

**RIBBLE VALLEY BOROUGH COUNCIL** DECISION  
**REPORT TO ACCOUNTS AND AUDIT COMMITTEE**

Agenda Item No 8

meeting date: 24 MARCH 2010  
title: INTERNAL AUDIT ANNUAL PLAN 2010/11  
submitted by: DIRECTOR OF RESOURCES  
principal author: MICK AINSCOW

**1 PURPOSE**

1.1 To submit to committee the internal audit plan for 2010/11.

1.2 Relevance to the Council's ambitions and priorities:

- ❖ The Council has a statutory duty to maintain an adequate and effective system of internal audit to ensure the continued efficient running of its services.

**2 BACKGROUND**

2.1 Internal audit ensure that good internal controls are inherent in all the Council's systems. All services are identified into auditable areas and then subjected to a risk assessment process. This risk assessment scores each area against 6 key factors. These factors are Materiality, Business Risk, Audit Experience, Assurance Assessment, Fraud and Time since last audit. Scores are given across these six factors for each auditable area to arrive at a risk score, from which we determine whether the area in question is High, Medium or Low risk. The risk scores for each auditable area are attached as Annex 1. A score between 0 and 8 is seen as low risk, between 9 and 13 as medium, and 14 and over as high.

2.2 An operational audit plan is then produced to prioritise resource allocation based on the risk score. All high risk areas are covered annually with the medium and low risk areas covered at least twice over a three year period. The number of days allocated to each area is based on past experience, level of testing required, etc.

**3 2010/11 INTERNAL AUDIT YEAR**

3.1 The detailed annual plan for 2010/2011 is attached as Annex 2 but in summary resources for the year have been allocated as follows:

<b>Audit Area</b>	<b>2010/11 Planned Days</b>
Fundamental (Main) Systems	210
Non-Fundamental Systems	105
Probity and regularity	175
On-going checks	105
Risk Management, Performance Indicators, etc.	70
	<b>665</b>

3.2 With regard to risk management, internal audit will continue to have a monitoring role during 2010/11. Risk owners are asked to review all their risks periodically in accordance with agreed timescales, and we will monitor all risks to ensure this is being done.

4 RECOMMENDED THAT COMMITTEE

4.1 Approve the 2010/11 internal audit plan.

PRINCIPAL AUDITOR  
AA01-10/MA/AC

4 March 2010

		RISK CATEGORIES						
AUDIT AREA		MATERIALITY	BUSINESS RISK	AUDIT EXPERIENCE	ASSURANCE ASSESSMENT	FRAUD	TIME SINCE LAST AUDIT	TOTAL
<b>Fundamental Systems</b>	General Ledger	5	5	2	2	1	1	16
	Creditors	5	5	2	2	1	1	16
	Debtors	5	5	2	2	1	1	16
	Payroll	5	5	2	2	1	1	16
	Council Tax	5	5	2	2	1	1	16
	Housing Benefits	5	5	2	2	1	1	16
	NNDR	5	5	2	2	1	1	16
<b>Non-fundamental Systems</b>	Cash & Bank Rec	5	3	1	2	1	1	13
	Stores	3	2	2	2	1	1	11
	Mortgages	2	2	1	1	1	2	9
	Loans & Investments	5	4	1	2	2	1	15
<b>Resources</b>	Flexitime System	2	4	3	2	2	2	15
	Car Allowances	2	2	2	2	2	1	11
	Car Loans	2	2	1	1	2	1	9
	Car Leasing	2	2	1	1	1	1	8
	Computer Audit	4	4	2	1	1	3	15

