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| **REPORT TO** | **ON** | |
| **Governance Committee** | 28th January 2020 | |
|  | | |
| **TITLE** | | **REPORT OF** | |
| Internal Audit Plan Progress Report as at 31 December 2019 | | Interim Head of Shared Assurance | |

|  |  |
| --- | --- |
| Is this report confidential? | **No** |

**PURPOSE OF THE REPORT**

1. To provide the Governance Committee with a summary of Internal Audit work undertaken for South Ribble and the Shared Services element for the period 1 April 2019 to 31 December 2019.

**RECOMMENDATIONS**

1. Members are asked to consider and note the contents of the report.

**EXECUTIVE SUMMARY**

1. Governance Committee are required to be informed of and review Internal Audit work as part of their review of the Council’s internal control environment and overall Governance arrangements. To that end the report outlines the work undertaken for the period, the individual opinion of the internal control environment of those pieces of work completed, the progress of work to 31 December 2019 and the status of planned and ongoing work.

The detailed information in regard to progress against individual areas of work / auditable areas up to the 31 December 2019 has been provided at Appendix 1.

**CORPORATE PRIORITIES**

1. The report relates to the following corporate priorities:

|  |  |
| --- | --- |
| Excellence and Financial Sustainability | X |
| Health and Wellbeing |  |
| Place |  |

Projects relating to People in the Corporate Plan:

|  |  |
| --- | --- |
| People |  |

**BACKGROUND TO THE REPORT**

1. This is the progress report of work undertaken for the 2019/20 Plan, which was previously agreed with the Governance Committee.

**PROPOSALS (e.g. RATIONALE, DETAIL, FINANCIAL, PROCUREMENT)**

1. **Audit Plan Progress**

This is the progress report in respect of the period 1st April 2019 – 31st December 2019; it includes those items carried forward from 2018/19, that are now completed, progress against the 2019/20 plan and the status of individual auditable areas. The appendix outlines the actual time spent against the planned time for each area and the assurance opinion where work is completed.

The following reviews have either recently commenced or are in progress;

* Ethical Culture Review
* Corporate Complaints
* Absence Management
* Procurement (Shared Financial Services)

A number of reviews are at Draft Report stage and are awaiting review by the Acting Principal Auditor and / or the Interim Head of Shared Assurance. These are outlined below;

* Credit Cards
* Environmental Enforcement – Fixed Penalty Notices
* Environmental Health (split into 3 area reports);
* Environmental Protection
* Food Safety
* Health & Safety
* Car Park Management / Enforcement
* Tree Inspections & Maintenance
* Creditors
* NFI Data Matching Reviews
* Shared Services Review of Accounts

The following table outlines the main piece of work completed in the last period:

|  |  |  |
| --- | --- | --- |
| **Audit Work Area** | **Assurance Rating** | **Comments** |
| GDPR Compliance Reviews | Limited | This review was undertaken to assess compliance with the General Data Protection Regulation (GDPR) which came into effect on 25th May 2018. Due to the increase in the level of risk to the Council the scope of the audit was increased as were the number of days required to complete this audit. The audit identified that whilst some systems of control are in place there are significant weaknesses in the application of controls in this area as GDPR principles are still not fully implemented some 20 months after the regulations came into effect, leaving the Council open to significant risk. (A copy of the Audit report is to be provided to Members under a separate agenda item). |
| Performance Management Information | Limited | Previously reported to Governance Committee however, a copy of the Audit report is to be provided to Members under a separate agenda item. |

The ‘% of audit plan completed’ for this period April – December 2019 currently stands at 52% (total of planned audit time used against the audit work plan). Whilst this is lower than expected for this point in the year the combined % of audit plan work which has now either commenced, is in progress, is at draft report stage or complete currently stands at 73%.

The significant number of days spent on investigation and governance work for SRBC has impacted on the level of work completed at both SRBC and Chorley BC. The investigation work is now concluded and will therefore lessen the impact on the audit staff and allow them to focus on the work within the audit plan. In addition, the previously reported temporary arrangements with regards to the recruitment of 2 temporary auditors and 1 auditor acting up into the Principal Auditor role have been extended until the end of March 2020 which will ensure that the audit plan is completed.

The re-focus of the audit team on the work within the audit plan is now evident by the number of reviews which have recently commenced, are in progress and at draft report stage, as per Appendix 1. The progress of audit work against the plan is being closely monitored and reviewed by the Interim Head of Shared Assurance.

