

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

DECISION

Agenda Item No 7

meeting date: 30 MARCH 2011  
title: INTERNAL AUDIT ANNUAL PLAN 2011/12  
submitted by: DIRECTOR OF RESOURCES  
principal author: MICK AINSCOW

**1 PURPOSE**

1.1 To submit to committee the internal audit plan for 2011/12.

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 2011/12 INTERNAL AUDIT YEAR**

3.1 The detailed annual plan for 2011/2012 is attached as Annex 2 but in summary resources for the year have been allocated as follows:

<b>Audit Area</b>	<b>2011/12 Planned Days</b>
Fundamental (Main) Systems	200
Non-Fundamental Systems	105
Probity and regularity	133
On-going checks	100
Risk Management, Performance Indicators, etc.	90
	<b>628</b>

3.2 With regard to risk management, internal audit will continue to have a monitoring role during 2011/12. 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 2011/12 internal audit plan.

PRINCIPAL AUDITOR  
AA1-11/MA/AC

15 March 2011

		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	3	15
	Stores	2	1	1	2	1	1	8
	Mortgages	1	1	1	1	1	3	8
	Loans & Investments	5	5	2	2	2	1	17
<b>Resources</b>	Flexitime System	2	3	3	2	1	2	13
	Car Allowances	2	2	2	2	1	1	10
	Car Loans	2	2	1	1	1	3	10
	Car Leasing	2	2	1	1	1	1	8
	HB Cheque Delivery	1	3	1	2	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
	Staff Expenses	1	2	2	2	2	3	12
	Members Allowances	2	3	1	2	2	1	11
Printing & Stationery	1	1	1	1	1	1	6	

		RISK CATEGORIES						
AUDIT AREA		MATERIALITY	BUSINESS RISK	AUDIT EXPERIENCE	ASSURANCE ASSESSMENT	FRAUD	TIME SINCE LAST AUDIT	TOTAL
<b>Chief Executives</b>	Land Charges	2	3	1	1	1	2	10
	Fees & Charges	1	2	1	1	1	1	7
	Clitheroe Market	2	2	1	1	2	1	9
	Cemetery	1	2	1	2	1	1	8
	Pest Control	1	1	1	1	1	3	8
	Building Reg Fees	2	3	1	2	1	1	10
<b>Community</b>	Planning App Fees	2	3	1	2	1	1	10
	Car Parking	1	2	1	1	2	3	10
	Rechargeable Works	1	1	1	1	2	1	7
	Tourism	2	2	3	1	1	1	10
	Platform Gallery	2	2	1	1	1	1	8
	Longridge Gym	1	1	1	1	2	3	9
	Ribblesdale Pool	2	2	3	1	3	1	12
	Hire Of Football Pitches	1	1	1	1	1	3	8
<b>Other Areas</b>	Private Drain Clearances	1	2	1	1	2	1	8
	Data Protection	3	3	1	2	1	2	12
	Freedom of Information	2	2	1	2	1	2	10
	Health and Safety	3	3	1	2	1	2	12
	Enterprise Risk Management	2	2	1	2	1	2	10

**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

Operational Audit Plan 2011/12		Days
Number of days available		<b>780</b>
Less:		
Bank Hols/Statutory	39	
Annual Leave	73	
College. Other Training	10	
Non-Audit Duties (Insurance, etc.)	30	<b>(152)</b>
Actual auditing days available		<b>628</b>
AREA OF ACTIVITY		
General Ledger	30	
Creditors	15	
Debtors	15	
Payroll	20	
Council Tax	45	
Housing Benefits	45	
NNDR	30	<b>200</b>
Cash and Bank Reconciliation	10	
Stores	5	
Loans and Investments System	10	<b>25</b>
Data Protection	20	
Freedom of Information	20	
Health and Safety	20	
Enterprise Risk Management	20	<b>80</b>
Flexitime System	15	
Car Allowances	8	
Land Charges	10	
HB Cheque Delivery	12	
HB Tenancy Verification	20	
Petty Cash	5	
CT/HB Checks/NFI Checks	50	
Staff Expenses	10	
Fees and Charges	5	
Printing and Stationery	3	
Rechargeable Works	5	
Tourism	8	
Car Parking	3	

AREA OF ACTIVITY		Days
Inventories	5	
Longridge Gym	3	
Ribblesdale Pool	5	
Platform Gallery	5	
Private Drain Clearances	5	
Clitheroe Market	5	
Cemetery	8	
Planning App./Building Reg. Fees	8	
Contract Procedures	10	208
Contingencies	25	25
Risk Management etc.	50	
Corporate Governance	15	
Performance Indicators/SIC	25	90
<b>Total Planned Audit Work</b>		<b>628</b>