

For publication

Summary of Internal Audit Reports Issued 2017/18

Meeting:	Standards and Audit Committee
Date:	22nd November 2017
Cabinet portfolio:	Governance
Report by:	Internal Audit Consortium Manager

For publication

1.0 Purpose of report

1.1 To present for members' information a summary of Internal Audit Reports issued during the period 26th August 2017 – 20th October 2017 in respect of reports issued relating to the 2017/18 internal audit plan.

2.0 Recommendations

2.1 That the report be noted.

2.2 That Members decide if they wish to call in any Officers to the next meeting to provide a further update in respect of the "Limited" assurance reports.

3.0 Report details

3.1 The Public Sector Internal Audit Standards require that the Internal Audit Consortium Manager reports periodically to the Standards and Audit Committee in respect of performance against the audit plan. Significant risk and control issues should also be reported.

- 3.2 Attached, as Appendix A, is a summary of reports issued covering the period 26th August 2017 to 20th October 2017, for audits included in the 2017/18 internal audit plan.
- 3.3 As requested previously, Members have been provided with copies of reports that have been issued with a limited or inadequate audit opinion. This period, 3 limited assurance internal audit reports have been issued – Queens Park Sports Centre, Taxi Licensing and Data Protection. A summary of the key issues for each of these reports is detailed in Appendix B.
- 3.4 Appendix A shows for each report a summary of the scope and objectives of the audit, the overall conclusion of the audit and the number of recommendations made / agreed where a full response has been received.
- 3.5 The conclusion column of Appendix A gives an overall assessment of the assurance that can be given in terms of the controls in place and the system’s ability to meet its objectives and manage risk in line with the definitions below.

Assurance Level	Definition
Substantial Assurance	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.
Reasonable Assurance	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.
Limited Assurance	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.
Inadequate Assurance	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.

- 3.6 In respect of the audits being reported, it is confirmed that there were no issues arising relating to fraud that need to be brought to the Committees attention.
- 3.7 The production of this report ensures that Members charged with governance are aware of any internal control weaknesses or fraud identified by internal audit.

4 Alternative options and reasons for rejection

- 4.1 The report is for information.

5 Recommendations

- 5.1 That the report be noted.
- 5.2 That Members decide if they wish to call in any Officers to the next meeting to provide a further update in respect of the “Limited” assurance reports.

6 Reasons for recommendations

- 6.1 To inform Members of the internal audit reports issued in order that the strength of the internal controls in place can be assessed.

Decision information

Key decision number	N/A
Wards affected	All
Links to Council Plan priorities	This report links to the Council’s priority to provide value for money services.

Document information

Report author	Contact number/email
Jenny Williams – Internal Audit Consortium Manager	01246 345468 Jenny.williams@chesterfield.gov.uk

Background documents	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
Appendices to the report	
Appendix A	Summary of Internal Audit Reports Issued
Appendix B	Summary of the key issues in relation to reports given a "limited assurance" opinion.

Chesterfield Borough Council – Internal Audit Consortium**Report to Standards and Audit Committee****Summary of Internal Audit Reports Issued 2017/18– Period 26th August 2017 – 20th October 2017**

Report Ref No.	Report Title	Scope & Objectives	Overall Opinion	Date			Number of Recommendations	
				Report Issued	Response Due	Response Received	Made	Accepted
11	Queens Park Sports Centre	To ensure that the recommendations made at the last audit have been satisfactorily implemented.	Limited Assurance	21/08/17	12/09/17	11/10/17	14 (7 M 7L)	14
12	Non Domestic Rates	To ensure that bills are raised promptly and accurately and that there are recovery processes in place	Reasonable Assurance	31/8/17	21/9/17	8/9/17	3 (1M 2L)	3

Report Ref No.	Report Title	Scope & Objectives	Overall Opinion	Date		Response Received	Number of Recommendations	
				Report Issued	Response Due		Made	Accepted
13	Taxi Licensing	To review the licensing process and to ensure that safeguarding issues are addressed	Limited Assurance	8/9/17	29/9/17	19/9/17	7 (3H 3M 1L)	7
14	Data Protection	To ensure that Data Protection Legislation is complied with and that the Council has plans to be able to achieve compliance with the new GDPR due to be introduced in May 2018.	Limited Assurance	22/9/17	13/10/17	29/9/17	7(5H 2M)	7
15	Cash and Bank (C & D book procedures)	To ensure that all income is recorded, received and banked appropriately	Substantial Assurance	25/09/17	16/10/17	N/A	0	0

Report Ref No.	Report Title	Scope & Objectives	Overall Opinion	Date			Number of Recommendations	
				Report Issued	Response Due	Response Received	Made	Accepted
16	Cash and Bank Independent Checks	To ensure that independent checks are performed in a timely manner	Reasonable Assurance	25/9/17	16/10/17	N/A	0	0

Summary of the key issues in relation to reports given a “limited assurance” opinion.

Queens Park Sports Centre

The main findings were that:-

- A number of recommendations from the previous audit had not been fully implemented.
- It could not be evidenced that management checks were taking place regularly – there is a risk that this could lead to a loss of income.
- VAT issue that is with the system supplier for resolution.
- Inventory not up to date – if items are not recorded on the inventory there is a danger that they could go missing and that this would not be identified
- No checks on invoices from Zoggs in respect of sales of e.g. costumes and goggles – there is a risk that the invoices are not accurate or that stock is unaccounted for
- Fees and charges were not taken to Committee for approval in April 17 as is the normal procedure which has led to a potential loss of income.
- A procurement exercise has not been undertaken in respect of the sandwich supplier for the QPSC café. This means that value for money cannot be demonstrated and Financial Regulations and Standing Orders have not been complied with.

Taxi Licensing

The main findings were:-

- No management checks between licences issued and amounts receipted through the kiosk payment machines therefore it would not be identified if licences were issued but the income never paid in (potential fraud).
- No reconciliation of the amounts received from NEDDC – inaccurate payments may be made.
- A weakness was identified in relation to the DBS renewal process meaning that not all drivers had a current DBS check. This could have serious reputational issues should an incident occur with a taxi driver that is found not have an up to date check in place.
- Taxi drivers have not received comprehensive training in respect of safeguarding issues.
- Members that sit on the Appeals and Regulatory Committee have not undertaken safeguarding training – this training is essential to ensure that informed decisions can be made.

The Licensing Manager will attend the Committee to provide an update

Data Protection

The main findings were:-

- The Council's GDPR plan to meet compliance had not yet been approved or resourced – there is a risk that this is left too late making compliance by May 2018 extremely difficult.
- Despite regular reminders many staff had still not completed the mandatory training modules – In the event that there was a serious breach of data protection regulations one of the first questions the ICO would ask is have staff been appropriately trained – if the answer is no the Council is more likely to receive a fine which could be large.
- Data protection policies are pending approval by Cabinet.
- Populating the information asset register is an extremely large task that is outstanding.
- The review of the Council's forms to ensure that they contained adequate fair processing notifications has never been completed.

The Customers, Commissioning and Change Manager will be attending the Committee to provide an update.