

REPORT TO	ON
Governance Committee	24 January 2019



TITLE	REPORT OF
Internal Audit Progress Report as at 31 December 2018	Interim Head of Shared Assurance

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

To provide the Governance Committee with a summary of Internal Audit work undertaken for South Ribble and the Shared Services element for the period 1st April 2018 to 31st December 2018

2. RECOMMENDATIONS

2.1 Members are asked to consider and note the contents of the report

3. EXECUTIVE SUMMARY

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 outlines, the individual opinion of the internal control environment of those pieces of work outlined; the progress of work and a summary of the work expected to be completed in the fourth quarter of the financial year 2018/19.

Detailed information in regard to progress against individual areas of work / auditable areas has been provided at Appendix 1.

4. CORPORATE PRIORITIES

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	
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5. BACKGROUND TO THE REPORT

This is the progress report of work undertaken for the 2018/19 Plan, which was previously agreed with the Governance Committee

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

6.1 Appendix 1 identifies the status of each piece of work / audit review and stage the audit review is at, e.g., Scope identified and agreed; Draft Report completed and with Interim Head of Shared Assurance for review etc. The report has been produced in this way in order to outline to Members the actual status of each area of work and the progress made since the last report. The report outlines completed work and their assurance rating. In that regard, the assurance rating is based on the four levels of assurance previously agreed; Limited, Adequate, Substantial and Full. The RAG (Red, Amber, Green) status has been removed due to the ambiguity of the application of the risk rating for individual areas; that is some areas of the plan that have been designated Major & Critical risk whilst being important services of the Council, they are not designated fundamental / key systems of the Council.

6.2 Progress has been made against the Audit Plan, however, there have been resource issues due to ongoing vacancies; the unexpected long term illness of a member of staff, since October, within Insurance having an impact on Audit work and the more recent absence of a team member due to an unexpected bereavement. The continued support to the risk management process has continued to the end of December, however, due to the resource issues it has been agreed that the risk management roll out will not be a priority for the Audit Service for the last 3 months; the focus will be completing the Audit Planned work. As can be seen from the appendix a number of pieces of work are completed and are at Draft Report stage, these will be completed and issued by the end of January 2019.

6.3 As can be seen from Appendix 1 a number of pieces of work require completion within the final quarter of the year, in order to ensure significant progress is made on the plan, the following will be implemented:-

- i) the key financial audits have previously been audited on an annual basis and determined to have achieved full / substantial assurance, for 2018/19, the remaining reviews will be completed by ensuring previous recommendations are implemented and undertaking sample compliance testing;
- ii) a review of the scope of each audit review will be agreed by the Interim Head of Audit & Assurance, the scope will focus on key risks in those areas that are reviewed and reduced timescales allocated where appropriate;
- iii) the resource available and work outstanding will be reconciled and reallocated across the team, work will then be monitored on a weekly basis by the Interim Head of Shared Assurance.

6.3 The following table outlines the main pieces of work undertaken in the last period:-

Audit Area	Assurance Rating	Comments
South Ribble Council		
National Fraud Initiative (NFI)	Not applicable	Internal Audit provide support in regard to ensuring accurate data is provided for submission and submitting data to the Cabinet Office. This has now been undertaken for 2018/19. Council Tax and Electoral Registration Data has been submitted for matching in regard to those residents claiming Single Person Discount;

		results have been returned and officers are in the process of investigating any anomalies for fraud, underpayment or error. Further data sets have been submitted, the results of these will be provided by the end of January 2019. Outcomes will be reported to Governance Committee in 2019/20.
General Data Protection Regulations (GDPR)	Not applicable	Internal Audit are providing ongoing support as part of the project group who are implementing GDPR. They will provide advice and support in regard to policies, processes and procedures ensuring that appropriate controls are in place and risks identified. An annual review of GDPR will be included in the Audit Plan annually.
Shared Financial Services (South Ribble)		
Treasury Management	To be determined	LCC have completed this review and the Draft Report is with the Interim Head of Shared Assurance for review.

7. FINANCIAL IMPLICATIONS

7.1 There are no financial implications.

8. LEGAL IMPLICATIONS

8.1 There are no legal implications.

9. OTHER IMPLICATIONS:

9.1 The matters raised in the report are cross cutting and impact upon those individual services reviewed and the Internal Control environment of the Council.

9.2 Failure to report the progress of the Audit Plan to the Governance Committee could 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.

13. BACKGROUND DOCUMENTS (or There are no background papers to this report)

South Ribble Internal Audit Plan 2018/19
Shared Financial Services Audit Plan 2018/19

14. APPENDICES (or There are no appendices to this report)

Appendix 1 – Audit Plan Progress Report for South Ribble Council and Shared Financial Services elements.

