

REPORT TO	ON
Governance Committee	22 November 2018



TITLE	REPORT OF
1 st Internal Audit Interim Report as at 28 September 2018	Interim Head of Shared Assurance Services

Is this report confidential?	No
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1. PURPOSE OF THE REPORT

1.1 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 2017 to September 2018 and to comment on the outcomes;
- To give an appraisal of the Internal Audit Service's performance to date.

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

2. RECOMMENDATIONS

2.1 That the report be noted.

3. CORPORATE PRIORITIES

The report relates to the following corporate priorities:

Excellence and Financial Sustainability	X
Health and Wellbeing	
Place	

4. BACKGROUND

4.1 This is the first progress report for the 2018/19 financial year and covers the period 1st April to 28th September 2018.

5. INTERNAL AUDIT PLANS

5.1 **Appendix 1** provides a “snapshot” of the overall progress made in relation to the 2018/19 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.

5.2 The table below highlights the main pieces of work undertaken during the period together with any issues identified, where applicable;

Audit Area	Assurance Rating	Comments
South Ribble Borough Council		
Residual Work from 2017/18	Not applicable	Finalisation of audit work and reports from 2017/18.
Annual Governance Statement	Not applicable	Proactive input was provided in collating information to inform the Annual Governance Statement.
General Data Protection Regulations (GDPR)	Not applicable	Project team support provided. Largely implemented. Watching brief of residual actions ongoing.
National Fraud Initiative (NFI)	Not applicable	The NFI is a data matching exercise, which matches data within and between organisations to help detect fraud, overpayments and error. Internal Audit is co-ordinating the Council’s input to the 2018/19 main exercise and is making preparations for the Council Tax Single Person Discount / Electoral Register exercise later this year.
NFI Business Rates Pilot	Not applicable	Internal Audit is co-ordinating the Council’s participation in the NFI Business Rates data matching pilot exercise. The Council is part of a group which includes; Chorley, Fylde, Preston, Lancaster and South Lakeland Councils. The principle behind this pilot exercise is matching Business Rates data together with existing NFI data such as; residential care home data, creditors and premises data, within and between bodies to identify potential Business Rates fraud and error.
Refuse Collection & Recycling Contract	Amber (8)	Controls generally sound. Only minor improvements recommended.
Licensing Service	Amber (6)	Controls generally sound. Income management controls to be improved via the introduction of a refund process.
City Deal	Not applicable	Project team support ongoing.
Investment Strategy	Not applicable	Project team support ongoing.
Housing Development	Not applicable	Project team support ongoing.

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CONTROLS ASSURANCE KEY

<p>Control Rating</p> <p>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.</p> <p>Substantial – the Authority can place sufficient reliance on the controls. Only minor control weaknesses exist.</p> <p>Full – the Authority can place complete reliance on the controls. No control weaknesses exist.</p>	Control Rating	Limited	4	8	12	16
		Adequate	3	6	9	12
		Substantial	2	4	6	8
		Full	1	2	3	4
			Minor	Standard	Major	Critical
Risk Rating						
<p>Risk Rating</p> <p>Minor, Standard, Major or Critical reflects the relative risk of each system and the impact on the Council if it was to fail.</p> <p>The risk rating for each audit has been agreed following a detailed risk assessment by Internal Audit and approval by Senior Management.</p>						

6. INTERNAL AUDIT PERFORMANCE

- 6.1 **Appendix 2** provides information on Internal Audit performance as at 28th September 2018. We are pleased to report that the indicators have either been achieved or exceeded with the exception of “% of planned time used” and “% audit plan completed” for South Ribble. These are due to there being staff vacancies in the team during the first half of the year and several audits still in progress as at the report date.
- 6.2 A number of Audit reviews are in progress or have started in Quarter 3 and arrangements have been made to draft in temporary audit resources to complete the audit plans for the current financial year pending a fundamental service delivery review which all of the services within the scope of the next phase of sharing with Chorley Council will undergo. Lancashire County Council are due to be on site in November / December 2018. The level of completion of the audit plan is being monitored on a weekly basis by the Interim Audit & Risk Manager and will be reassessed in January 2019.

7. BACKGROUND DOCUMENTS

Background papers include the 2018/19 Internal Audit Plans for South Ribble Council and Shared Financial Services

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