

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 8

meeting date: 17 AUGUST 2016
 title: INTERNAL AUDIT PROGRESS REPORT 2016/17
 submitted by: DIRECTOR OF RESOURCES
 principal author: MICK AINSCOW

1 PURPOSE

1.1 To report to Committee internal audit work progress to date for 2016/17, and provide an update on the status of the Council's red risk.

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 2016/17 is attached as Annex 1 alongside progress to date. In summary resources for the year have been allocated as follows:

Audit Area	2016/17 Planned Days
Fundamental (Main) Systems	245
Other Systems	68
Probity and Regularity	225
On-going checks	12
Risk Management, Performance Indicators	40
Non-Audit Duties (Insurance)	25
College	30
Contingencies/unplanned work	25
	670

2.4 The position with regards to audit work carried out as at the end of July 2016 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. The majority of this work will be carried out later in the year to ensure there are sufficient current year transactions to test to provide the necessary level of assurance.
- 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 29 June 2016. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
20.06.16	Substantial 	Car Insurances and Driving Licences – verifying that all staff using their own cars on official business were appropriately insured and held a valid driving license. Documentations provided by all staff.
27.07.16	Reasonable 	Healthy Lifestyles Income – looking at charging, income recording and banking of monies. Attendance at each session was recorded but reconciliation was difficult due to receipts not being issued and delays in banking of monies. Receipt books now in use with receipts being issued for all payments. Monies now paid in on the day of the session.

Date of Report	Assurance Opinion	Report Details
29.07.16	Full 	Procurement System – all aspects of the system were examined to ensure Contract Procedure Rules and Financial Regulations were being followed. System was operating well with 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. No questionnaires have been returned since the last meeting with the outstanding ones currently being pursued from the officers concerned.

6 UPDATE ON RED RISKS

6.1 The position remains the same as that reported to the last meeting of this Committee on 29 June 2016, with just one red risk in respect of waste management and the withdrawal of cost sharing in March 2018. Regular monitoring of this risk will continue.

7 CONCLUSION

7.1 Progress to date with the 2016/17 audit plan is satisfactory.

7.2 There has been no further change to the status of our red risk since the last meeting of Committee.

PRINCIPAL AUDITOR

DIRECTOR OF RESOURCES

AA20-16/MA/AC
4 August 2016

BACKGROUND PAPERS: None

For further information please ask for Mick Ainscow .

Annex 1

2016/17 Planned Days	Audit	Actual days to 31/07/16	Status as at 31/07/16
<i>Fundamental (Main) Systems</i>			
25	Main Accounting	0	Not started
25	Creditors	0	Not started
25	Sundry Debtors	0	Not started
30	Payroll and HR	12	Testing underway
40	Council Tax	2	Completion of 15/16 audit
45	Housing Benefits/CT Support	0	Not started
40	NNDR/Business Rates Pooling	2	Completion of 15/16 audit
15	Cash Receipting	12	Testing largely complete
245		28	
<i>Other Systems Work</i>			
20	VAT	12	Additional testing to that carried out in 15/16
12	Treasury Management	0	Not started
20	Procurement	22	✓
6	Stores	0	Not started
10	Asset Management	10	Testing completed
68		44	
<i>Probity and Regularity</i>			
5	Cemetery	5	Testing completed
5	Members Allowances	0	Not started
15	HR and Recruitment/Staff Expenses	13	Testing largely complete
15	Insurance	0	Not started
5	Land Charges	0	Not started
10	Fees and Charges/Cash Collection Procedures	10	Testing completed
15	Business Continuity Mgmt	0	Not started
10	Car Parking	10	At draft report stage
5	VIC/Platform Gallery	7	At draft report stage
10	Trade and Domestic Refuse Collection	0	Not started
15	Externally contracted Provision of RVBC Services	0	Not started
10	Environmental Health	6	Identifying income streams
10	Transparency/Open Data	0	Not started
5	Healthy Lifestyles	6	✓
5	Ribblesdale Pool	0	Not started
10	Museum/Café	2	Identifying income streams
10	Partnership Arrangements	0	Not started
10	Grants received	8	Testing largely complete
10	Grants paid	7	Testing largely complete

2016/17 Planned Days	Audit	Actual days to 31/07/16	Status as at 31/07/16
10	Data Protection	0	Not started
15	Section 106 Agreements/Planning Enforcement	0	Not started
10	Building Control	0	Not started
10	Planning Applications	0	Not started
225		74	
<i>Continuous Activity/Ongoing Checks</i>			
12	Income Monitoring	4	∞
25	Contingencies/unplanned work	16	Driving Licence/Car Insurance Check, Election Duties and Jury Service
15	Risk Management	3	∞
20	Corporate Governance	20	∞
5	Performance Indicators	5	∞
40		28	
25	Insurance	12	∞
30	Training	15	∞
	Available audit days to 31/3/2017	449	
670		670	

Key:

∞ Continuous Activity

✓ Completed

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