

# RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

DECISION

Agenda Item No 6

meeting date: 12 FEBRUARY 2020  
title: INTERNAL AUDIT ANNUAL PLAN 2020/21  
submitted by: DIRECTOR OF RESOURCES  
principal author: MICK AINSCOW

## 1 PURPOSE

1.1 To submit to committee the internal audit plan for 2020/21.

1.2 Relevance to the Council's ambitions and priorities:

- ❖ The Council has a statutory duty to maintain an adequate and effective system of internal audit to ensure the continued efficient running of its services.

## 2 BACKGROUND

2.1 All local authorities are required to make proper provision for Internal Audit in line with the 1972 Local Government Act and the Accounts and Audit Regulations 2015. The Public Sector Internal Audit Standards require the proper planning of all audit activity.

## 3 RISK SCORING

3.1 Internal Audit ensures that good internal controls are inherent in all the Council's systems. All services have been identified into auditable areas and then subjected to a risk assessment process. This risk assessment scores each area against 4 key factors, based on the table shown below:

Risk Factor	Description	Scoring Methodology
<b>Financial Impact</b>	Based on the monetary value of the transactions involved	Highest score given to those areas with substantially monetary value transactions
<b>Primary Objectives</b>	Based on service links to the primary objectives in the Corporate Strategy	Highest score given to those areas that are key to the council achieving its primary objectives
<b>Audit Experience and Assurance</b>	Based on recommendations and assurance levels at past audits	Highest scores given to those areas which have a poor audit experience or low levels of assurance. (New areas automatically score high)
<b>Time since last audit</b>	Based on the time that has elapsed since an audit was last undertaken on the service area	Highest scores given to those areas which have not been audited in the past three years

3.2 Scores are given across these four factors for each auditable area to arrive at a total risk score, from which it is determined whether the area in question is high, medium or low risk. A total score of 4 to 6 is regarded as low risk, of 7 to 9 as medium, and 10 and over as high.

3.3 Using this risk based approach to scoring the Council's service areas, as shown at Annex 1, an operational audit plan is then produced which prioritises resource allocation based on those areas scored as higher risk. All high risk areas are covered annually with the medium risk areas covered at least twice over a three year period. The number of days allocated to each area is based on past experience and level of testing required. Low risk areas are aimed to be covered over the longer term where resources allow.

#### 4 CONSULTING ON THE ANNUAL AUDIT PLAN

- 4.1 Directors and Heads of Service were also consulted, asking for any comments on proposals. They are also asked for information on any new and emerging risks that the audit team should be aware of, and for any information on service changes.
- 4.2 Importantly, there has also been consultation with our external auditors on our proposed audit plan. In undertaking their work, there are areas where the external auditors consider the work of the internal audit section.

#### 5 INTERNAL AUDIT ANNUAL AUDIT PLAN 2020/21

- 5.1 Using the risk scoring exercise above, we are able to construct a better informed risk based audit plan for the coming year. The proposed audit plan for 2020/21 is attached at Annex 2.
- 5.2 Within the 2020/21 year all high risk category audit areas have been included in the audit plan. As there would be available resources after inclusion of the high risk areas, the majority of medium risk areas have also been included. Should resources allow as the year progresses, it may be possible to include the remaining medium risk areas and some of the low risk.
- 5.3 We will continue to allow a number of days in the audit plan for contingencies. This is to account for any work which may need to be carried out that is unplanned.

#### 6 RECOMMENDED THAT COMMITTEE

- 6.1 Approve the 2020/21 internal audit plan.

