<i>PORTFOLIO</i>	<i>AUTHOR</i>	<i>ITEM</i>
<b>1<sup>st</sup> Internal Audit Interim Report as at 29<sup>th</sup> July 2016</b>	<b>N/A</b>	<b>G Barclay / D Highton</b>	<b>5</b>

## **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 2016 to July 2016 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 2016/17 financial year and covers the period 1<sup>st</sup> April to 29<sup>th</sup> July 2016.

### **Internal Audit Plans**

**Appendix 1** provides a "snapshot" of the overall progress made in relation to the 2016/17 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
<b>South Ribble Borough Council</b>		
Annual Governance Statement	Not applicable	Proactive input was provided in collating information to inform the Annual Governance Statement.
National Fraud Initiative	Not applicable	<p>Work is currently in progress to collate data for the 2016-17 exercise. This includes the submission of data in October from the following systems:</p> <ul style="list-style-type: none"> <li>• Trade Creditors</li> <li>• Council Tax Reduction Scheme</li> <li>• Council Tax</li> <li>• Electoral Roll</li> <li>• Market Traders</li> <li>• Taxi &amp; Hackney Carriage Licence</li> <li>• Residents Parking Permits</li> <li>• Payroll</li> <li>• Insurance (NFI request this data directly from our insurance provider)</li> </ul> <p>The results from the data matching exercise are due to be released in January 2017.</p>
Review of Mobile Devices	<b>Green (3)</b>	<p>Our work focussed on reviewing the arrangements to mitigate the key risks associated with the increasing use of mobile ICT devices, including:</p> <ul style="list-style-type: none"> <li>• That Council data is subject to loss, amendment or misuse;</li> <li>• That the integrity of the infrastructure is not compromised through the introduction of malware or inadequate or ineffective security solutions;</li> <li>• The loss of physical assets.</li> </ul> <p>No key control issues were identified, the Council has robust arrangements in place.</p>
Data Quality	Pending	Draft report in progress. Results to be presented to January Governance Committee.
Disabled Facilities Grant	Pending	Draft report in progress. Results to be presented to January Governance Committee.
Fleet Management / Vehicle Maintenance	Pending	Draft report in progress. Results to be presented to January Governance Committee.

## 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.

Control Rating	Limited	4	7	9
	Adequate	2	5	8
	Substantial	1	3	6
		Minor	Major	Critical
Risk Rating				

**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 29<sup>th</sup> July 2016. We are pleased to report that all the indicators have either been achieved or exceeded.

## 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.

<b>FINANCIAL</b>	There are no specific financial implications arising from this report.		
<b>LEGAL</b>	The Interim Report is a requirement of The UK Public Sector Internal Audit Standards.		
<b>RISK</b>	The audit risk assessment forms part of the background papers to this report.		
<b>THE IMPACT ON EQUALITY</b>	There are no equality impacts within this report.		
<b>OTHER (see below)</b>			
<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>
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## **BACKGROUND DOCUMENTS**

2016/17 Internal Audit Plans for South Ribble Borough Council and Shared Services.

Internal Audit Risk Assessment

## INTERNAL AUDIT PLANS 2016/17

AUDIT AREA	RISK RATING	PLAN (Days)	ACT (Days)	BAL (Days)	ASSURANCE RATING	COMMENTS
SOUTH RIBBLE						
CORPORATE AREAS						
Annual Governance Statement	N/A	20	16.5	3.5	N/A	Complete
Anti-Fraud & Corruption	N/A	15	1	14	N/A	On-going
National Fraud Initiative (NFI)	N/A	20	6.6	13.4	N/A	On-going
CORPORATE GOVERNANCE AND BUSINESS TRANSFORMATION						
Scrutiny & Performance						
Data Quality	CRITICAL	10	6.7	3.3		In progress
Revenues & Benefits						
Council Tax	CRITICAL	35	0	35		To commence Q3
Non Domestic Rates	CRITICAL					To commence Q3
Housing Benefits	CRITICAL					To commence Q3
Debtors	CRITICAL					To commence Q3
ICT						
Mobile Technology	MAJOR	10	10.6	-0.6	Green (3)	Complete
DEVELOPMENT, ENTERPRISE & COMMUNITIES						
Community Works						
Bamber Bridge Project	N/A	10	2.6	7.4		In progress
Housing						
Housing Capital Working Group	N/A	10	3	7		In progress
Disabled Facilities Grants	MAJOR	15	13.5	1.5		In progress
Planning						
Development Control	MAJOR	15	0	15		To commence Q4
Developers Contributions	MAJOR	15	0	15		To commence Q3
NEIGHBOURHOODS, ENVIRONMENTAL HEALTH & ASSETS						
Parks & Neighbourhoods						
Withy Grove Project	N/A	5	0	5		To commence Q3
Maintenance & Inspection Regimes	MAJOR	15	0	15		To commence Q4
Waste and Transport & Neighbourhoods						
Fleet Management / Vehicle Maintenance	CRITICAL	15	10.7	4.3		In progress
Public Health						
Licensing	MAJOR	15	0	15		To commence Q4
Lone Working	MAJOR	15	0	15		To commence Q4
Counter Terrorism "Prevent" Duty	MAJOR	10	0	10		To commence Q2
Property Services						
Leyland Market	MAJOR	10	0	10		To commence Q2
HUMAN RESOURCES						
Training & Development	MAJOR	15	0	15		To commence Q3
GENERAL AREAS						
Irregularities (Contingency)	N/A	10	0	10		On-going
Post Audit Reviews	N/A	10	2.6	7.4		On-going
Residual Work from 2015/16	N/A	20	29.7	-9.7		Complete
Unplanned Reviews (Contingency)	N/A	10	4.9	5.1		On-going
Governance Committee	N/A	20	8.6	11.4		On-going
TOTAL		345				

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 Q3
Creditors	CRITICAL					To commence Q3
Payroll	CRITICAL					To commence Q3
Treasury Management	CRITICAL					To commence Q3
Cash & Bank / Cheque Control	CRITICAL					To commence Q3
GENERAL AREAS						
Post Audit Reviews	N/A	10	4.1	5.9	N/A	On-going
Contingency	N/A	20	0	20	N/A	On-going
Residual Work from 2015/16	N/A	20	25.9	-5.9	N/A	Complete
TOTAL		145	30	115		

INTERNAL AUDIT PERFORMANCE INDICATORS AS AT 29<sup>th</sup> JULY 2016

	Indicator	Audit Plan	Target 2016/17	Target to Date	Actual to Date	Comments
1	% of planned time used	SS	90%	16%	20%	Target exceeded
		SRBC	90%	30%	34%	Target exceeded
2	% audit plan completed	SS	100%	0%	0%	Not applicable
		SRBC	100%	36%	36%	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%	90%	100%	Target exceeded
		SRBC	90%	90%	100%	Target exceeded

SS = Shared Services  
SRBC = South Ribble