

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 10

meeting date: 13 FEBRUARY 2019
 title: INTERNAL AUDIT PROGRESS REPORT 2018/19
 submitted by: DIRECTOR OF RESOURCES
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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 31 January 2019
Fundamental (Main) Systems	230	133
Other Systems	79	26
Probity and Regularity	246	123
On-going checks	12	10
Risk Management, Performance Indicators	40	37
Non-Audit Duties (Insurance)	35	38
College/Training	6	22
Contingencies/unplanned work	25	5
Vacant Post		155
Available Audit Days to 31 March 2019		124
	673	673

2.4 The position with regards to audit work carried out as at the 31 January 2019 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, Cash Receipting, Payroll and Council Tax systems. Testing is currently underway on the NNDR and Sundry Debtors

systems and this will be completed by 31 March along with reviews of the Main Accounting and Creditors systems.

3 ISSUES

- 3.1 In addition to our systems work we will continue to carry out a series of on-going checks to prevent/detect fraud and corruption.
- 3.2 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 31 October 2018. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
30.11.18	Substantial 	Homelessness – all areas of homeless provision were looked at. Controls in place were sound with only a minor issue regarding the retention of key deposits at the Joiners Arms.
7.12.18	Full 	Clitheroe Cemetery – all areas of operation were examined. Controls were sound and working effectively. No recommendations arising.
03.01.19	Full 	Licensing – Sample of all licences issued by the Council were examined and all relevant paperwork checked. Good controls in place across the authority. No recommendations arising.
17.01.19	Substantial 	Health and Safety – All policies and procedures examined. Recommendations agreed at the previous audit had now been implemented.

5 CURRENT STAFFING ISSUES

- 5.1 Due to Internal Audit staff leaving the council during 2018/19, both the Senior Auditor and Audit Technician posts have at some point been vacant. We successfully recruited to the Audit Technician post in June 2018, but have so far been unable to appoint to the Senior Auditor post.
- 5.2 The Senior Auditor post is currently being advertised for a fourth time, with a closing date of 8 February and with interviews scheduled to take place on 22 February. If we successfully recruit on the 22 February it is likely that any successful candidate will be unable to start until the new financial year if they are required to work any notice period with their current employer.
- 5.3 Assuming a start date of 1 April 2019 this would mean 195 days with the post vacant, equating to 29% of the total available auditing days detailed in the 2018/19 Audit Plan.
- 5.4 This has inevitably impacted on our coverage for the year, but we prioritised our work and concentrated on the Council's fundamental systems, with work on the medium and lower risk areas being included in the 2019/20 Audit Plan.

6 QUALITY MONITORING

- 6.1 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.

7 UPDATE ON RED RISKS

7.1 Clitheroe Market Redevelopment

Latest position – at the meeting of the Policy and Finance Committee on 22 January 2019, members decided to terminate the original procurement exercise and work up an expression of interest for the Future High Streets Fund as part of a wider approach to the town centre. The redevelopment of the site will be considered afresh as part of a wider town centre scheme and the existing project and associated risk is closed.

8 CONCLUSION

- 8.1 Progress to date with the 2018/19 audit plan is of some concern due to the level of staff vacancies that have been experienced to date, but we are confident that we will be able to prioritise and complete all our work on the Council's fundamental systems, with work on the lower risk areas being included in the 2019/20 Audit Plan.

PRINCIPAL AUDITOR

DIRECTOR OF RESOURCES

AA5-19/MA/AC
31 January 2019

Annex 1

2018/19 Planned Days	Audit	Actual days to 31/01/19	Status as at 31/01/19
<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	28	Testing Complete
40	Council Tax	40	At draft report stage
40	Housing Benefits/CT Support	38	✓
40	NNDR/Business Rates Pooling	12	Initial testing
15	Cash Receipting	15	✓
230		133	
<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	12	✓
5	Salthill Depot Stores	5	✓
79		26	
<i>Probity and Regularity</i>			
3	Joiners Arms Homeless Unit	3	✓
3	Members Allowances	3	✓
15	Recruitment/Safeguarding Arrangements	0	Not started
15	Insurance	0	Not started
5	Land Charges	5	✓
10	Fees and Charges/Cash Collection Procedures	10	✓
12	Health and Safety	12	✓
10	Car Parking	11	✓
5	VIC/Platform Gallery	0	Not started
12	Trade and Domestic Refuse Collection	12	✓
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	5	✓
5	Ribblesdale Pool	5	✓
3	Museum/Café	0	Not started
12	Partnership Arrangements	0	Not started
12	Grants received	12	✓
12	Grants paid	12	✓
12	Data Protection/GDPR	0	Not started

2018/19 Planned Days	Audit	Actual days to 31/01/19	Status as at 31/01/19
15	Section 106 Agreements/Planning Enforcement	0	Not started
10	Building Control	10	✓
3	Clitheroe Market	3	✓
5	Clitheroe Cemetery	5	✓
5	Licences	5	✓
5	Land and Property Leases	0	Not started
5	Outdoor Recreation	0	Not started
10	Planning Applications	10	✓
246		123	
<i>Continuous Activity/Ongoing Checks</i>			
12	Income Monitoring	10	∞
25	Contingencies/unplanned work	5	Driving Licence/Car Insurance Check
15	Risk Management	15	∞
20	Corporate Governance	20	∞
5	Performance Indicators	2	∞
40		37	
35	Insurance	38	∞
6	Training	22	Training new member of Audit team
	Vacant post	155	
	Available audit days to 31/3/2019	124	
673		673	

Key:

∞ Continuous Activity

✓ Completed

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

Annex 2

Question	Audit Carried Out				
	Clitheroe Market	Housing Benefits System	Pay and Display Car Parking	Ribblesdale Pool	Members Allowances
Sufficient notice given to arrange the visit (not applicable for unannounced visits)	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	5	4	5
The auditors understanding of your systems and any operational issues	5	5	4	4	5
The audit carried out efficiently with minimum disruption	5	5	3	5	5
The level of consultation during the audit	5	5	3	4	5
The audit was carried out professionally and objectively	5	5	3	5	5
The draft report addressed the key issues and was soundly based	5	5	4	5	5
Your opportunity to comment on findings	5	5	4	5	5
The final report in terms of clarity and conciseness	5	5	5	5	5
The prompt issue of final report	5	5	5	5	5
The recommendations will improve control and/or performance	5	5	5	4	5
Audit was constructive and added value overall	5	5	5	5	5
Average	5	5	4.2	4.7	5

Key:

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