

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 8

meeting date: 26 AUGUST 2015
 title: INTERNAL AUDIT PROGRESS REPORT 2015/16
 submitted by: DIRECTOR OF RESOURCES
 principal author: MICK AINSCOW

1 PURPOSE

1.1 To report to Committee internal audit work progress to date for 2015/16.

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 2015/16 is attached as Annex 1 alongside progress to date. In summary resources for the year have been allocated as follows:

Audit Area	2015/16 Planned Days
Fundamental (Main) Systems	255
Other Systems	52
Probity and Regularity	230
On-going checks	12
Risk Management, Performance Indicators	40
Non-Audit Duties (Insurance)	25
College	30
Contingencies/unplanned work	25
	669

2.4 The position with regards to audit work carried out as at the end of July 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 the sundry debtors system and testing is currently ongoing on the creditors and main accounting systems.
- 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 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 24 June 2015. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
08.07.15	Reasonable 	Salthill Depot – Use of clock machine – following a request from the Head of Engineering Services the system of clocking in/out at Salthill Depot was examined. Inconsistencies identified in how staff use the system which have been brought to the attention of the service head.
10.07.15	Substantial 	Members' Allowances – examination into the payment of allowances to members between March 2014 and April 2015. Vast majority were correct with four minor overpayments.

Date of Report	Assurance Opinion	Report Details
03.08.15	Substantial ✓ ✓	Sundry Debtors Systems and Processes – control systems in place are sound and effective. Minor recommendations in relation to certification and ensuring debtors full names/ addresses are provided in all cases.
07.08.15	Substantial ✓ ✓	Human Resources – Recruitment and Training – audit focused on evidencing qualification/references for new starters, retention of documentation, approval of training courses, seminars, etc. Minor recommendations regarding obtaining approval for all training and reminding staff that they must be covered for business use if using their own cars when travelling.

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 at or above our target level of 4.

6 RECOMMENDATION

6.1 Progress to date with the 2015/16 audit plan is satisfactory.

PRINCIPAL AUDITOR












DIRECTOR OF RESOURCES










AA17-15/MA/AC
12 August 2015

BACKGROUND PAPERS: None

For further information please ask for Mick Ainscow .

Annex 1

2015/16 Planned Days	Audit	Actual days to 31/07/15	Status as at 31/07/15	Comments
<i>Fundamental (Main) Systems</i>				
30	Main Accounting	18		2015/16 testing in progress. Report will cover 2014/15 and 2015/16.
30	Creditors	17		2015/16 testing in progress.
25	Sundry Debtors	24		
30	Payroll and HR	12		2015/16 testing in progress.
45	Council Tax	0	Not started	
40	Housing Benefits	0	Not started	
35	NNDR	0	Not started	
20	Cash Receipting	18		2015/16 testing in progress. Report will cover 2014/15 and 2015/16.
255		89		
<i>Other Systems Work</i>				
20	VAT	0	Not started	
12	Treasury Management	0	Not started	
20	Procurement	0	Not started	
52		0		
<i>Probity and Regularity</i>				
5	Car Allowances	7		
10	Asset Mgmt/Register	6		C/f from 2014/15. Awaiting draft report.
5	Members Allowances	7		
20	HR and Recruitment/Staff Expenses	22		
12	Insurance	5		Some additional testing carried out in respect of 2014/15 audit. At draft report stage.
5	Land Charges	0	Not started	
5	Fees and Charges	3		Initial testing in progress.

2015/16 Planned Days	Audit	Actual days to 31/07/15	Status as at 31/07/15	Comments
5	Clitheroe Cemetery	0	Not started	
15	Business Continuity Mgmt	0	Not started	
10	Car Parking	0	Not started	
10	VIC/Platform Gallery	0	Not started	
12	Trade Refuse/Recycling/Refuse Collection	0	Not started	
8	Salthill Depot Stores	0	Not started	
5	Civic Suite	5		
5	Environmental Health	1		Identifying all income streams.
5	Museum	0	Not started	
5	Healthy Lifestyles	2		Identifying all income streams.
5	Ribblesdale Pool	0	Not started	
10	Licences	0	Not started	
12	Partnership Arrangements	0	Not started	
10	Grants received	3		At draft report stage.
10	Grants paid	4		At draft report stage.
15	Sustainability	0	Not started	
10	Section 106 Agreements	0	Not started	
8	Building Regulations	0	Not started	
8	Planning Applications	0	Not started	
230		65		
<i>Continuous Activity/Ongoing Checks</i>				
12	Income Monitoring	4		
25	Contingencies/unplanned work	9		Unplanned audit at Salthill Depot – use of clocking machine
15	Risk Management	8		
20	Corporate Governance	20		

2015/16 Planned Days	Audit	Actual days to 31/07/15	Status as at 31/07/15	Comments
5	Performance Indicators	4	∞	
40		45		
25	Insurance	10	∞	
30	Training	11	∞	Training new member of Audit team
	Available audit days to 31/3/2016	449		
669		669		

Key:



In Progress



Continuous Activity



Completed

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

Annex 2

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

5 = Very good

4 = Good

3 = Satisfactory

2 = Just adequate

1 = Poor