

# RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 13

meeting date: 26 JULY 2017  
 title: INTERNAL AUDIT PROGRESS REPORT 2017/18  
 submitted by: DIRECTOR OF RESOURCES  
 principal author: MICK AINSCOW

## 1 PURPOSE

1.1 To report to Committee internal audit work progress to date for 2017/18.

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 2017/18 is attached as Annex 1 alongside progress to date. In summary resources for the year have been allocated as follows:

Audit Area	2017/18 Planned Days	Actual Days to 7 July 2017
Fundamental (Main) Systems	230	10
Other Systems	74	17
Probity and Regularity	242	80
On-going checks	12	4
Risk Management, Performance Indicators	40	22
Non-Audit Duties (Insurance)	30	11
College	20	13
Contingencies/unplanned work	25	14
Available Audit Days to 31 March 2018		502
	<b>673</b>	<b>673</b>

2.4 The position with regards to audit work carried out as at the 7 July 2017 is included within Annex 1 and shows completed audits, audits in progress and continuous activity.

2.5 Work on Fundamental (Main) Systems is generally programmed to be undertaken towards the end of the financial year in order to ensure that there is an adequate sample size for the audit.

### 3 ISSUES

- 3.1 During the first couple of months of this year time has been spent carrying out audits on Fees and Charges, Members Allowances, Car Parking and Grants, as well as assurance work around Corporate Governance. The annual exercise has also been carried out to verify staff driving licences and insurance certificates.
- 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 March 2017. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
13.03.17	Full 	Main Accounting System – controls operating effectively across all parts of the system. No recommendations arising.
27.03.17	Full 	Building Control – system was operating well with no weaknesses identified and no recommendations arising.

Date of Report	Assurance Opinion	Report Details
27.04.17	Full ✓✓✓	Externally Contracted Provision of RVBC Services – looking at services provided on a cyclical contracted basis. Good controls in place with full supporting paperwork. No recommendations arising.
01.6.17	Substantial ✓✓	Members Allowances – examination into the payment of allowances to members between April 2016 and March 2017. Vast majority were correct with four minor overpayments.
01.06.17	Substantial ✓✓	Fees and Charges – ensuring that fees approved by committee were those being charged by respective departments. Car parking permits were being charged incorrectly but this has now been corrected.
27.06.17	Substantial ✓✓	Car Insurance and Driving Licence Check – verifying that all staff using their own cars on official council business were appropriately insured and held a valid driving licence. Documentation provided by all staff.
30.6.17	Full ✓✓✓	Car Parking – looking at cash collection and banking procedures, issuing of permits and payment of penalty notices. System operating well. No recommendations arising.
03.07.17	Substantial ✓✓	Grants – looked at sample across all services to ensure transparency. Good controls in place with minor recommendations regarding the obtaining of supporting documentation for all grants.

## 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 currently being pursued from the officers concerned.

## 6 UPDATE ON RED RISKS

### 6.1 Clitheroe Market Redevelopment

Latest position - Following reporting of the consultation outcome in March 2017 and a report to Policy and Finance in June 2016, the working group is continuing its evaluation of options to progress the development.

7 CONCLUSION

7.1 Progress to date with the 2017/18 audit plan is satisfactory.

PRINCIPAL AUDITOR

DIRECTOR OF RESOURCES

AA17-17/MA/AC  
11 July 2017

BACKGROUND PAPERS: None

For further information please ask for Mick Ainscow .

## Annex 1

2017/18 Planned Days	Audit	Actual days to 07/07/17	Status as at 07/07/17
<i>Fundamental (Main) Systems</i>			
25	Main Accounting	0	Not started
20	Creditors	0	Not started
20	Sundry Debtors	0	Not started
30	Payroll and HR	0	Not started
40	Council Tax	0	Not started
40	Housing Benefits/CT Support	0	Not started
40	NNDR/Business Rates Pooling	0	Not started
15	Cash Receipting	10	Testing well underway
<b>230</b>		<b>10</b>	
<i>Other Systems Work</i>			
15	VAT	0	Not started
12	Treasury Management	0	Not started
15	Procurement	12	Testing largely complete
20	Business Continuity	0	Not started
12	Asset Management	5	Testing underway
<b>74</b>		<b>17</b>	
<i>Probity and Regularity</i>			
3	Joiners Arms Homeless Unit	0	Not started
5	Members Allowances	5	✓
15	Recruitment/Safeguarding Arrangements	6	Initial testing in progress
15	Insurance	0	Not started
5	Land Charges	0	Not started
12	Fees and Charges/Cash Collection Procedures	12	✓
12	Health and Safety	2	Identifying key controls
10	Car Parking	10	✓
5	VIC/Platform Gallery	0	Not started
12	Trade and Domestic Refuse Collection	0	Not started
15	Externally contracted Provision of RVBC Services	0	Not started
10	Environmental Health	6	Identifying 17/18 income streams
15	Transparency/Open Data	7	Initial testing in progress
5	Healthy Lifestyles/Up and Active	0	Not started
5	Ribblesdale Pool	0	Not started
5	Museum/Café	0	Not started
12	Partnership Arrangements	0	Not started
12	Grants received	12	✓
12	Grants paid	12	✓
12	Data Protection	0	Not started
15	Section 106 Agreements/Planning Enforcement	0	Not started
10	Building Control	0	Not started

2017/18 Planned Days	Audit	Actual days to 07/07/17	Status as at 07/07/17
10	Flexitime System	8	Testing largely complete
10	Planning Applications	0	Not started
<b>242</b>		<b>80</b>	
<i>Continuous Activity/Ongoing Checks</i>			
12	Income Monitoring	4	∞
25	Contingencies/unplanned work	14	Driving Licence/Car Insurance Check and Election Duties/Postal Vote Opening
15	Risk Management	2	∞
20	Corporate Governance	20	∞
5	Performance Indicators	0	∞
<b>40</b>		<b>22</b>	
30	Insurance	11	∞
20	Training	13	∞
	Available audit days to 31/3/2018	502	
<b>670</b>		<b>673</b>	

**Key:**

∞ Continuous Activity

✓ Completed

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

## Annex 2

Question	Audit Carried Out	
	Members Allowances	Land Charges
Sufficient notice given to arrange the visit (not applicable for unannounced visits)	5	5
A briefing sheet sent prior to audit commencing and any comments/ requests were taken into account during the audit	5	5
The auditors understanding of your systems and any operational issues	5	4
The audit carried out efficiently with minimum disruption	5	5
The level of consultation during the audit	5	5
The audit was carried out professionally and objectively	5	5
The draft report addressed the key issues and was soundly based	5	5
Your opportunity to comment on findings	5	5
The final report in terms of clarity and conciseness	5	5
The prompt issue of final report	5	5
The recommendations will improve control and/or performance	5	5
Audit was constructive and added value overall	5	5
<b>Average</b>	<b>5</b>	<b>4.9</b>