**COMMENTS OF THE STATUTORY FINANCE OFFICER**

1. The unplanned work particularly in relation to the investigation and governance work for South Ribble has impacted on the delivery of the planned work in the audit plan. In order to mitigate this, the interim staffing arrangements have been extended to the end of the financial year. The additional cost has been funded from underspends within the overall shared services budget.

**COMMENTS OF THE MONITORING OFFICER**

1. The legal implications have been considered in the report.

**OTHER IMPLICATIONS:**

|  |  |
| --- | --- |
| * **Risk** | The matters raised in the report are cross cutting and impact upon those individual services reviewed and the Internal Control environment of the Council.  Failure to report the progress of the Audit Plan to the Governance Committee would result in the lack of awareness of those charged with the responsibility for the Governance of the Council of issues in regard to the Council’s overall control environment. This could result in financial, legal and / or reputational harm to the Council. |

**BACKGROUND DOCUMENTS**

South Ribble Internal Audit Plan 2019/20

Shared Financial Services Internal Audit Plan 2019/20

**APPENDICES**

Appendix 1 – Internal Audit Plans 2019/20 Progress for South Ribble Council and Shared Financial Services.

Janice Bamber

Interim Head of Shared Assurance

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| --- | --- | --- |
| Report Author: | Telephone: | Date: |
| Janice Bamber  Interim Head of Shared Assurance | 01772 625272 | 14 January 2020 |

