

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 6

meeting date: 18 NOVEMBER 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 October 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, creditors, main accounting and cash receipting systems. Testing is currently ongoing on the housing benefits 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 26 August 2015. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
10.08.15	Substantial 	Hire of Civic Suite – looking at charging system for hire of rooms in civic suite. Small number of hire's not charged in error, but accounts have now been sent. System generally sound.
14.08.15	Substantial 	Insurance – claims administration system examined. Minor recommendations made regarding policies being available on intranet and re-enforcement of cash carrying limits.
20.08.15	Full 	Grants paid/received – looked at a sample across authority to ensure transparency. Good controls in place, no recommendations arising.

Date of Report	Assurance Opinion	Report Details
16.09.15	Full ✓✓✓	Petty Cash/Floats – all floats and petty cash imprests checked. All correct, no recommendations arising.
16.09.15	Substantial ✓✓	Clitheroe Market – checking to ensure all income collected is paid in promptly and that all payments via the sundry debtor system are up to date. No major issues arising.
23.09.15	Substantial ✓✓	Creditors System – levels of control were effective. Minor recommendations regarding purchase orders being set up on the system.
12.10.15	Full ✓✓✓	Cash Receipting, Banking and Cheque Control – sound system of internal control operating. Controls in place were being consistently applied. No recommendations arising.
30.10.15	Full ✓✓✓	Main Accounting System – controls operating effectively across all elements of the system. 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.

6 CONCLUSION

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

PRINCIPAL AUDITOR

DIRECTOR OF RESOURCES

AA25-15/MA/AC
5 November 2015

BACKGROUND PAPERS: None

For further information please ask for Mick Ainscow .

Annex 1

2015/16 Planned Days	Audit	Actual days to 31/10/15	Status as at 31/10/15	Comments
<i>Fundamental (Main) Systems</i>				
30	Main Accounting	31	✓	
30	Creditors	29	✓	
25	Sundry Debtors	24	✓	
30	Payroll and HR	16		2015/16 testing in progress
45	Council Tax	12		2015/16 testing in progress
40	Housing Benefits	33		Final testing
35	NNDR	12		2015/16 testing in progress
20	Cash Receipting	22	✓	
255		179		
<i>Other Systems Work</i>				
20	VAT	3		Identification of key controls
12	Treasury Management	0	Not started	
20	Procurement	0	Not started	
52		3		
<i>Probity and Regularity</i>				
5	Car Allowances	7	✓	
10	Asset Mgmt/Register	10		At draft report stage
5	Members Allowances	7	✓	
20	HR and Recruitment/Staff Expenses	22	✓	
12	Insurance	6	✓	
5	Land Charges	0	Not started	

2015/16 Planned Days	Audit	Actual days to 31/10/15	Status as at 31/10/15	Comments
5	Fees and Charges	6		At draft report stage
5	Clitheroe Market	6		
15	Business Continuity Mgmt	5		Initial testing carried out
10	Car Parking	0	Not started	
10	VIC/Platform Gallery	2		Key controls identified
12	Trade Refuse/Recycling/Refuse Collection	4		Initial testing carried out
8	Salthill Depot Stores	0	Not started	
5	Civic Suite	5		
5	Environmental Health	2		Identifying all income streams
5	Museum	2		Identifying all income streams
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	4		
10	Grants paid	5		
15	Sustainability	3		Initial testing carried out
10	Section 106 Agreements	3		Initial testing carried out
8	Building Regulations	0	Not started	
8	Planning Applications	0	Not started	
230		101		
<i>Continuous Activity/Ongoing Checks</i>				
12	Income Monitoring	9		

2015/16 Planned Days	Audit	Actual days to 31/10/15	Status as at 31/10/15	Comments
25	Contingencies/unplanned work	13	∞	Unplanned audit at Salthill Depot – use of clocking machine. Petty cash/floats check.
15	Risk Management	13	∞	
20	Corporate Governance	20	∞	
5	Performance Indicators	5	∞	
40		38		
25	Insurance	22	∞	
30	Training	26	∞	Training new member of Audit team
	Available audit days to 31/3/2016	278		
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			
	Sundry Debtors System	Insurances	Clitheroe Market	Creditors System
Sufficient notice given to arrange the visit (not applicable for unannounced visits)	5	4	5	4
A briefing sheet sent prior to audit commencing and any comments/ requests were taken into account during the audit	4	4	5	4
The auditors understanding of your systems and any operational issues	4	5	4	4
The audit carried out efficiently with minimum disruption	4	5	5	4
The level of consultation during the audit	3	4	4	3
The audit was carried out professionally and objectively	4	4	4	4
The draft report addressed the key issues and was soundly based	4	5	4	3
Your opportunity to comment on findings	5	5	5	4
The final report in terms of clarity and conciseness	4	4	5	3
The prompt issue of final report	4	2	4	4
The recommendations will improve control and/or performance	4	3	3	3
Audit was constructive and added value overall	3	4	3	3
Average	4	4.1	4.2	3.6

5 = Very good

4 = Good

3 = Satisfactory

2 = Just adequate

1 = Po **or**