

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

DN

Agenda Item No

meeting date: 22 AUGUST 2012
title: INTERNAL AUDIT PROGRESS REPORT 2012/13
submitted by: DIRECTOR OF RESOURCES
principal author: MICK AINSCOW

1 PURPOSE

1.1 To report to Committee internal audit work progress to date for 2012/13.

1.2 Relevance to the Council's ambitions and priorities:

- Corporate priorities – the Council seeks to maintain critical financial management and controls, and provide efficient and effective services.
- Other considerations – the Council has a statutory duty to maintain an adequate and effective system of internal audit.

2 BACKGROUND

2.1 Internal audit ensure that sound 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 and audit experience. A risk score is then calculated for each area.

2.2 An operational audit plan is then produced to prioritise resources allocation based on the risk score. All high-risk areas are covered annually with the medium and low-risk areas covered at least twice in every three year cycle.

2.3 The full internal audit plan for 2012/13 is attached as Annex 1 alongside progress to date. In summary resources for the year have been allocated as follows:

Audit Area	2012/13 Planned Days
Fundamental (Main) Systems	250
Other Systems	55
Probity and Regularity	228
On-going checks	48
Risk Management, Performance Indicators	55
Non-Audit Duties (Insurance)	30
	666

2.4 The position with regards to audit work carried out as at the end of July 2012 is included within Annex 1 and shows completed audits, audits in progress and continuous activity.

2.5 The Senior Auditor in the team is currently working for half of the week in the accountancy section gaining work experience towards obtaining full membership of CIPFA. Following advertisement of the position, some temporary cover has been secured and the new member of staff started in post on 6 August. In addition the Audit Technician in the team has moved permanently to a position also within the accountancy section and a permanent replacement for this post is currently being sought in order to avoid an adverse impact on the achievement of the Audit Plan.

3 ISSUES

- 3.1 During the year we aim to review all of the Council's main fundamental systems. The majority of this work will be carried out later in the year, in order that there are sufficient current year transactions to test to provide the necessary level of assurance.
- 3.2 Since the middle of June a great deal of audit staff time has been spent on an un-programmed audit investigation. An update on the current position with this on-going investigation will be provided at the committee meeting. This has inevitably impacted on the achievement of the audit plan to date.
- 3.3 In addition to our systems work we will continue to carry out a series of on-going checks to prevent/detect fraud and corruption.
- 3.4 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 1	Full		The Council can place full reliance on the levels of control in operation
Level 2	Substantial		The Council can place substantial reliance on the levels of control in operation
Level 3	Reasonable		Generally sound systems of control. Some minor weaknesses in control which need to be addressed
Level 4	Limited		Only limited reliance can be placed on the arrangements/ controls in operation. Significant control issues need to be resolved.
Level 5	Minimal		System of control is weak, exposing the operation to the risk of significant error or unauthorised activity

4 REPORTS CARRIED OUT AND ASSURANCE OPINIONS

- 4.1 This report covers audit work and reports issued since the last report to Committee on 27 June 2012. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
21.06.12	Substantial 	Corporate Governance Review – annual review carried out, no significant issues to report
29.06.12	Substantial 	NNDR System and Procedures – control systems in place were effective. The only issue arising was around contingency arrangements in the event of prolonged staff absence and this is currently being addressed

5 QUALITY MONITORING

- 5.1 Customer feedback questionnaires are issued following the completion of the majority of audit work carried out. These questionnaires ask for the auditees view on the work that has been undertaken. No questionnaires have been returned since the last meeting and any outstanding ones are currently being chased up with the officers concerned.

6 RECOMMENDATION

- 6.1 Progress to date with the 2012/13 audit plan is somewhat behind schedule – this is due to staffing issues, which are being addressed, and the on-going un-programmed audit investigation.

PRINCIPAL AUDITOR

DIRECTOR OF RESOURCES

AA14-12/MA/AC
9 August 2012

BACKGROUND PAPERS: None

For further information please ask for Mick Ainscow, extension 4540.

Annex 1

2012/13 Planned Days	Audit	Actual days to 31/05/12	Status as at 31/05/12
<i>Fundamental (Main) Systems</i>			
30	Main Accounting	11	
20	Creditors	3	
20	Sundry Debtors	1	Not started
40	Payroll and HR	2	Follow-up Review completed
45	Council Tax	0	Not started
45	Housing Benefits	0	Not started
30	NNDR	23	
20	Cash Receipting	0	Not started
250		40	
<i>Other Systems Work</i>			
20	VAT	2	
5	Stores	0	Not started
10	Treasury Management	0	Not started
20	Procurement	10	Hazard Identification
55		12	
<i>Probity and Regularity</i>			
15	Asset Mgmt/Register	1	Hazard Identification
10	HR and Recruitment	2	
15	Insurance	12	
10	Licences	2	Hazard Identification
15	Business Continuity Mgmt	0	Not started
5	Car Parking	0	Not started
10	VIC/Platform Gallery	0	Not started
10	Trade Refuse	1	Hazard Identification
10	Recycling	0	Not started
20	Partnership Arrangements	2	Hazard Identification
10	Grants received	2	Hazard Identification
10	Grants paid	2	Hazard Identification
15	Sustainability	2	Not started
10	Section 106 Agreements	0	Not started
5	Members' Allowances	0	Not started
10	Ribblesdale Pool	1	Follow up
5	Clitheroe Market	0	Not started
10	Data Protection	0	Not started
5	Land Charges	3	

2012/13 Planned Days	Audit	Actual days to 31/05/12	Status as at 31/05/12
8	Cemetery	0	Not started
10	Building Regulations	0	Not started
10	Planning Applications	0	Not started
228		30	
<i>Continuous Activity/Ongoing Checks</i>			
10	Cash Collections Procedures	2	
8	Fees and Charges	3	∞
10	Income Monitoring	4	∞
28		9	
20	Contingencies	47	∞
20		47	
30	Risk Management	3	∞
20	Corporate Governance	12	∞
5	Performance Indicators	4	∞
55		19	
30	Insurance	13	∞
30		13	
0	Training	37	∞
0		37	
	Available audit days to 31/3/2013	459	
666		666	

Key:

 Completed

 In progress

∞ Continuous Activity