

**INFORMATION**

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

Agenda Item No 10

meeting date: 15 SEPTEMBER 2010  
title: INTERNAL AUDIT PROGRESS REPORT 2010/11  
submitted by: DIRECTOR OF RESOURCES  
principal author: MICK AINSCOW

**1 PURPOSE**

1.1 To report to committee internal audit work progress to date 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 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 2010/11 is attached as Annex 1, but in summary resources for the year have been allocated as follows:

<b>Audit Area</b>	<b>2001/11 Planned Days</b>
Fundamental (Main) Systems	210
Non-Fundamental Systems	105
Probity and Regularity	175
Ongoing checks	105
Risk Management, Performance Indicators	70
<b>Total</b>	<b>665</b>

**3 2010/11 INTERNAL AUDIT YEAR**

3.1 During the year we aim to review all of the Council's main fundamental systems. The majority of this work will be undertaken during the last six months of the year in order that there are sufficient current year transactions to test to provide the assurance required.

3.2 In addition to our systems work we will continue 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 30 June 2010. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
01.07.10	Reasonable 	Car Insurances – checked car insurance policies for those members of staff using their own vehicles on official council business to ensure they had the required business use cover. All staff produced their documents and were appropriately covered.
09.07.10	Reasonable 	Housing Benefits System – system controls were basically sound and the quality and effectiveness of work carried out within the section was of a good standard. Testing related to 2009/10.
13.07.10	Reasonable 	Fees and Charges – Ensuring that all charges for 2010/11 as approved by the relevant committee had been implemented. All prices/fees being charged across the authority were verified to those approved.

Date of Report	Assurance Opinion	Report Details
27.07.10	Reasonable ✓	Petty Cash/Floats – checks made on all petty cash and floats held in all departments. Only minor discrepancies identified.
25.08.10	Reasonable ✓	Employees Council Tax and Housing Benefits check – ensuring that all council staff and members living in the Ribble Valley are registered for council tax, and where any discounts or benefits were being claimed, that those were valid. Couple of minor queries which have been passed to the Revenues and Benefits Manager.
31.08.10	Reasonable ✓	NNDR System – control systems in place were sound, and operating effectively. Testing related to 2009/10.

## 5 QUALITY MONITORING

- 5.1 Since the end of October 2009, we have been issuing customer feedback questionnaires following the majority of audit work carried out. These questionnaires ask for the auditees views on the work we have undertaken. No questionnaires have been returned since the last meeting – two are being pursued from the officers concerned, and in respect of the other audits, these were not specific to a particular department/section and so the issuing of a questionnaire was not felt to be appropriate.

PRINCIPAL AUDITOR

AA19-10/MA/AC  
2 September 2010

## Annex 1

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	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	40	
Staff Expenses	15	
Fees and Charges	8	
Printing and Stationery	3	
Rechargeable Works	10	
Tourism	10	
Car Parking	3	
Pest Control	3	
Inventories	5	

AREA OF ACTIVITY	Days
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 Procedure Rules	15
	<b>240</b>
Income Monitoring	15
Contingencies	25
	<b>40</b>
Risk Management	25
Corporate Governance	20
Performance Indicators/SIC	25
	<b>70</b>
Total Planned Audit Work	<b>665</b>