

INFORMATION

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 9

meeting date: 30 MARCH 2011
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:

Audit Area	2010/11 Planned Days
Fundamental (Main) Systems	210
Non-Fundamental Systems	105
Probity and Regularity	175
Ongoing checks	105
Risk Management, Performance Indicators	70
Total	665

3 2010/11 INTERNAL AUDIT YEAR

3.1 Our intention every year is to review all of the Council's main fundamental systems. So far this year we have completed testing on Payroll, General Ledger, Sundry Debtors and Housing Benefits systems. Testing is currently in progress on both Council Tax and Creditors systems and I am hopeful of completing main work by the end of April. Work on the NNDR system can then commence. Extensive testing has been carried out in order that we can provide the assurance opinion required.

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 24 November 2010. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
16.11.10	Reasonable 	Housing Benefit Tenancy Verification – wrote to a random sample of 200 housing benefit claimants whose benefit was paid direct to their landlord to confirm continued residence. Details of claimants who failed to respond were forwarded to the Fraud/Control Officer for further investigation.
29.11.10	Reasonable 	Sundry Debtors System – the control systems in place were sound and operating effectively. No recommendations arising.
13.01.11	Reasonable 	Private Drain Clearances – looking at recharges for works carried out by depot staff. All expenditure had been fully recharged to customers.
14.01.11	Reasonable 	Payroll System – System controls were basically sound and the quality and effectiveness of work carried out within the section was of a good standard.
02.02.11	Reasonable 	Housing Benefit Cheque Delivery – a random sample of 20 cheques were delivered to claimants in January 2011 with the request that they confirm that there had been no change in circumstances. A number of queries were referred back to HB for further investigation.

Date of Report	Assurance Opinion	Report Details
02.02.11	Reasonable ✓	Council Tax Single Person Discount Checks – checked sample of council tax payers in receipt of single person discount to details shown on latest copy of Register of Electors. 200 claimants checked. A number of queries but no one found to be wrongly claiming spd.
08.03.11	Reasonable ✓	Clitheroe Market – All aspects of operation at the market were examined. Overall operation was good and there were no recommendations arising.
09.03.11	Reasonable ✓	Car Leasing – ensuring the car lease holders were paying the correct sums based on salary and vehicle. All were correct. No recommendations arising.

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.

Summary results are shown at Annex 2 for the questionnaires returned since the last meeting of this Committee, and it is pleasing to note that we continue to deliver what customers want. All returned questionnaires show an average score above our target level of 4.

PRINCIPAL AUDITOR

AA8-11/MA/AC
18 March 2011

Annex 1

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

AREA OF ACTIVITY		
General Ledger	30	
Creditors	20	
Debtors	20	
Payroll	30	
Council Tax	40	
Housing Benefits	40	
NNDR	30	210
Cash and Bank Reconciliation	10	
Stores	15	
Loans and Investments	15	40
Data Protection	15	
Freedom of Information	15	
Health and Safety	15	
Enterprise Risk Management	20	65
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	

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 Procedure	15	240
Income Monitoring	15	
Contingencies	25	40
Risk Management	25	
Corporate Governance	20	
Performance Indicators/SIC	25	70
Total Planned Audit Work		665

Annex 2

Question	Loans and Investments	Rechargeable Works	Sundry Debtors	Private Drain Clearances	Payroll System
Sufficient notice given to arrange the visit (not applicable for unannounced visits)	5	4	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	4	4	5	5	5
The Auditors understanding of your systems and any operational issues	4	4	4	4	5
The audit was carried out efficiently with minimum disruption	5	5	5	5	5
The level of consultation during the audit	4	5	5	5	5
The audit was carried out professionally and objectively	5	5	5	4	5
The draft report addressed the key issues and was soundly based	5	4	5	3	4
Your opportunity to comment on the findings	5	5	5	4	5
The final report in terms of its clarity and conciseness	5	5	5	3	5
The prompt issue of the final report	5	4	4	3	4
The recommendations in the final report will improve control and/or performance	5	4	4	4	4
The audit was constructive and added value overall	4	5	5	4	5
Average	4.7	4.5	4.7	4.1	4.7

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