

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

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Agenda Item No 7

meeting date: 28 MARCH 2012  
title: INTERNAL AUDIT ANNUAL PLAN 2012/13  
submitted by: DIRECTOR OF RESOURCES  
principal author: MICK AINSCOW

**1 PURPOSE**

1.1 To submit to committee the internal audit plan for 2012/13.

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 All local authorities are required to make proper provision for Internal Audit in line with the 1972 Local Government Act and the Accounts and Audit Regulations 2011. The CIPFA Code of Practice on Internal Audit in Local Government requires the proper planning of audit work.

2.2 Internal Audit ensures that good internal controls are inherent in all the Council's systems. All services have been identified into auditable areas and then subjected to a risk assessment process. This risk assessment scores each area against 4 key factors.

- Materiality
- Primary Objectives
- Audit Experience and Assurance
- Time since last audit

2.3 Scores are given across these four factors for each auditable area to arrive at a risk score, from which it is determined whether the area in question is high, medium or low risk. A score of 4 or 5 is regarded as low risk, of 6 or 7 as medium, and 8 and over as high.

2.4 Using the risk scoring an operational audit plan is produced which prioritises 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 and level of testing required.

**3 2012/13 INTERNAL AUDIT YEAR**

3.1 The proposed audit plan for 2012/13 is currently under consultation with Directors, Heads of Service and the Audit Commission. Once this consultation process is completed a finalised audit plan will be produced for Members to consider. This finalised audit plan will be circulated to Members at the time of the meeting.

- 3.2 With regard to risk management, internal audit will continue to have a monitoring role during 2012/13. 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 with any red risks being reported to this Committee.
- 3.3 We will continue to allow a number of days in the audit plan for contingencies. This is to account for any work carried out that is unplanned e.g. possible fraud investigations, complaints from members of the public or pieces of work carried out following specific requests from Directors or Heads of Service.
- 3.4 Further work will also be programmed for computer audit work, however, this will fall outside the audit plan as we do not have the necessary expertise in house for this area of audit work. The Council have an earmarked reserve for use in the procurement of such external provision.
- 4 RECOMMENDED THAT COMMITTEE
- 4.1 Approve the 2012/13 internal audit plan, which will be circulated to Members at the meeting.

PRINCIPAL AUDITOR  
AA2-12/MA/AC

15 March 2012

## Internal Audit Annual Plan 2012/13

## Annex 1

	AUDIT AREA	RISK CATEGORIES				TOTAL
		MATERIALITY	PRIMARY OBJECTIVES	AUDIT EXPERIENCE AND ASSURANCE	TIME SINCE LAST AUDIT	
Fundamental Systems	Main Accounting	3	3	1	1	8
	Creditors	3	3	1	1	8
	Sundry Debtors	3	3	1	1	8
	Payroll	3	3	1	1	8
	Council Tax	3	3	1	1	8
	Housing Benefits	3	3	1	2	9
	NNDR	3	3	1	1	8
	Cash Receipting	3	3	2	3	11
Non-fundamental Systems	VAT	3	3	3	3	12
	Stores	2	2	1	2	7
	Procurement	3	3	3	3	12
	Treasury Management	3	3	1	1	8
Resources	Car Allowances	2	1	1	1	5
	Car Loans	1	1	1	2	5
	Car Leasing	1	1	1	2	5
	Asset Management/Register	3	3	3	3	12
	Petty Cash/Floats	1	1	1	1	4
	Staff Expenses	2	1	1	1	5
	Members' Allowances	2	3	1	1	7
	HR and Recruitment	2	3	3	1	9
	Insurance	3	2	3	3	11
Chief Executives	Land Charges	3	2	1	1	7
	Fees and Charges	3	2	1	1	7
	Clitheroe Market	2	2	1	2	7
	Cemetery	2	2	1	1	6
	Licences	2	2	3	3	10
	Building Regs	3	2	1	1	7
	Business Continuity Management/Community Safety	3	3	2	3	11
Community	Planning Applications	3	2	1	1	7
	Car Parking	3	2	2	2	9
	VIC/Platform Gallery	2	3	3	1	9
	Trade Refuse	2	3	3	3	11
	Recycling	2	3	3	3	11
	Ribblesdale Pool	2	3	1	1	7
Other Areas	Data Protection	1	2	1	1	5
	Cash Collection Procedures	3	3	3	3	12
	Partnership Arrangements	3	3	3	3	12
	Grants Received	3	3	3	3	12
	Grants Paid	3	3	3	3	12
	Flexitime System	1	1	2	1	5
	Sustainability	3	2	3	3	11
Section 106 Agreements/Community Infrastructure Levy	3	2	3	3	11	



New areas for Audit in 2012/13

**Key:**

<b>Risk Category</b>	<b>Description</b>	<b>Scoring Methodology</b>
<b>Materiality</b>	Based on the monetary value of the transactions involved	Highest score being those areas with substantially material monetary value transactions
<b>Primary Objectives</b>	Based on service links to the primary objectives in the Corporate Strategy	Highest score being those areas that are key to the council achieving its primary objectives
<b>Audit Experience and Assurance</b>	Based on recommendations and assurance levels at past audits	Highest scores being those areas which have a poor audit experience or low levels of assurance. (New areas automatically score high)
<b>Time since last audit</b>	Based on the time that has elapsed since an audit was last undertaken on the service area	Highest scores being those areas which have not been audited in the past three years

Operational Audit Plan 2012/13			Days
	Number of days available		<b>780</b>
	Less:		
	Bank Hols/Statutory	39	
	Annual Leave	75	
	Non-Audit Duties (Insurance, etc.)	30	<b>(144)</b>
	Actual auditing days available		<b>636</b>
Risk Score	Area Of Activity		
	<i>Fundamental Systems</i>		
8	Main Accounting	30	
8	Creditors	20	
8	Sundry Debtors	20	
8	Payroll	40	
8	Council Tax	45	
9	Housing Benefits	45	
8	NNDR	30	
11	Cash Receipting	20	<b>250</b>
	<i>Non Fundamental Systems</i>		
12	VAT	20	
7	Stores	5	
8	Treasury Management	10	
12	Procurement	20	<b>55</b>

<b>Risk Score</b>	<b>Area of Activity</b>		
	<i>Probity/Regularity</i>		
12	Asset Management/Asset Register	15	
9	HR and Recruitment	10	
11	Insurance	15	
10	Licences	10	
11	Business Cont. Management/Community Safety	15	
9	Car Parking	5	
9	VIC/Platform Gallery	10	
11	Trade Refuse	10	
11	Recycling	10	
12	Partnership Arrangements	20	
12	Grants received	10	
12	Grants paid	10	
11	Sustainability	15	
11	Section 106 Agreements	10	
7	Members' Allowances	5	
7	Ribblesdale Pool	10	
7	Clitheroe Market	5	
5	Data Protection	10	
7	Land Charges	5	
6	Cemetery	8	
7	Building Regulations	10	
7	Planning Applications	10	<b>228</b>
	<i>Continuous Activity/Ongoing Checks</i>		
12	Cash Collection Procedures	10	
7	Fees and Charges	8	
	Income Monitoring	10	<b>28</b>
	Contingencies	20	<b>20</b>
	Risk Management	30	
	Corporate Governance	20	
	Performance Indicators	5	<b>55</b>
	Total Planned Audit Work		<b>636</b>