		RISK CATEGORIES						
AUDIT AREA		MATERIALITY	BUSINESS RISK	AUDIT EXPERIENCE	ASSURANCE ASSESSMENT	FRAUD	TIME SINCE LAST AUDIT	TOTAL
<b>Resources</b>	Land Charges	2	3	1	1	1	1	9
	HB Cheque Delivery	1	3	1	3	1	1	9
	HB Tenancy Verif	1	3	1	1	2	1	9
	Petty Cash	1	3	1	1	2	1	9
	CT/HB/Rent Checks	1	3	1	1	2	1	9
<b>Chief Executives</b>	Staff Expenses	2	3	2	3	2	2	14
	Members Allowances	2	3	1	3	2	1	12
	Printing & Stationery	1	2	1	1	1	1	7
	Fees & Charges	1	2	1	1	1	1	7
	Car Parking	2	3	1	3	2	2	13
	Rechargeable Works	2	2	1	1	2	1	9
	Tourism	3	3	3	1	1	1	12
	Platform Gallery	2	2	1	1	1	1	8

		RISK CATEGORIES						
AUDIT AREA		MATERIALITY	BUSINESS RISK	AUDIT EXPERIENCE	ASSURANCE ASSESSMENT	FRAUD	TIME SINCE LAST AUDIT	TOTAL
<b>Community</b>	Longridge Gym	2	3	2	1	2	2	12
	Ribblesdale Pool	2	3	4	1	3	1	14
	Hire Of Football Pitches	1	2	1	1	1	2	7
	Private Drain Clearances	1	3	1	1	2	1	9
<b>Development</b>	Clitheroe Market	2	3	2	1	2	1	11
	Cemetery	1	2	1	3	1	1	9
	Pest Control	1	2	1	1	1	3	9
	Planning App Fees	2	3	1	2	1	1	10
	Building Reg Fees	2	3	1	2	1	1	10
<b>Other Areas</b>	Data Protection	3	3	1	2	1	1	11
	Freedom of Information	3	3	1	2	1	1	11
	Health and Safety	3	3	1	2	1	1	11
	Enterprise Risk Management	3	3	1	2	1	2	12

**Key:**

- **Materiality** Financial value, financial impact of error, fundamental system
- **Business Risk** Link to corp. plan, non-financial impact e.g reputation, impact of any service changes/decisions, political sensitivity
- **Audit Experience** Client concerns, previous audits, external audit experience
- **Assurance Assessment** Risk management, self assessment questionnaires, impact of any potential changes to systems in place
- **Fraud** Past experience of occurrence of fraud, scope for possible fraud

## Annex 2

Operational Audit Plan 2010/11		Days
Number of days available		<b>910</b>
Less:		
Bank Hols/Statutory	43	
Annual Leave	82	
College. Other Training	45	
Non-Audit Duties (Insurance, etc.)	75	<b>(245)</b>
Actual auditing days available		<b>665</b>
AREA OF ACTIVITY		

General Ledger	30	
Creditors	20	
Debtors	20	
Payroll	30	
Council Tax	40	
Housing Benefits	40	
NNDR	30	<b>210</b>
Cash and Bank Reconciliation	10	
Stores	15	
Loans and Investments System	15	<b>40</b>
Data Protection	15	
Freedom of Information	15	
Health and Safety	15	
Enterprise Risk Management	20	<b>65</b>
Flexitime System	15	
Car Allowances	15	
Car Leasing	3	
Land Charges	8	
HB Cheque Delivery	10	
HB Tenancy Verification	15	
Petty Cash	10	
CT/HB Checks/NFI Checks	40	
Staff Expenses	15	
Fees and Charges	8	
Printing and Stationery	3	
Rechargeable Works	10	
Tourism	10	
Car Parking	3	
Pest Control	3	

AREA OF ACTIVITY		Days
Inventories	5	
Longridge Gym	5	
Ribblesdale Pool	10	
Platform Gallery	5	
Private Drain Clearances	5	
Clitheroe Market	10	
Cemetery	5	
Planning App./Building Reg. Fees	12	
Contract Procedures	15	240
Income Monitoring	15	
Contingencies	25	40
Risk Management	25	
Corporate Governance	20	
Performance Indicators/SIC	25	70
<b>Total Planned Audit Work</b>		<b>665</b>