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Interim Head of Shared Assurance

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INTERNAL AUDIT PLANS 2018/19
SOUTH RIBBLE COUNCIL

WORK AREA	RISK	QTR	EST (Days)	ACT	BAL	REVIEW STATUS	ASSURANCE RATING	STATUS
CORPORATE								
Annual Governance Statement	N/A	1&4	20	13.42	6.6	Completed	N/A	2017/18 AGS Completed
Anti-Fraud & Corruption	N/A	ALL	10	1.6	8.4	Ongoing updates	N/A	Ongoing policy updates, fraud alerts circulated during 2018/19
National Fraud Initiative (NFI)	N/A	ALL	15	17.5	(2.5)	Data Sets submitted	N/A	Data Sets submitted, CTAX / Elec Reg. SPD results returned & being investigated Further results for other data sets available from end of January results reported to Gov. Cttee. 2019/20
RESOURCES & TRANSFORMATION								
Legal, Democratic & HR Services								
GDPR Implementation	N/A	1	5	12.7	(7.7)	Project Support	N/A	GDPR Implementation group meets weekly to update on progress. Ongoing advice & support provided re policies and procedures
Licensing Service	MAJOR	1	15	13.1	1.9	Completed	Substantial	Completed
Payroll / HR System Data Testing	N/A	4	5	0.0	5.0	Scope agreed To be completed Q4		Work to be completed Q4
Policy, Communications, Customer, Digital & Strategic Asset Management								
Performance Management Information	CRITICAL	4	10	3.4	6.6	Testing in progress To be completed Q4		Audit scope agreed and testing underway to be completed Q4
Project Management	CRITICAL	3	15	0.0	15.0	Scope identified To be completed Q4		To be completed in Q4
Council Tax	CRITICAL	3	10	9.6	0.4	Draft Report		Audit work completed, Draft report with Interim Head of Shared Assurance for review. Issued by 18/01/19
Non-Domestic Rates (NDR)	CRITICAL	3	10	10.7	(0.7)	Draft Report		Audit work completed, draft report with Head of Shared Assurance for review issued by 22/01/19
Housing Benefits	CRITICAL	2&3	10	10.5	(0.5)	Draft Report		Audit work completed, draft report with Head of Shared Assurance for review issued by 22/01/19
Sundry Debtors	CRITICAL	3	10	9.2	0.8	Draft Report		Audit work completed, draft report with Head of Shared Assurance for review issued by 22/01/19
ICT Review	CRITICAL	2&3	15	0.4	14.6	c/f to 2019/20		Significant changes to ICT, audit work to be carried forward into 2019/20
REGENERATION & GROWTH								
Neighbourhoods & Development								
Health & Safety	CRITICAL	2&3	10	0.6	9.4	Q4		Delayed awaiting appointment of new H&S adviser
Health, Leisure & Wellbeing Campus	N/A	ALL	5	0.5	4.5	Completed	N/A	Project Group Audit role advice & support completed
Refuse Collection & Recycling Contract	CRITICAL	2	10	11.0	(1.0)	Completed	Substantial	Completed
My Neighbourhoods	MAJOR	3&4	10	1.2	8.8	c/f 2019/20		Review of service being undertaken, work to be carried forward to 2019/20

Planning & Property								
Property Repairs & Maintenance	CRITICAL	3	15	3.7	11.3	Scope determined To be agreed Q4		Scope of Audit work agreed to be discussed with Head of Service for completion in Q4
Commercial Properties	MAJOR	2&3	15	1.7	13.3	Scope agreed To be completed in Q4		Scope of work agreed to be completed in Q4
City Deal	N/A	ALL	5	1.3	3.7	Completed	N/A	Project Group Audit role advice & support completed
Investment Strategy	N/A	ALL	5	0.4	4.6	Completed	N/A	Project Group Audit role advice & support completed
Housing Development	N/A	ALL	5	0.3	4.7	Completed	N/A	Project Group Audit role advice & support completed
GENERAL								
Residual Work from 2017/8	N/A	1	20	7.1	12.9	Completed	N/A	Completed
GRACE System Administration	N/A	ALL	20	19.2	0.8		N/A	Ongoing
Business Continuity	N/A	ALL	30	0.9	29.1		N/A	Ongoing
Post Audit Reviews	N/A	ALL	10	1	9		N/A	Ongoing
Contingency / Irregularities	N/A	ALL	15	18.3	(3.3)		N/A	Ongoing
Governance Committee	N/A	ALL	15	7.4	7.6		N/A	Ongoing
TOTALS			340	176.7	163.3			

SHARED FINANCIAL SERVICES

WORK AREA	RISK	QTR	EST (Days)	ACT	BAL	REVIEW STATUS	ASSURANCE RATING	COMMENTS
Treasury Management	CRITICAL	3	20	18	2	Draft Report		LCC Completed Audit work, Draft Report produced; Head of Audit & Assurance to review working papers & report by 26/01/19
Payroll	CRITICAL	4	20	0.5	19.5	Scope identified To be completed Q4		Scope identified, compliance testing in Q4
Creditors	CRITICAL	4	20	0.6	19.4	LCC Q4		To be completed by LCC in Q4
Main Accounting	CRITICAL	4	20	0.0	20.0	Scope identified To be completed in Q4		Scope identified, compliance testing in Q4
Cash & Bank	CRITICAL	4	20	0.2	19.8	Scope identified To be completed Q4		Reduced scope to be agreed and compliance testing undertaken in Q4
Residual Work from 2017/18	N/A	1	15	18.0	(3.0)	Completed	N/A	Completed
GRACE System Administration	N/A	ALL	5	2.0	3.0		N/A	Ongoing
Post Audit Reviews	N/A	ALL	10	0.0	10.0		N/A	Ongoing
Contingency / Irregularities	N/A	ALL	10	6.6	3.4		N/A	Ongoing
TOTALS			140	31.6	108.4			