

## RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No. 10

meeting date: 21 FEBRUARY 2018  
 title: INTERNAL AUDIT PROGRESS REPORT 2017/2018  
 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 9 February 2018
Fundamental (Main) Systems	230	191
Other Systems	74	54
Probity and Regularity	242	200
On-going checks	12	11
Risk Management, Performance Indicators	40	32
Non-Audit Duties (Insurance)	30	35
College	20	20
Contingencies/unplanned work	25	25
Available Audit Days to 31 March 2018		105
	<b>673</b>	<b>673</b>

2.4 The position with regards to audit work carried out up to 9 February 2018 is included within Annex 1 and shows completed audits, audits in progress and continuous activity.

2.5 During the year we aim to review all of the Council's fundamental systems. Reviews have so far been completed in relation to the Housing Benefits, Council Tax, NNDR, Sundry Debtors and Cash Receipting Systems. Testing is underway on the Payroll, Main Accounting and Creditors systems and all will be completed by 31 March 2018.

### 3 ISSUES

- 3.1 In addition to our systems work we continue to carry out a series of on-going checks to prevent/detect fraud and corruption.
- 3.2 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 18 October 2017. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
16.10.17	Full 	Castle Museum/café – all aspects of operation were examined to ensure the Council were charging for all income due. No issues arising.
17.10/17	Full 	Housing Benefits Systems and Processes – control systems in place were operating effectively. No recommendations arising.

Date of Report	Assurance Opinion	Report Details
19.10.17	Full ✓✓✓	Healthy Lifestyles Income – looking at charging, income recording and banking of monies. Systems operating well - no issues arising.
21.11.17	Full ✓✓✓	Ribblesdale Pool – all areas of operation at the pool were examined. No recommendations arising.
28.11.17	Full ✓✓✓	Treasury Management – control systems in place were sound and operating effectively. No recommendations arising.
30.11.17	Full ✓✓✓	Trade and Domestic Refuse Collection – looking at all areas of collection to ensure processes operating as intended. No issues arising.
04.12.17	Substantial ✓✓	Land Charges – controls in place operating effectively. Minor recommendation regarding searches being carried out when Land Charges Officer was absent.
11.12.17	Full ✓✓✓	Asset Management – looking at purchase and disposal of assets, recording in asset register, all assets properly insured. No recommendations arising.
08.02.18	Full ✓✓✓	Building Control – system was operating well with no weaknesses identified and 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 from the officers concerned.

## 6 UPDATE ON RED RISKS

### **Clitheroe Market Redevelopment**

- 6.1 Latest position – detailed discussions with Barnfield Construction continue to take place regarding the scheme. Further revisions are currently being undertaken by the developer following the most recent meeting, to reflect the issues raised.

## 7 CONCLUSION

- 7.1 Progress to date with the 2017/2018 audit plan is satisfactory.

PRINCIPAL AUDITOR

DIRECTOR OF RESOURCES

AA2-18/MA/AC  
12 February 2018

For further information please ask for Mick Ainscow.

## INTERNAL AUDIT PLAN 2017/18

ANNEX 1

2017/18 Planned Days	Audit	Actual days to 09/02/18	Status as at 09/02/18
<i>Fundamental (Main) Systems</i>			
25	Main Accounting	15	Testing underway
20	Creditors	8	Testing underway
20	Sundry Debtors	20	✓
30	Payroll and HR	13	Initial testing
40	Council Tax	40	At draft report stage
40	Housing Benefits/CT Support	40	✓
40	NNDR/Business Rates Pooling	40	At draft report stage
15	Cash Receipting	15	✓
<b>230</b>		<b>191</b>	
<i>Other Systems Work</i>			
15	VAT	15	✓
12	Treasury Management	12	✓
15	Procurement	15	✓
20	Business Continuity	0	Not started
12	Asset Management	12	✓
<b>74</b>		<b>54</b>	
<i>Probity and Regularity</i>			
3	Joiners Arms Homeless Unit	3	At draft report stage
5	Members Allowances	5	✓
15	Recruitment/Safeguarding Arrangements	13	Testing underway
15	Insurance	3	Initial testing
5	Land Charges	5	✓
12	Fees and Charges/Cash Collection Procedures	12	✓
12	Health and Safety	16	At draft report stage
10	Car Parking	10	✓
5	VIC/Platform Gallery	0	Not started
12	Trade and Domestic Refuse Collection	12	✓
15	Externally contracted Provision of RVBC Services	8	Initial testing
10	Environmental Health	10	✓
15	Transparency/Open Data	14	Testing complete
5	Healthy Lifestyles/Up and Active	5	✓
5	Ribblesdale Pool	5	✓
5	Museum/Café	5	✓

## INTERNAL AUDIT PLAN 2017/18

2017/18 Planned Days	Audit	Actual days to 09/02/18	Status as at 09/02/18
12	Partnership Arrangements	9	Testing underway
12	Grants received	12	✓
12	Grants paid	12	✓
12	Data Protection	0	Not started
15	Section 106 Agreements/Planning Enforcement	11	Testing underway
10	Building Control	10	✓
10	Flexitime System	10	✓
10	Planning Applications	10	✓
<b>242</b>		<b>200</b>	
<i>Continuous Activity/Ongoing Checks</i>			
12	Income Monitoring	11	∞
25	Contingencies/Unplanned Work	25	Driving Licence/Car Insurance check and Election Duties/Postal Vote Opening
15	Risk Management	7	∞
20	Corporate Governance	20	∞
5	Performance Indicators	5	∞
<b>40</b>		<b>32</b>	
30	Insurance	35	∞
20	Training	20	∞
	Available audit days to 31/3/2018	105	
<b>673</b>		<b>673</b>	

**Key:**



Continuous Activity



Completed

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

## QUALITY MONITORING

Annex 2

Question	Ribblesdale Pool	Healthy Lifestyles	Housing Benefits System	Treasury Management
Sufficient notice given to arrange the visit (not applicable for unannounced visits)	5	5	5	4
A briefing sheet sent prior to audit commencing and any comments/ requests were taken into account during the audit	5	5	5	4
The auditors understanding of your systems and any operational issues	4	5	5	4
The audit carried out efficiently with minimum disruption	5	5	5	5
The level of consultation during the audit	4	5	5	4
The audit was carried out professionally and objectively	5	5	5	4
The draft report addressed the key issues and was soundly based	5	5	5	4
Your opportunity to comment on findings	5	5	5	5
The final report in terms of clarity and conciseness	5	5	5	5
The prompt issue of final report	5	5	5	5
The recommendations will improve control and/or performance	5	5	5	4
Audit was constructive and added value overall	5	5	5	3
<b>Average</b>	<b>4.8</b>	<b>5</b>	<b>5</b>	<b>4.3</b>

**5 = Very Good    4 = Good    3 = Satisfactory    2 = Just Adequate    1 = Poor**