

INFORMATION

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 9

meeting date: 24 MARCH 2010
title: INTERNAL AUDIT PROGRESS REPORT 2009/10
submitted by: DIRECTOR OF RESOURCES
principal author: MICK AINSCOW

1 PURPOSE

1.1 To report to committee internal audit work progress to date for 2009/10.

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 looking at factors such as financial value, audit experience, fraud, etc. A risk score is then calculated for each area.

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 once every two years.

2.3 The full internal audit plan for 2009/10 is attached as Annex 1, but in summary resources for the year have been allocated as follows:

Audit Area	2009/10 Planned Days
Fundamental (Main) Systems	220
Non-Fundamental Systems	104
Probity and Regularity	154
Ongoing checks	100
Risk Management, Performance Indicators	85
Total	663

3 2009/10 INTERNAL AUDIT YEAR

3.1 Our intention every year is to review all of the Council's main fundamental systems. Unfortunately this year we have to date only completed systems work in respect of Payroll, Creditors and Sundry Debtors. Testing is currently in progress on both Housing Benefit and General Ledger systems and I am hopeful of completing main work by mid April. Work on the Council Tax and NNDR systems can then commence with an expected date for completion of end May 2010. The audits have taken significantly longer to complete this year than anticipated, due largely to the increased level of testing required to enable us to provide the assurance opinion. With hindsight I should have scheduled work to start sooner in the year and this is a

lesson we will learn for 2010/11. I am confident that by the time of our next meeting all systems work will have been completed.

3.2 In addition to our systems work we have continued to carry out a series of ongoing checks to prevent/detect fraud and corruption.

3.3 At present we use an assurance system for all audits carried out. Each completed audit report contains a conclusion which gives a level of assurance opinion as follows:

Level 4	Substantial		The Authority can place high levels of reliance on the arrangements/ controls in place. Best practice is demonstrated in some or all areas.
Level 3	Reasonable		The Authority can place reasonable (i.e. sufficient) reliance on the arrangements/ controls in place. Only relatively minor control weaknesses exist.
Level 2	Limited		The Authority can place only limited reliance on the arrangements/ controls in place. Significant control issues need to be resolved.
Level 1	Minimal		The Authority cannot place sufficient reliance on the arrangements/ controls in place. Substantial control weaknesses exist.

4 REPORTS CARRIED OUT AND ASSURANCE OPINIONS

4.1 This report covers audit work and reports issued since the last report to Committee on 25 November 2009. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
27.11.09	Reasonable 	Data Matching of Housing Benefits to Electoral Register – ensuring that household details as per register correspond to details on HB system where a claim for benefit was current.
13.01.10	Reasonable 	Deductions from Payroll – checks carried out to verify that all deductions car parking, union subs, council tax etc. were properly authorised.
01.02.10	Limited 	Visitor Information Centre – all areas of operation examined. A number of areas of weakness were identified, most notably with regard to overall stock control. Assurances have been given that procedures will improve and a follow-up visit will be made in the near future.
04.02.10	Reasonable 	Building Control – System found to be operating effectively. Only minor weaknesses identified.

Date of Report	Assurance Opinion	Report Details
01.03.10	Reasonable ✓	Payroll system – System controls were basically sound and the quality and effectiveness of work carried out within the section was of good standard.
03.03.10	Reasonable ✓	Platform Gallery- All areas of operation were examined with only a number of minor areas of concern being identified.
09.03.10	Reasonable ✓	Sundry Debtors System – The control systems in place were sound, and operating effectively.
09.03.10	Reasonable ✓	Creditors System – Looking at ordering, receipt of goods, payments etc. Controls in places were fundamentally sound with only minor areas of concern identified.

5 QUALITY MONITORING

- 5.1 Since the end of October 2009, we have been issuing customer feedback questionnaires following all audit work carried out. These questionnaires ask for the auditees views on the work we have carried out. It has been a somewhat 'painful' process getting these questionnaires returned but to date we have in fact had 5 sent back to us. I am in the process of chasing up any outstanding forms.
- 5.2 Summary results are shown at Annex 2 and are quite pleasing in terms of we seem to be delivering what customers want, and all returned to date have shown an average score above our target level of 4.

6 CONCLUSION

- 6.1 It is unfortunate that we have not completed all our systems work as of yet, but I am confident that this will be achieved by end of May 2010 at the latest.

PRINCIPAL AUDITOR

AA3-10/MA/AC
11 March 2010

Annex 1

Operational Audit Plan 2009/10		Days
Number of days available		900
Less:		
Bank Hols/Statutory	42	
Annual Leave	75	
College	60	
Non-Audit Duties (Insurance, etc.)	60	(237)
Actual auditing days available		663

AREA OF ACTIVITY		
General Ledger	40	
Creditors	25	
Debtors	25	
Payroll	25	
Council Tax	40	
Housing Benefits	40	
NNDR	25	220
Cash and Bank Reconciliation	10	
Stores	12	
Loans and Investments	12	34
Data Protection	20	
Freedom of Information	15	
Health and Safety	15	
Enterprise Risk Management	20	70
Flexitime System	10	
Car Allowances	10	
Car Leasing	3	
Land Charges	6	
HB Cheque Delivery	10	
HB Tenancy Verification	15	
Petty Cash	10	
CT/HB Checks	25	
Staff Expenses	10	
Fees and Charges	5	
Improvement Grants	10	
Printing and Stationery	5	
Rechargeable Works	5	
Tourism	10	
NFI checks	25	

AREA OF ACTIVITY	Days
Longridge Gym	5
Ribblesdale Pool	15
Platform Gallery	5
Private Drain Clearances	5
Clitheroe Market	10
Cemetery	5
Planning App./Building Reg. Fees	10
	214
Income Monitoring	20
Contingencies	20
	40
Risk Management	45
Corporate Governance	15
Performance Indicators/SIC	25
	85
Total Planned Audit Work	663

Annex 2

Question	AUDIT CARRIED OUT				
	Data Matching HB to Electoral Register	Deductions from Payroll	Visitor Information Centre	Stores	Building Control
Sufficient notice given to arrange the visit (not applicable for unannounced visits)	N/A	5	5	5	5
A briefing sheet was sent prior to commencement of the audit and any comments/requests made were taken into account during the audit	5	5	4	5	4
The Auditors understanding of your systems and any operational issues	4	3	4	4	3
The audit was carried out efficiently with minimum disruption	5	5	5	4	5
The level of consultation during the audit	4	5	5	4	5
The audit was carried out professionally and objectively	4	4	5	4	5
The draft report addressed the key issues and was soundly based	5	4	4	4	4
Your opportunity to comment on the findings	5	5	5	4	5
The final report in terms of its clarity and conciseness	4	4	4	4	4
The prompt issue of the final report	4	5	5	4	5
The recommendations in the final report will improve control and/or performance	3	4	4	3	4
The audit was constructive and added value overall	3	4	4	4	4
Average	4.2	4.4	4.5	4.1	4.4

5 = Very Good 4 = Good 3 = Satisfactory 2 = Just Adequate 1 = Poor