

## For publication

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

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Meeting:	Standards and Audit Committee
Date:	17th July 2019
Cabinet portfolio:	Governance
Report by:	Internal Audit Consortium Manager

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## **For publication**

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### **1.0 Purpose of report**

- 1.1 To present for members' information a summary of Internal Audit Reports issued during the period 2nd March 2019 to 31<sup>st</sup> May 2019 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 2nd March 2019 to 31<sup>st</sup> May 2019, for audits included in the 2018/19 internal audit plan. This period 8 reports have been issued 3

with substantial assurance, 4 with reasonable assurance, 1 with Limited assurance (sickness absence management) and 1 with inadequate assurance (Rufford Close New Build Project). Members have received copies of the limited report and a summary of the points arising are included at Appendix B. The inadequate report is in relation to Rufford Close new build project. This report has not been provided at this meeting because the project is subject to a wider management investigation that will be reported in full by management at a later date once investigations are complete.

- 3.3 It should be noted that the final audit report for 2018/19 (housing repairs) is in the process of being finalised. Work has started on the 2019/20 internal audit plan although this has been later than usual due to staff vacancy periods during the year and due to an employee commencing an apprenticeship in order to achieve their CIPFA qualification (20% time commitment).
- 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.

<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.

3.6 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.

#### 4.0 **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>
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<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	Summary of points arising in relation to the Limited audit report – Sickness Absence Management
Appendix C	Sickness Absence Management Report

**Chesterfield Borough Council – Internal Audit Consortium**

**Report to Standards and Audit Committee**

**Summary of Internal Audit Reports Issued 2018/19– Period 2nd March 2019 to 31<sup>st</sup> May 2019**

Report Ref No.	Report Title	Scope & Objectives	Assurance Level	Date			Number of Recommendations	
				Report Issued	Response Due	Response Received	Made	Accepted
24	Sickness Absence Management	To ensure that sickness absence is being appropriately managed and reported	Limited	5/3/19	17/5/19	11/6/19	7 (5M 2L)	7
25	Agresso FMS	To review the main accounting systems and procedures	Substantial	27/3/19	17/4/19	N/A	0	0
26	Sheffield City Region Projects	To ensure that monies are appropriately spent and accounted for	Substantial	3/4/19	24/4/19	N/A	0	0
27	Commercial Works	To review the processes and procedures in place	Reasonable	5/4/19	29/4/19	15/5/19	13 (4M 9L)	13

Report Ref No.	Report Title	Scope & Objectives	Assurance Level	Date			Number of Recommendations	
				Report Issued	Response Due	Response Received	Made	Accepted
28	Accounts Receivable	To ensure that invoices are raised promptly and accurately and that there are debt collection procedures in place.	Substantial	9/4/19	30/4/19	25/4/19	2 (1M 1L)	2
29	Housing Capital Programme – Excluding Rufford Close	To ensure that housing capital programme projects are appropriately managed	Reasonable	9/4/19	30/4/19	1/5/19	2L	2

Report Ref No.	Report Title	Scope & Objectives	Assurance Level	Date			Number of Recommendations	
				Report Issued	Response Due	Response Received	Made	Accepted
30	Rufford Close New Build Project	The findings of this report will form part of the Council's wider investigation reporting. These investigations are currently ongoing and developing and cannot be reported at this time. When the investigations report is concluded in the coming months it will be reported back to the Audit and Standards Committee.	Inadequate	9/4/19	30/4/19	1/5/19	2H	2
31	Core Fleet	To review the controls and procedures around vehicles and plant	Reasonable	20/05/19	11/6/19	7/6/19	8 (4M 4L)	8

### Sickness Absence Management – Main points arising

- The handling of sensitive sickness information is inconsistent
- Sickness records were being retained for many years longer than GDPR guidance
- Managers don't have access to Resource Link therefore numerous spreadsheets are being maintained by managers
- Not all sickness documentation is completed promptly and accurately
- Sickness absence review meetings are not always taking place when trigger points are reached
- There was no contract in place with the current occupational health provider
- Sickness reports were found to contain inaccuracies

The risks are that:-

- Sickness is not managed effectively potentially leading to greater sickness levels and a failure to identify trends or give support where it is needed.
- Sickness levels are understated /figures are inaccurate so a true picture is not obtained
- The General Data Protection Regulations are not being complied with which could lead to fines and reputational damage
- The current occupational health provider may not be providing value for money or the service expected