

## For publication

### Summary of Internal Audit Reports Issued 2018/19

---

Meeting: Standards and Audit Committee

Date: 28th November 2018

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 1st September 2018 to 23rd October 2018 in respect of reports issued relating to the 2018/19 internal audit plan.

#### **2.0 Recommendation**

2.1 That the report be noted.

#### **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 1<sup>st</sup> September 2018 to 23<sup>rd</sup> October 2018, for audits included in

the 2018/19 internal audit plan. This period 8 reports have been issued 4 with substantial assurance, 3 with reasonable assurance and one with Limited Assurance (outdoor facilities income). As requested previously Members have been provided with a copy of the Limited Assurance report. The reasons for the report being assessed as Limited are detailed in Appendix B.

3.3 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.

3.4 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.

<b>Assurance Level</b>	<b>Definition</b>
<b>Substantial Assurance</b>	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.
<b>Reasonable Assurance</b>	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.
<b>Limited Assurance</b>	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.
<b>Inadequate Assurance</b>	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.

3.5 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.

3.6 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 Recommendation**

5.1 That the report be noted.

#### **6 Reasons for recommendation**

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**

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

#### **Document information**

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

<b>Background documents</b>	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
<b>Appendices to the report</b>	
Appendix A	Summary of Internal Audit Reports Issued
Appendix B	Outdoor Facilities Internal Audit Report

**Chesterfield Borough Council – Internal Audit Consortium****Report to Standards and Audit Committee****Summary of Internal Audit Reports Issued 2018/19– Period 1<sup>st</sup> September 2018 to 23<sup>rd</sup> October 2018**

Report Ref No.	Report Title	Scope & Objectives	Assurance Level	Date			Number of Recommendations	
				Report Issued	Response Due	Response Received	Made	Accepted
8	Non Domestic Rates	To ensure that bills are raised promptly and accurately and that debt collection procedures are in operation	Substantial	29/8/18	19/9/18	31/8/18	2L	2
9	Queens Park Sports centre	To review the controls and procedures in place	Reasonable	5/9/18	26/9/18	30/10/18	2M 5L	7
10	Queens Park Sports Centre Café Income	To review the controls and procedures in place	Reasonable	5/9/18	26/9/18	1/10/18	3 (1M 2L)	3

Report Ref No.	Report Title	Scope & Objectives	Assurance Level	Date			Number of Recommendations	
				Report Issued	Response Due	Response Received	Made	Accepted
11	Treasury Management	To ensure that the Council's lending and borrowing activity complies with the strategy and that all transactions are appropriately authorised.	Substantial	7/9/18	28/9/18	N/A	0	0
12	Bank Reconciliation	To ensure that the bank reconciliation is undertaken in a timely and accurate manner	Substantial	5/10/18	26/10/18	9/10/18	1L	1
13	Insurance	To ensure that the Council's insurance arrangements are appropriate	Reasonable	9/10/18	30/10/18	23/10/18	4 (3M 1L)	4
14	Housing Benefits / Council Tax Support	To ensure that claims are processed promptly and accurately	Substantial	10/10/18	31/10/18	N/A	0	0
15	Outdoor Facilities income	To ensure that bills are raised timely and accurately and that income is recorded and banked	Limited	22/10/18	12/11/18	13/11/18	9 (3M 6L)	9

### Limited Assurance Report

#### Outdoor Facilities

The overall assessment of the controls in operation was assessed as giving **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).

The overall assessment must be tempered by acknowledging that due to the level of income being nominal the **risk to the Authority is LOW**.

The key points arising were:-

- Fees and charges are not advertised at the correct rates
- There is no control over the income in respect of the train – controlled stationery is not used, no reconciliation of tickets issued to income banked. This could lead to the misappropriation of income.
- The council issues metal detecting and outdoor fitness licenses on an annual basis. These licenses only allow these activities on specific council land listed in the terms and conditions. There is no record of licenses issued and the licenses themselves are printed on plain A4 paper.
- A review of the FMS identified 7 Fitness licenses issued in 2017 and 0 in 2018. Only 2 application forms could be found at the time of the audit.
- It was established that no follow up calls are completed at the expiration of either metal detecting licenses or outdoor fitness licenses. It was identified that one company was still advertising outdoor fitness sessions for October 2018 after the license expired in May 2018.
- It was identified that metal and fitness licenses are not being processed with consistent VAT treatment.
- The fees and charges for event hire are not clear on charges to be used.
- Invoicing is not always as prompt as it could be.