

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 11

meeting date: 1 APRIL 2015
 title: INTERNAL AUDIT PROGRESS REPORT 2014/15
 submitted by: DIRECTOR OF RESOURCES
 principal author: MICK AINSCOW

1 PURPOSE

1.1 To report to Committee internal audit work progress to date for 2014/15.

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, with all high-risk areas being covered annually.

2.3 The full internal audit plan for 2014/15 is attached as Annex 1 alongside progress to date. In summary resources for the year have been allocated as follows:

Audit Area	2014/15 Planned Days
Fundamental (Main) Systems	250
Other Systems	50
Probity and Regularity	203
On-going checks	22
Risk Management, PI’s, Corp. Governance	53
Non-Audit Duties (Insurance)	30
College	40
Contingencies/unplanned work	25
	673

2.4 The position with regards to audit work carried out as at the end of February 2015 is included within Annex 1 and shows completed audits, audits in progress and continuous activity.

3 ISSUES

- 3.1 During the year we aim to review all of the Council's main fundamental systems. Reviews have so far taken place in relation to payroll, creditors, sundry debtors and housing benefits systems, and testing is currently ongoing on the council tax system.
- 3.2 In addition to our systems work we will continue to carry out a series of on-going checks to prevent/detect fraud and corruption.
- 3.3 At present we use an assurance system for all audits carried out. Each completed audit report contains 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 19 November 2014. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
07.11.14	Substantial 	Pay and Display Car Parking – looking at cash collection and banking procedures, issuing of permits and payment of penalty notices. Minor issues only arising.
10.11.14	Substantial 	Flexible Working Hours Scheme – all aspects of the system were examined. System operating well but needs to be consistency of operation across directorates.
16.12.14	Substantial 	Ribblesdale Pool – all areas of operation at the pool were examined. Minor recommendation made regarding the Gym and Swim scheme.

Date of Report	Assurance Opinion	Report Details
09.01.15	Substantial ✓✓	Data Protection – all areas of operation running effectively. Minor recommendations regarding staff training and also the storage of backup data.
28.01.15	Full ✓✓✓	Clitheroe Cemetery – all areas of operation at the cemetery examined. Controls were sound and working effectively. No recommendations arising.
02.02.15	Substantial ✓✓	Council Tax System – controls were sound and working effectively. Recommendation made regarding the retention of supporting paperwork for single person discount cases.
27.02.15	Full ✓✓✓	NNDR System – controls were sound and working effectively. No recommendations arising.

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. Summary results are shown at Annex 2 for the latest returned questionnaires, and it is pleasing to note that all show an average score above our target level of 4.

6 RECOMMENDATION

6.1 Progress to date with the 2014/15 audit plan is satisfactory.

PRINCIPAL AUDITOR

DIRECTOR OF RESOURCES

AA2-15/MA/AC
17 March 2015

BACKGROUND PAPERS: None

For further information please ask for Mick Ainscow .

2014/15 Planned Days	Audit	Actual days to 28/02/14	Status as at 28/02/14
<i>Fundamental (Main) Systems</i>			
25	Main Accounting	14	
30	Creditors	26	✓
30	Sundry Debtors	28	✓
30	Payroll and HR	30	✓
45	Council Tax	48	✓
35	Housing Benefits	35	✓
35	NNDR	36	✓
20	Cash Receipting	6	
250		223	
<i>Other Systems Work</i>			
20	VAT	0	Not Started
10	Treasury Management	10	✓
20	Procurement	20	✓
50		30	
<i>Probity and Regularity</i>			
5	Car Allowances	6	✓
10	Asset Mgmt/Register	4	
5	Members Allowances	4	✓
20	HR and Recruitment/Staff Expenses	15	
10	Insurance	13	
5	Land Charges	5	✓
5	Fees and Charges	5	✓
5	Clitheroe Cemetery	8	✓
10	Business Continuity Mgmt	0	Not Started
8	Car Parking	12	✓
15	VIC/Platform Gallery	20	✓
10	Trade Refuse	12	
10	Recycling	11	
5	Ribblesdale Pool	12	✓
10	Data Protection	12	✓
10	Partnership Arrangements	0	Not Started
10	Grants received	0	Not Started
10	Grants paid	0	Not Started
10	Flexitime System	18	✓
10	Sustainability	0	Not Started
10	Section 106 Agreements	0	Not Started
5	Building Regulations	6	✓
5	Planning Applications	7	✓
203		170	

2014/15 Planned Days	Audit	Actual days to 28/02/14	Status as at 28/02/14
<i>Continuous Activity/Ongoing Checks</i>			
10	Cash Collections Procedures	5	∞
12	Income Monitoring	11	∞
22		16	
25	Contingencies/unplanned work	25	∞
25		25	
30	Risk Management	26	∞
18	Corporate Governance	19	∞
5	Performance Indicators	6	∞
53		51	
30	Insurance	32	∞
30		32	
40	Training	45	∞
40		45	
0	Vacant Post	15	
	Available audit days to 31/3/2015	66	
673		673	

Key:

In Progress



Continuous Activity



Completed

Not started No work undertaken in the current year on these audits

Question	Audit Carried Out					
	Procurement System and Related Processes	Treasury Management	Ribblesdale Pool	Pay and Display Car Parking	Council Tax System and Related Processes	Clitheroe Cemetery
1. Sufficient notice given to arrange the visit	4	4	5	4	5	5
2. Briefing sheet sent prior to audit commencing and any comments/ requests were taken into account	4	4	5	4	5	5
3. Auditors understanding of your systems and current issues	4	4	5	5	5	5
4. Audit carried out efficiently with minimum disruption	5	5	5	5	5	5
5. Level of consultation during audit	4	4	5	5	5	5
6. Audit carried out professionally and objectively	5	4	5	5	5	5
7. Draft report addressed the key issues and was soundly based	4	4	5	4	5	4
8. Opportunity to comment on findings	5	5	5	4	5	5
9. Final report in terms of clarity and conciseness	4	5	5	4	5	5
10. Prompt issue of final report	5	5	5	5	5	5
11. Recommendations will improve control and/or performance	4	4	5	4	5	4
12. Audit was constructive and added value overall	4	3	5	4	5	4
Average	4.3	4.3	5	4.4	5	4.7