

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO ACCOUNTS AND AUDIT COMMITTEE

DECISION

Agenda Item No 6

meeting date: 2 APRIL 2014
title: INTERNAL AUDIT ANNUAL PLAN 2014/15
submitted by: DIRECTOR OF RESOURCES
principal author: MICK AINSCOW

1 PURPOSE

1.1 To submit to committee the internal audit plan for 2014/15.

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 Public Sector Internal Audit Standards require the proper planning of all audit activity.

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 to 6 is regarded as low risk, of 7 to 9 as medium, and 10 and over as high.

2.4 Using the risk scoring attached at Annex 1 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 2014/15 INTERNAL AUDIT YEAR

3.1 Within the 2014/15 year all high risk category audit areas have been included in the audit plan. As there would be available resources after inclusion of the high risk areas, a number of medium risk areas (higher scoring) have been included.

3.2 The proposed audit plan for 2014/15, attached at Annex 2, has been formulated after consultation with our External Auditors. Heads of Service were also asked for their comments and for any new and emerging risks which we should be aware of.

3.3 With regard to risk management, internal audit will continue to have a monitoring role during 201/15. 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.

3.4 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.

3.5 Further work will also be programmed for computer audit reviews, 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 2014/15 internal audit plan.

PRINCIPAL AUDITOR
AA1-14/MA/AC

DIRECTOR OF RESOURCES

14 March 2014

For further information please ask for Mick Ainscow.

Internal Audit Annual Plan 2013/14

Annex 1

	AUDIT AREA	RISK CATEGORIES				
		MATERIALITY	PRIMARY OBJECTIVES	AUDIT EXPERIENCE AND ASSURANCE	TIME SINCE LAST AUDIT	TOTAL
Fundamental Systems	Main Accounting	3	3	1	3	10
	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	3	10
	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	1	6
	Procurement	3	3	3	3	12
	Treasury Management	3	3	1	1	8
Resources	Car Allowances	2	1	1	3	7
	Car Loans	1	1	1	3	6
	Car Leasing	1	1	1	3	6
	Asset Management/Register	3	3	3	3	12
	Petty Cash/Floats	1	1	1	1	4
	Staff Expenses	2	1	1	3	7
	Members' Allowances	2	3	1	1	7
	HR and Recruitment	2	3	3	3	11
Chief Executives	Insurance	3	2	2	1	8
	Land Charges	3	2	1	2	8
	Fees and Charges	3	2	1	1	7
	Clitheroe Market	2	2	1	1	6
	Cemetery	2	2	1	3	8
	Licences	2	2	1	1	6
	Building Regs	3	2	1	3	9
Business Continuity Management/Community Safety	3	3	2	3	11	
Community	Planning Applications	3	2	1	3	9
	Car Parking	3	2	2	1	8
	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	3	7
	Cash Collection Procedures	3	3	3	3	12
	Partnership Arrangements	3	3	3	3	12
	Grants Received	3	3	1	1	8
	Grants Paid	3	3	2	1	9
	Flexitime System	1	1	2	3	7
	Sustainability	3	2	3	3	11
Section 106 Agreements/Community Infrastructure Levy	3	2	3	3	11	



Area not previously audited

Key:

Risk Category	Description	Scoring Methodology
Materiality	Based on the monetary value of the transactions involved	Highest score being those areas with substantially material monetary value transactions
Primary Objectives	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
Audit Experience and Assurance	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)
Time since last audit	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 2014/15			Days
	Number of days available		780
	Less:		
	Bank Hols/Statutory	36	
	Annual Leave	71	
	Non-Audit Duties (Insurance, etc.)	30	
	College	40	(177)
	Actual auditing days available		603
Risk Score	Area Of Activity		
	<i>Fundamental Systems</i>		
10	Main Accounting	25	
8	Creditors	30	
8	Sundry Debtors	30	
8	Payroll	30	
8	Council Tax	45	
10	Housing Benefits	35	
8	NNDR	35	
11	Cash Receipting	20	250
	<i>Non Fundamental Systems</i>		
12	VAT	20	
8	Treasury Management	10	
12	Procurement	20	50

Risk Score	Area of Activity		
	<i>Probity/Regularity</i>		
7	Car Allowances	5	
12	Asset Management/Asset Register	10	
7	Members Allowances	5	
11	HR and Recruitment/Staff Expenses	20	
8	Insurance	10	
8	Land Charges	5	
7	Fees and Charges	5	
8	Cemetery	5	
11	Business Cont. Management/Community Safety	10	
8	Car Parking	8	
9	VIC/Platform Gallery	15	
11	Trade Refuse	10	
11	Recycling	10	
7	Ribblesdale Pool	5	
7	Data Protection	10	
12	Partnership Arrangements	10	
8	Grants received	10	
9	Grants paid	10	
7	Flexitime System	10	
11	Sustainability	10	
11	Section 106 Agreements/Community Infrastructure Levy	10	
9	Building Regulations	5	
9	Planning Applications	5	203
	<i>Continuous Activity/Ongoing Checks</i>		
12	Cash Collection Procedures	10	
	Income Monitoring	12	22
	Contingencies	25	25
	Risk Management	30	
	Corporate Governance	18	
	Performance Indicators	5	53
	Total Planned Audit Work		603