

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

Agenda Item No 11

meeting date: 25 JULY 2018  
 title: INTERNAL AUDIT PROGRESS REPORT 2018/19  
 submitted by: DIRECTOR OF RESOURCES  
 principal author: MICK AINSCOW

### 1 PURPOSE

1.1 To report to Committee internal audit work progress to date for 2018/19.

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 2018/19 is attached as Annex 1 alongside progress to date. In summary resources for the year have been allocated as follows:

Audit Area	2018/19 Planned Days	Actual Days to 13 July 2018
Fundamental (Main) Systems	230	15
Other Systems	79	20
Probity and Regularity	246	49
On-going checks	12	3
Risk Management, Performance Indicators	40	21
Non-Audit Duties (Insurance)	35	20
College	6	0
Contingencies/unplanned work	25	5
Vacant Post		53
Available Audit Days to 31 March 2019		487
	<b>673</b>	<b>673</b>

2.4 The position with regards to audit work carried out as at the 13 July 2018 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, Clitheroe Market, Car Parking and Cash Receipting, 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 11 April 2018. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
24.04.18	Full 	Data Protection – all areas of operation examined. Controls in place were sound and working effectively. No recommendations arising.
29.05.18	Full 	Cash Receipting System – sound system of internal control operating. Controls in place were being consistently applied. No recommendations arising.

Date of Report	Assurance Opinion	Report Details
30.05.18	Full ✓✓✓	Fees and Charges – ensuring that fees approved by Committee were those being charged by respective departments. No issues arising.
05.06.18	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.
04.07.18	Substantial ✓✓	Car Parking – looking at cash collection and banking procedures, issuing of permits and payment of penalty notices. System operating well. Minor recommendations in relation to long stay parking permits.
06.07.18	Substantial ✓✓	Clitheroe Market - checking to ensure all income collected is paid in promptly and that payments for cabins and café, via the sundry debtors system are up to date. No major issues 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 currently being pursued from the officers concerned.

## 6 UPDATE ON RED RISKS

### 6.1 Clitheroe Market Redevelopment

6.2 Latest position - Detailed discussions with Barnfield Construction continue to take place regarding the scheme. Further revisions have been undertaken by the developer following the most recent meeting with them to reflect the issues raised and these were presented to the Market Working Group at the end of March. The outline scheme has now been considered by Members at Policy and Finance and been endorsed by Full Council to be moved forward with the Developer. The scheme is to be design finalised, subject to appraisal and negotiations on Heads of Terms and the Developer Agreement to be progressed. These matters are to be reported back to Policy and Finance for agreement. In parallel the developer will move forward with the preparation of a planning application ready for submission in due course.

## 7 CONCLUSION

7.1 Progress to date with the 2018/19 audit plan is satisfactory.

PRINCIPAL AUDITOR

DIRECTOR OF RESOURCES

AA17-18/MA/AC

16 July 2018

## Annex 1

2018/19 Planned Days	Audit	Actual days to 13/07/18	Status as at 13/07/18
<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	15	
<b>230</b>		<b>15</b>	
<i>Other Systems Work</i>			
15	VAT	5	Initial Testing
12	Treasury Management	4	Initial Testing
15	Procurement	0	Not started
20	Business Continuity	0	Not started
12	Asset Management	10	Testing complete
5	Salthill Depot Stores	1	
<b>79</b>		<b>20</b>	
<i>Probity and Regularity</i>			
3	Joiners Arms Homeless Unit	0	Not started
3	Members Allowances	1	Initial testing
15	Recruitment/Safeguarding Arrangements	0	Not started
15	Insurance	0	Not started
5	Land Charges	0	Not started
10	Fees and Charges/Cash Collection Procedures	10	
12	Health and Safety	0	Not started
10	Car Parking	11	
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	0	Not started
12	ICT Audit	0	Not started
5	Healthy Lifestyles/Up and Active	4	At draft report stage
5	Ribblesdale Pool	0	Not started
3	Museum/Café	0	Not started
12	Partnership Arrangements	0	Not started
12	Grants received	10	Testing underway
12	Grants paid	10	Testing underway
12	Data Protection/GDPR	0	Not started
15	Section 106 Agreements/Planning Enforcement	0	Not started
10	Building Control	0	Not started
3	Clitheroe Market	3	
5	Clitheroe Cemetery	0	Not started

2018/19 Planned Days	Audit	Actual days to 13/07/18	Status as at 13/07/18
5	Licences	0	Not started
5	Land and Property Leases	0	Not started
5	Outdoor Recreation	0	Not started
10	Planning Applications	0	Not started
<b>246</b>		<b>49</b>	
<i>Continuous Activity/Ongoing Checks</i>			
12	Income Monitoring	3	∞
25	Contingencies/unplanned work	5	Driving Licence/Car Insurance Check and Election Duties/Postal Vote Opening
15	Risk Management	1	∞
20	Corporate Governance	20	∞
5	Performance Indicators	0	∞
<b>40</b>		<b>21</b>	
35	Insurance	20	∞
6	Training	2	∞
	Vacant post	53	
	Available audit days to 31/3/2019	487	
<b>673</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			
	Health and Safety	NNDR System	Council Tax System	Homelessness
Sufficient notice given to arrange the visit (not applicable for unannounced visits)	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	5	5
The auditors understanding of your systems and any operational issues	5	5	5	4
The audit carried out efficiently with minimum disruption	5	5	5	4
The level of consultation during the audit	5	5	5	3
The audit was carried out professionally and objectively	5	5	5	5
The draft report addressed the key issues and was soundly based	5	5	5	5
Your opportunity to comment on findings	5	5	5	5
The final report in terms of clarity and conciseness	5	5	5	4
The prompt issue of final report	5	5	5	4
The recommendations will improve control and/or performance	5	5	5	4
Audit was constructive and added value overall	5	5	5	4
<b>Average</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>4.3</b>

**Key:**

- 5 – very good**
- 4 – good**
- 3 – satisfactory**
- 2 – just adequate**
- 1 - poor**