**APPENDIX 1**

**INTERNAL AUDIT PLANS 2019/20**

**SOUTH RIBBLE COUNCIL**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **WORK AREA** | **RISK** | **EST**  **(Days)** | **ACT** | **BAL** | **REVIEW STATUS** | **ASSURANCE**  **RATING** | **STATUS** |
| **AUDIT PLANNED WORK** | | | | | | | |
| Areas of work to be identified |  | 60 | 0 | 60 |  |  |  |
| **CORPORATE** | | | | | | | |
| Corporate Complaints | Medium | 10 | 5.2 | 4.8 | **In progress** |  | Review of Complaints ongoing as part of investigation work |
| **RESOURCES & TRANSFORMATION** | | | | | | | |
| **HR** | | | | | | | |
| Absence Management | Medium | 10 | 1.4 | 8.6 | **Commenced** |  | Audit scope agreed with Service Lead |
| **Democratic Services** | | | | | | | |
| Ethical Culture Review | High | 10 | 7.7 | 2.3 | **In Progress** |  | Audit scope agreed with Service Lead / Testing in progress |
| **Customer & Digital** | | | | | | | |
| ICT Review | High | 20 | 3.3 | 16.7 |  |  | Meeting with MIAA to agree areas to be reviewed and assessment of audit work previously undertaken within ICT |
| GDPR Compliance Reviews | High | 10 | 35.3 | (25.3) | **Completed** | **Limited** | Further work completed, reported to Leadership Team and management actions to be agreed as part of Annual Governance Statement work |
| Council Tax | High | 5 | 0 | 5 |  |  |  |
| NNDR | High | 5 | 0 | 5 |  |  |  |
| Housing Benefits | High | 5 | 0 | 5 |  |  |  |
| **Finance** | | | | | | | |
| Income Collection & Receipt | High | 25 | 0 | 25 |  |  |  |
| Credit Cards | High | 10 | 19.2 | (9.2) | **Draft Report** |  | Draft Report complete; with Interim Head of Shared Assurance for review |
| **REGENERATION & GROWTH** | | | | | | | |
| **Neighbourhoods & Development** | | | | | | | |
| My Neighbourhood Processes | High |  | 0 | 0 | **Deleted** |  | Not required as Member & Officer working group to review My Neighbourhoods following changes to areas. |
| Environmental Enforcement – Fixed Penalty Notices | High | 10 | 7.2 | 2.8 | **Draft Report** |  | Additional audit to replace My Neighbourhoods, specific area in respect of Fixed Penalty Notices to be reviewed following discussions with Director. Draft report complete; with Interim Head of Shared Assurance for review |
| Environmental Health (3 areas); Environmental Protection,  Food Safety;  Health & Safety. | High | 15 | 17.2 | (2.2) | **Draft Report** |  | Increase in days taken from My Neighbourhoods as 3 separate areas reviewed. Draft reports complete; with Interim Head of Shared Assurance for review |
| Leases / Licences to Community Centres etc. | High | 10 | 0 | 10 |  |  |  |
| **Parks & Neighbourhoods** | | | | | | | |
| Car Park Management / Enforcement | High | 10 | 12.1 | (2.1) | **Draft Report** |  | Draft Report complete; with Interim Head of Shared Assurance for review |
| Tree Inspections & Maintenance | High | 10 | 8.7 | 1.3 | **Draft Report** |  | Draft Report complete; with Interim Head of Shared Assurance for review |
| **TOTAL PLANNED WORK** |  | **225** | **117.3** | **107.7** |  |  | **52% of audit time used against the planned work plan** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **UNPLANNED WORK** | | | | | | | |
| Performance Management Information (additional work) |  | 0 | 23.4 | (23.4) | **Completed** | Limited | Further work completed, reported to Leadership Team and management actions to be agreed as part of Annual Governance Statement work. Previously reported. |
| Review of IRG / AGS |  | 0 | 45 | (45) | **Completed** | N/A | Work undertaken to review IRG recommendations and action taken against those actions for inclusion in and review of Annual Governance Statement. |
| **Total Unplanned Work** |  | **0** | **68.4** | **(68.4)** |  |  |  |
| **TOTAL WORK (Planned & Unplanned)** |  | **225** | **185.7** | **39.3** |  |  | **82% of audit time used against the planned/unplanned work plan** |
|  |  |  |  |  |  |  |  |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **ONGOING WORK THROUGHOUT THE YEAR** | | | | | | | | |
| **CORPORATE AREAS** | | | | | | | | |
| Annual Governance Statement | N/A | 20 | 13.5 | 6.5 | **Ongoing** | |  | Work was completed on initial AGS, following issues arising from investigations and IRG review, AGS is to be reviewed so further work is required |
| Assurance Mapping | N/A | 10 | 5.6 | 4.4 | **Ongoing** | |  | Work is being undertaken to map all sources of Assurance across Council to complement Audit Planning process and ensure work Internal Audit undertake complements any other assurance work rather than duplicates. |
| Anti-Fraud & Corruption | N/A | 10 | 0.1 | 9.9 | **Ongoing** | |  |  |
| NFI | N/A | 5 | 1 | 4 | **Ongoing** | |  | Preparation for the Council Tax Single Person Discount / Electoral Register exercise later this financial year |
| Governance Committee | N/A | 10 | 4.7 | 5.3 | **Ongoing** | |  | Preparation of reports for Governance Committee |
| ***Total Corporate Areas*** |  | ***55*** | ***24.9*** | ***30.1*** |  | |  |  |
| **PROJECT SUPPORT** | | | | | | | | |
| HR and Payroll system update | Project |  | 0.2 |  | **Project Support** |  | | Advice re risk and controls re enhancement to HR systems |
| InPhase Development | Project |  | 4.6 |  | **Project Support** |  | | Advice re risk and controls re implementation of improved Project Management System. |
| ***Project Support Total Days*** |  | *20* | *4.8* | *15.2* |  |  | |  |
| GDPR Implementation | Project | 5 | 4 | 1 | **Project Support** |  | | Increased Audit presence within project group |
| ***Project Support Totals*** |  | *25* | *8.8* | *16.2* |  |  | |  |
|  |  |  |  |  |  |  | |  |
| **TOTAL ONGOING WORK** |  | **80** | **33.7** | **46.3** |  |  | | **42% of Ongoing work completed** |
| **OTHER WORK** | | | | | | | | |
| **Residual Work from 2018/19** | | | | | | | | |
| Commercial Properties | N/A |  | 4.8 |  | **Completed** | **Limited** | | Follow Up Quarter 4 |
| Health & Safety | N/A |  | 9.9 |  | **Completed** | **Adequate** | | Actions implemented to improve culture |
|  |  |  |  |  |  |  | |  |
| ***Residual Work Total Available Days*** |  | ***10*** | ***14.7*** | ***(4.7)*** |  |  | |  |
|  |  |  |  |  |  |  | |  |
| **GENERAL Areas** | | | | | | | | |
| GRACE System Administration | N/A | 10 | 0 | 10 |  |  | |  |
| Post Audit Reviews | N/A | 5 | 0.3 | 4.7 |  |  | | Review of previous 2 years management actions to determine if implemented or status of implementation, results will be reported to Governance Committee. |
| ***General Areas Total Available Days*** |  | ***15*** | ***0.3*** | ***14.7*** |  |  | |  |
|  |  |  |  |  |  |  | |  |
| **Contingency / Irregularities** | | | | | | | | |
| Contingency / Consultancy |  |  | 7 |  | **Ongoing** |  | | Advice / Support from Internal Audit in respect of issues arising, fraud awareness, scam emails received etc. |
| Investigations / Irregularities |  |  | 117.5 |  | **In Progress** |  | | Ongoing investigation work by Interim Head of Shared Assurance primarily regarding current issues. |
| **NB.** Investigation work / reports / outcomes will be reported to Governance Committee at the appropriate time, any reporting at this time may hamper / hinder any ongoing process. | | | | | | | | |
| **Contingency/Irregularities Total** |  | **10** | **124.5** | **(114.5)** |  |  | |  |
| **Total Other Work** |  | **35** | **139.5** | **(104.5)** |  |  | |  |
|  |  |  |  |  |  |  | |  |
| **TOTALS** |  | **340** | **358.9** | **(18.9)** |  |  | |  |
|  | | | | | | | | |

