

# RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

DN

Agenda Item No 7

meeting date: 27 MARCH 2013  
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
	<b>666</b>

2.4 The position with regards to audit work carried out as at the end of February 2013 is included within Annex 1 and shows completed audits, audits in progress and continuous activity.

2.5 The Senior Auditor in the team took up a permanent position within the accountancy section in mid-January 2013. The Senior Auditor post has been advertised and interviews will take place on 21 March.

### 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. Testing in relation to systems audit work is currently on-going for council tax, housing benefits, main accounting and payroll systems.
- 3.2 A great deal of staff time this year was spent on an unplanned audit investigation – a report on this investigation was presented to the last meeting of this Committee in November 2012. In addition the Senior Auditor, for a large part of the year, worked half of the week in the accountancy section gaining work experience to obtain full membership of CIPFA. This has obviously impacted greatly on the audit coverage in this financial year.
- 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 28 November 2012. The table below sets out the assurance opinions issued from these audits:

Date of report	Assurance Opinion	Report Details
Dec 2012	Full 	Car Insurances/Driving Licences – verifying that all staff using their own cars on official council business were appropriately insured i.e. for business use. Driving licences were also checked for all staff – including lease car users. All staff had the requisite insurance cover and held full driving licences.

Date of report	Assurance Opinion	Report Details
Dec 2012	Full ✓✓✓	Housing Benefit Tenancy Verification – wrote to a random sample of 93 housing benefit claimants whose benefit is paid direct to their landlord, in order to confirm continued residence. Details of claimants who failed to respond were forwarded to the Fraud/Control Officer for further investigation.
March 2013 (Draft)	Substantial ✓✓	Creditors System and Procedures – no areas of significant concern and levels of control in place are effective. Minor recommendations only.

## 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 with the 2012/13 audit plan is significantly behind schedule – this is due to staffing issues, which are being addressed, and the un-programmed audit investigation.

PRINCIPAL AUDITOR

DIRECTOR OF RESOURCES

AA3-13/MA/AC  
15 March 2013

BACKGROUND PAPERS: None

For further information please ask for Mick Ainscow.

## Annex 1

2012/13 Planned Days	Audit	Actual days to 28/02/13	Status as at 28/02/13
<i>Fundamental (Main) Systems</i>			
30	Main Accounting	22	
20	Creditors	26	✓
20	Sundry Debtors	0	Not started
40	Payroll and HR	20	
45	Council Tax	29	
45	Housing Benefits	25	
30	NNDR	23	✓
20	Cash Receipting	10	
<b>250</b>		<b>155</b>	
<i>Other Systems Work</i>			
20	VAT	5	
5	Stores	1	Hazard Identification
10	Treasury Management	8	∞
20	Procurement	6	Hazard Identification
<b>55</b>		<b>20</b>	
<i>Probity and Regularity</i>			
15	Asset Mgmt/Register	5	Hazard Identification
10	HR and Recruitment	2	∞
15	Insurance	15	
10	Licences	2	Hazard Identification
15	Business Continuity Mgmt	0	Not started
5	Car Parking	1	∞
10	VIC/Platform Gallery	2	∞
10	Trade Refuse	2	Hazard Identification
10	Recycling	3	Hazard Identification
20	Partnership Arrangements	2	Hazard Identification
10	Grants received	2	Hazard Identification
10	Grants paid	2	Hazard Identification
15	Sustainability	2	Hazard Identification
10	Section 106 Agreements	0	Not started

2012/13 Planned Days	Audit	Actual days to 28/02/13	Status as at 28/02/13
5	Members' Allowances	8	
10	Ribblesdale Pool	2	Follow up
5	Clitheroe Market	2	∞
10	Data Protection	2	Hazard Identification
5	Land Charges	3	
8	Cemetery	0	Not started
10	Building Regulations	2	∞
10	Planning Applications	2	∞
<b>228</b>		<b>61</b>	
<i>Continuous Activity/Ongoing Checks</i>			
10	Cash Collection Procedures	6	
8	Fees and Charges	8	∞
10	Income Monitoring	9	∞
<b>28</b>		<b>23</b>	
20	Contingencies	100	∞
<b>20</b>		<b>100</b>	
30	Risk Management	34	∞
20	Corporate Governance	14	∞
5	Performance Indicators	4	∞
<b>55</b>		<b>52</b>	
30	Insurance	23	∞
<b>30</b>		<b>23</b>	
0	Training	102	∞
<b>0</b>		<b>102</b>	
	Vacant Post	90	
	Available audit days to 31/3/2013	40	
<b>666</b>		<b>666</b>	

**Key:**

 Completed

 In progress

∞ Continuous Activity