

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 11

meeting date: 29 MARCH 2017
 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.

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 up to 15 March 2017 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 taken place in relation to all fundamental systems in 2016/17 with assurance levels consistently high across all systems.

- 3.2 This also applies to the Main Accounting system audit which whilst at draft report stage, full reliance can be placed on the levels of control in operation. Therefore the report will be issued giving an assurance level of Full.
- 3.3 In addition to our systems work we continue to carry out a series of on-going checks to prevent/detect fraud and corruption.
- 3.4 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 16 November 2016. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
13.12.16	Full 	Trade and Domestic Refuse Collection – looking at all areas of collection to ensure all processes are operating as intended. No issues arising with all systems being well managed.
21.12.16	Full 	Payroll Systems and Procedures – system controls were sound and working effectively reflecting a good standard of work from the staff involved.
09.01.17	Full 	Treasury Management – control systems in place were sound and operating effectively. No recommendations arising.

Date of Report	Assurance Opinion	Report Details
16.02.17	Substantial ✓✓	Partnerships – looked at sample of partnership arrangements across the authority. Good audit trail of supporting paperwork for each partnership examined. Minor recommendation regarding banking of cash.
21.02.17	Full ✓✓✓	Creditors Systems and Processes – levels of control were effective. No recommendations arising.
24.02.17	Full ✓✓✓	Sundry Debtors Systems and Processes – control systems in place are sound and effective. No recommendations arising.
24.02.17	Substantial ✓✓	Salthill Depot Stores – all areas of operation examined. Good controls in place. Recommendation agreed in relation to the disposal of obsolete stock.
15.03.17	Full ✓✓✓	Council Tax System – controls in place are sound and working effectively. No recommendations arising.
15.03.17	Full ✓✓✓	NNDR System – good controls in place, operating as intended by management. 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. Any outstanding ones are being pursued.

6 CONCLUSION

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

PRINCIPAL AUDITOR

DIRECTOR OF RESOURCES

AA6-17/MA/AC
16 March 2017

For further information please ask for Mick Ainscow .

Annex 1

2016/17 Planned Days	Audit	Actual days to 15/03/17	Status as at 15/03/2017
<i>Fundamental (Main) Systems</i>			
25	Main Accounting	25	At draft report stage
25	Creditors	25	✓
25	Sundry Debtors	26	✓
30	Payroll and HR	30	✓
40	Council Tax	42	✓
45	Housing Benefits/CT Support	45	✓
40	NNDR/Business Rates Pooling	40	✓
15	Cash Receipting	16	✓
245		249	
<i>Other Systems Work</i>			
20	VAT	19	Testing completed
12	Treasury Management	14	✓
20	Procurement	22	✓
6	Stores	5	✓
10	Asset Management	11	✓
68		71	
<i>Probity and Regularity</i>			
5	Cemetery	5	✓
5	Members Allowances	6	✓
15	HR and Recruitment/Staff Expenses	16	✓
15	Insurance	15	Testing completed
5	Land Charges	5	✓
10	Fees and Charges/Cash Collection Procedures	10	✓
15	Business Continuity Mgmt	9	Testing underway
10	Car Parking	10	✓
5	VIC/Platform Gallery	7	✓
10	Trade and Domestic Refuse Collection	10	✓
15	Externally contracted Provision of RVBC Services	9	Testing underway
10	Environmental Health	6	Identifying income streams
10	Transparency/Open Data	0	Not started
5	Healthy Lifestyles	6	✓
5	Ribblesdale Pool	6	✓
10	Museum/Café	3	Identifying income streams
10	Partnership Arrangements	10	✓
10	Grants received	11	✓

2016/17 Planned Days	Audit	Actual days to 15/03/17	Status as at 15/03/2017
10	Grants paid	11	✓
10	Data Protection	10	Testing complete
15	Section 106 Agreements/Planning Enforcement	3	Initial testing
10	Building Control	10	Testing complete
10	Planning Applications	4	Testing underway
225		182	
<i>Continuous Activity/Ongoing Checks</i>			
12	Income Monitoring	12	∞
25	Contingencies/unplanned work	25	Driving Licence/Car Insurance Check, Election Duties and Jury Service
15	Risk Management	6	∞
20	Corporate Governance	20	∞
5	Performance Indicators	6	∞
40		32	
25	Insurance	27	∞
30	Training	36	∞
	Available audit days to 31/3/2017	36	
670		670	

Key:

∞ Continuous Activity

✓ Completed

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

Annex 2

Question	Audit Carried Out								
	Platform Gallery	Clitheroe Cemetery	Members Allowances	Countryside Grants	Creditors System	Treasury Management	Payroll System	Land Charges	Ribblesdale Pool
Sufficient notice given to arrange the visit (not applicable for unannounced visits)	5	5	3	3	5	5	5	5	5
A briefing sheet sent prior to audit commencing and any comments/ requests were taken into account during the audit	5	5	4	3	5	5	5	5	5
The auditors understanding of your systems and any operational issues	3	5	3	2	5	4	5	3	4
The audit carried out efficiently with minimum disruption	5	5	4	2	4	4	4	4	3
The level of consultation during the audit	4	4	3	3	5	3	5	4	3
The audit was carried out professionally and objectively	5	5	3	2	5	4	5	4	4
The draft report addressed the key issues and was soundly based	4	5	4	2	5	5	5	5	5
Your opportunity to comment on findings	5	5	4	3	5	5	5	5	5
The final report in terms of clarity and conciseness	4	5	4	2	5	5	5	5	5
The prompt issue of final report	5	5	4	3	4	5	4	4	4
The recommendations will improve control and/or performance	4	5	3	3	4	4	4	4	3
Audit was constructive and added value overall	4	3	3	3	4	4	4	4	3
Average	4.4	4.7	3.5	2.6	4.7	4.4	4.7	4.3	4.1

5 = Very good 4 = Good 3 = Satisfactory 2 = Just adequate 1 = Poor