

Summary of Internal Audit Work 2021/22

Appendix A

| Internal Audit Plan 2021-22 | Assurance Rating | Commentary |
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| Annual Governance Statement | Not applicable | <p>The review comprised of detailed testing and analysis of the Local Code of Corporate Governance and Service Assurance Statements completed by Directors.</p> <p>Common themes of improvements are included within the Annual Governance Statement Action Plan 2022</p> |
| Anti-Fraud & Corruption | Not applicable | <p>A full review of the Council's probity policies was undertaken and approved by the Governance Committee. All policies are available to officers on Connect and the Council website.</p> <p>Throughout the year, fraud alerts received from various sources are circulated so that officers / the public are made aware of new threats and risks.</p> <p>Fraud and Corruption mandatory training module has been developed and is available on the Learning Hub.</p> |
| National Fraud Initiative (NFI) | Not applicable | <p>Over the course of the past year the annual Council Tax Single Person Discount exercise data and COVID Business Grants second wave data has been submitted to the NFI. The Council has continued to use the services offered by the NFI to undertake pre-payment checks to reduce the risk of grant payments being made either in error or fraudulent claims. In addition, investigations arising from the biennial NFI has led to the recovery of Council Tax (due to Council Tax Reductions being claimed in error) £7025 and the removal of 15 applicants from the housing waiting list.</p> |
| COVID Support Work | Not applicable | <p>A considerable amount of work has been undertaken in support of the various grants paid over the past 12 months.</p> <p>Newly introduced processes were considered by Internal Audit prior to implementation to provide assurance that they are robust, meet Government requirements and measures are in place to ensure fraudulent activity is minimised for grant payments.</p> <p>Internal Audit participated in the BEIS post payment assurance verification process; providing the required evidence to support the payments made are compliant with the grant eligibility criteria.</p> |
| Health and Wellbeing Campus | Limited | <p>All documentation from the initial Internal Audit review carried out in 19/20 was re-examined and the report re-drafted. The final report was presented to the Governance Committee in September 2021.</p> |

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| Council Tax | Limited | <p>The Service has recently undergone significant changes over the last few months and during the course of our review it was established as a shared service with Chorley Council. A number of experienced officers have left the organisation. Furthermore, Revenues and Benefits Officers are providing ongoing assistance to colleagues in Gateway and due to this there is a backlog of approximately 6 weeks for the administration of day to day (incoming mail, discount applications and general enquiries) that is likely impact on the status of customer accounts.</p> <p>Despite the above, processes in place for Council Tax are generally well established, however some key controls have not been operational or require strengthening. Actions have been agreed with officers to mitigate the risks identified during the review.</p> |
| Business Rates | Adequate | <p>Whilst processes in place for NNDR are generally well established some key controls have not been operational or require strengthening, largely due to the pandemic. A range of management actions have been agreed to ensure the controls are re-instated or strengthened.</p> |
| Sundry Debtors | Substantial | <p>This was a risk-based review and only minor improvements are required to strengthen the current arrangements in place.</p> |
| Customer Services Transformation Project | Not applicable | <p>Following the implementation of a Shared Service within Customer Services, Internal Audit have played an active role in the project team reviewing and aligning processes to ensure they are both robust and resilient.</p> |
| ICT - Audit Needs Assessment | Not applicable | <p>To establish a framework of assurance within ICT, a comprehensive audit needs assessment was undertaken which involved gaining a full understanding of the both current status of ICT and future proposals. This will be used to ensure reviews undertaken in 2022/23 are risk based, meaningful and targeted at high risk areas.</p> |
| ICT Review | Deferred | <p>This review was unable to be completed due to the implementation of the ICT Digital Strategy and on-going change within the ICT Service.</p> |
| Neighbourhoods Record Management | Limited | <p>Neighbourhood Services maintain a core database for their Grounds Maintenance and Streetscene Services which encompasses records for inspections and maintenance schedules for work scheduling and ad hoc jobs. The purpose of this review was to provide assurance or otherwise that the information held within the database is well maintained, up to date and supported with accurate records to aid with efficiencies and improve customer satisfaction with the Council's outdoor spaces.</p> <p>The review identified a number of key control issues and a full copy of the report was provided to members at the meeting in September 2021.</p> |

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| Section 106 Agreements | Deferred | As highlighted in the body of the report, this review has had to be deferred due to the loss of key personnel within Planning and Development. This review will be considered for inclusion for the Internal Audit Plan October – March. |
| Asset Management / Review of Other Council Buildings | Not applicable | <p>This review was undertaken in conjunction with the health and safety team and focussed on compliance with statutory health and safety building legislation for all council buildings (excluding commercial properties and the Civic Centre).</p> <p>It was established that whilst there was compliance with electrical testing, legionella and gas testing, however gaps were identified with fire risk assessments and asbestos monitoring. Actions to improve record management and monitoring arrangements to prevent re-occurrences of the issues identified were agreed.</p> |
| Leisure Centres | Not applicable | The review has been completed and report presented to the Board of Directors of South Ribble Leisure Limited. |
| Facilities and Building Management | Limited | <p>A full copy of the final report was presented to the Governance Committee in January 2022.</p> <p>The final report contained actions with short timescales for implementation due to the criticality of the issues identified. Progress on the implementation of actions has been reported to the Committee in January 22 and March 22.</p> |
| Disabled Facilities Grants | Adequate | <p>Whilst processes in place for Disabled Facilities Grants are generally well established some key controls have not been operational or require strengthening, largely due to the pandemic. A range of management actions have been agreed to ensure the controls are re-instated or strengthened.</p> <p>Established controls have now been reinstated, however due to the control changes in place during the period of review an Adequate assurance rating was awarded for this review.</p> |
| Performance Management / Data quality | Adequate | <p>The Council is committed to delivering high quality and value for money services for its residents. The achievement of this is measured and reported through its performance management framework. This review considered the progress made since the development of the Performance Management Framework and verification of the reported figures for Q3 20/21 and Q1 21/22.</p> <p>Internal Audit undertook an initial review of Q3 (20/21) corporate strategy performance measures and identified that whilst progress has been made by directorates, key issues were found that demonstrated a need for greater oversight of the data collection system by the responsible officers, in conjunction with the authorising officers.</p> |