**SHARED FINANCIAL SERVICES**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **WORK AREA** | **RISK** | **EST**  **(Days)** | **ACT** | **BAL** | | **REVIEW STATUS** | | **ASSURANCE**  **RATING** | **COMMENTS** | |
| **AUDIT PLANNED WORK** | | | | | | | | | | |
| Creditors | High | 20 | 29.6 | (9.6) | | **Draft Report** | |  | Audit work completed and Draft Report prepared. File and Report with Interim Head of Shared Assurance for review. | |
| Financial Systems; | High | 20 | 0 | 20 | |  | |  |  | |
| Procurement | High | 30 | 0.7 | 29.3 | | **COMMENCED** | |  | Audit scope to be agreed | |
| Money Laundering | High | 20 | 0 | 20 | |  | |  |  | |
| NFI Data Matching Reviews of Financial Matches inc. Creditors / Payroll / Housing Benefits | Medium | 10 | 10.2 | -0.2 | | **Draft report** | |  | Work undertaken on Creditors & Payroll matches re: employees, Draft report with Interim Head of Shared Assurance for review | |
| ***Total Planned Work*** |  | ***100*** | ***40.5*** | ***59.5*** | |  | |  |  | |
| **UNPLANNED WORK** | | | | | | | | | | |
| Shared Services Review of Accounts |  |  | 7 | (7) | **Draft report** | | |  | | Audit work completed and Draft Report prepared. File and Report with Interim Head of Shared Assurance for review. |
| ***Total Unplanned Work*** |  |  | **7** | **(7)** |  | | |  | |  |
| **OTHER WORK** | | | | | | | | | | |
| **General Areas** | | | | | | | | | | |
| GRACE System Administration | N/A | 5 | 0.2 | 4.8 |  | |  | | |  |
| Post Audit Reviews | N/A | 5 | 0 | 5 |  | |  | | |  |
| ***Total General Areas*** |  | ***10*** | ***0.2*** | ***9.8*** |  | |  | | |  |
| **Residual Work from 2018/19** | | | | | | | | | | |
| Cash & Bank |  |  | 12.1 |  | **Completed** | | Substantial | | | Previously Reported |
| Treasury Management |  |  | 1.1 |  | **Completed** | | Substantial | | | Previously Reported |
| Payroll |  |  | 2.1 |  | **Completed** | | Limited | | | Previously Reported |
| Main Accounting |  |  |  |  | **Completed** | | Substantial | | | Previously Reported |
| ***Total Residual Work*** |  | ***5*** | ***15.3*** | ***-10.3*** |  | |  | | |  |
| **Contingency / Irregularities** | | | | | | | | | | |
| ***Total Contingency / Irregularity Work*** |  | **5** | 0 | 5 |  | |  | | |  |
|  |  |  |  |  |  | |  | | |  |
| **TOTALS** |  | **120** | **63** | **57** |  | |  | | | **52.5% of audit time used against the Shared Financial Services audit plan** |
|  |  |  |  |  |  | |  | | |  |
|  |  |  |  |  |  | |  | | |  |
|  |  |  |  |  |  | |  | | |  |