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| | | Subsequent Internal Audit testing on the performance measures for Q1 (21/22) found that improvements had been made, however despite the amount of training delivered and support provided to collection and responsible officers since the launch of the Performance Management Framework, a small number of indicators were still incorrectly reported. |
| Recruitment and Selection / Human Resources Transformation Project | Not applicable | Due to the HR transformation project which encompassed a new payroll system and a suite of joint HR policies, it was agreed that it would be more beneficial for Internal Audit to play an active role in the project team to assist with the smooth transition to the new provider. |
| Payroll – Overtime and Expenses | Adequate | <p>This audit was a planned audit review undertaken in accordance with the agreed 2021-22 Internal Audit Plan, however since the plan was agreed the Council has been working towards implementing a new payroll system and a suite of joint HR policies across both Councils that will change processes for claiming overtime and expenses going forward. This review was undertaken to ascertain the level of compliance with the current policies and arrangements to ensure that any findings can be addressed and encompassed within the new processes taking effect from April 2022 and allow targeted training to be delivered.</p> <p>Our review confirmed that there are established arrangements in place at each Council to claim, authorise and reimburse expense and overtime payments and that these arrangements are generally followed. Recommendations were agreed to improve arrangements in relation to the retention of documentation and guidance.</p> |
| GDPR – Data Sharing | Adequate | <p>Our work has established that the Council has a comprehensive Record of Processing Activities (ROPA) in place that is easily accessible to enable Information Asset Owners (IAOs) to access and edit this information with ease. The DPO has undertaken proactive measures to ensure that the Councils contracts contain appropriate data sharing clauses or agreements and all contract managers were contacted by the DPO during 2021 and instructed to review contracts that involve the processing of personal data to ensure that a suitable data sharing clause is included.</p> <p>Testing of sampled contracts confirmed the presence of data sharing agreements/clauses that were in accordance with South Ribble standard agreements, Management actions were agreed to strengthen the Record of Processing Activity (ROPA).</p> |
| Risk Management | Adequate | The review established that overall procedures are in place to record and monitor risks. Whilst some work has been undertaken to help embed these procedures there is still work to be done to ensure that the recording and evaluation of all risks have been fully completed on the dedicated risk management system GRACE. |

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| Compliance with contract procedure rules | Adequate | <p>This audit review was to provide assurance over compliance with the current Contract Procedure Rules (CPRs) to ensure contracts are procured in a fair and transparent manner and achieve value for money.</p> <p>We were able to establish that there was a high level of compliance with the Councils CPRs and evidence was available to support that the essential processes within the procurement cycle had been followed. There were 2 identified areas for improvement relating to the population of the contract management system and contract finder</p> <p>In addition we were unable to locate a small number of signed contracts within our sample. This may lead to issues should there be a dispute but generally if a procurement methodology has been followed the terms will have been treated as agreed.</p> |
| Budget Monitoring and reporting | Substantial | <p>Our work has established that the budget monitoring process has significantly improved over the past 12 months, with monthly budget monitoring reports issued. The style and content of the report is now consistent across the two authorities and the use of narrative helps to draw out any significant issues.</p> <p>There are no formal departmental procedures documented for finance staff to follow meaning there is a risk to the council that errors may occur and guidance notes or training for budget holders has not been carried out.</p> |
| Bank Reconciliation | Not applicable | <p>Whilst this was included as a separate review, bank reconciliations were included Income Collection and Treasury Management.</p> |
| Creditors | Substantial | <p>Our work has confirmed that since our last review, a significant amount of work has been undertaken to improve the control environment since the 2019/20 review. Controls in place for Creditors are generally well established and operating as intended, and a number of processes have been strengthened.</p> <p>There are only a couple of areas which could be further strengthened and actions have been agreed in relation to these.</p> |
| Treasury Management | Substantial | <p>The Treasury Management Service fulfils an important role in the overall financial management of the Council's affairs. It deals with 'the management of the authority's investments and cashflows, its banking, money market and capital market transactions; the control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks' (CIPFA).</p> |

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| | | Our work confirmed that the controls in place for Treasury Management are well established and generally operating as intended with only a few minor improvements required to strengthen operational procedures |
| Income collection | Adequate | <p>Our work established that the Council has sufficient arrangements in place for the collection, receipting and banking of Council income via the cash office and via other channels such as payments received via the website, post office and telephone, however some weaknesses were identified in other areas including:</p> <ul style="list-style-type: none"> • The lack of an overarching banking and cash handling policy; • Improvements to the income reconciliation process (in relation to income directly from Chorley Leisure Ltd); • Establishing controls to restrict access to the dedicated cash receipting system and • Strengthening the supervisory / management checks. |