PRINCIPAL AUDITOR

DIRECTOR OF RESOURCES

AA2-20/MA/AC  
29 January 2020

Scoring for all Service Areas for Risk 2020/21

ANNEX 1

		RISK FACTOR				
Audit Area		Financial Impact	Primary Objectives	Audit Experience and Assurance	Time Since Last Audit	Total
<b>Fundamental Systems</b>	Main Accounting	3	3	1	2	9
	Creditors	3	3	1	1	8
	Sundry Debtors	3	3	1	1	8
	Payroll (including Member Allowances and IR35)	3	3	1	1	8
	Council Tax	3	3	1	1	8
	Housing Benefits/CT Support	3	3	1	1	8
	NNDR/Business Rates Pooling	3	3	1	2	9
	Cash Receipting	3	3	1	2	9
<b>Non-fundamental Systems</b>	VAT	3	3	1	1	8
	Stores	2	2	1	2	7
	Procurement	3	3	1	2	9
	Treasury Management	3	3	1	1	8
	Business Continuity	2	3	3*	3*	11
	Asset Management	3	3	1	1	8
<b>Resources</b>	Car Allowances/Staff Expenses	2	1	1	3	7
	Car Loans/Leasing	1	1	1	3	6
	Petty Cash/Floats	1	1	1	3	6
	HR Recruitment/Safeguarding Arrangements	2	3	1	3	9
	Insurance	3	2	1	2	8
	Data Protection/GDPR	1	2	2	3	8
<b>Chief Executive's</b>	Land Charges	3	2	1	1	7
	Clitheroe Market	2	2	1	2	7
	Cemetery	2	2	1	2	7
	Licences	2	2	1	1	6
	Building Control	3	2	1	2	8
	Land and Property Leases	2	2	3*	3*	10
	Environmental Health	3	3	1	2	9
<b>Community</b>	Car Parking	3	2	2	1	8
	VIC/Platform Gallery	2	3	2	1	8
	Trade & Domestic Refuse Collection	2	3	1	1	7
	Museum/Café	2	2	1	2	7
	Ribblesdale Pool	2	3	1	1	7
	Edisford Sports Complex	2	3	3*	3*	11
	Parks and Outdoor Recreation	1	2	3*	3*	9
<b>Economic Development and Planning</b>	Homelessness	2	3	1	2	8
	Planning Applications	3	2	1	2	8
	Section 106 Agreements/Planning Enforcement	3	2	1	3	9
<b>Other Areas</b>	Grants Received	3	3	1	1	8
	Grants Paid	3	3	2	1	9
	Working Time and Leave	1	1	2	3	7
	Transparency/Open Data	1	1	1	2	5
	Fees and Charges/Cash Collection Procedures	3	2	1	1	7
	Externally Contracted Provision of RVBC Services	2	2	2	1	7
	ICT General Controls	3	3	3*	3*	12
	Health and Safety	3	2	2	1	8
	Partnership Arrangements	3	2	1	1	8

\* Scored high as not previously included as a separate audit area

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## PROPOSED INTERNAL AUDIT ANNUAL PLAN 2020/21

Operational Audit Plan 2020/21			Days
	Number of days available		<b>780</b>
	Less:		
	Bank Hols/Statutory	36	
	Annual Leave	63	
	Non-Audit Duties (Insurance, etc.)	35	
	College	50	<b>(184)</b>
	Actual auditing days available		596
Risk Score	Area Of Activity		
	<i>Fundamental Systems</i>		
9	Main Accounting	25	
8	Creditors	20	
8	Sundry Debtors	20	
8	Payroll	30	
8	Council Tax	35	
8	Housing Benefits/Council Tax Support	40	
9	NNDR/Business Rates Pooling	35	
9	Cash Receipting	15	<b>220</b>
	<i>Non Fundamental Systems</i>		
8	VAT	15	
8	Treasury Management	12	
9	Procurement	15	
11	Business Continuity	20	
8	Asset Management	12	<b>74</b>

<b>Risk Score</b>	<b>Area of Activity</b>		
	<i>Probity/Regularity</i>		
7	Clitheroe Market	10	
9	Recruitment/Safeguarding Arrangements	15	
8	Insurance	15	
7	Cemetery	5	
7	Fees and Charges/Cash Collection Procedures	10	
8	Health and Safety	12	
8	Car Parking	12	
8	VIC/Platform Gallery	5	
7	Trade and Domestic/Refuse Collection	12	
7	Ribblesdale Pool	5	
8	Partnership Arrangements	12	
8	Grants received	12	
9	Grants paid	12	
7	Museum and Museum Café	3	
9	Environmental Health	8	
9	Section 106 Agreements/Planning Enforcement	15	
8	Building Control	10	
8	Planning Applications	10	
8	Data Protection/GDPR	12	
11	Edisford Sports Complex	5	
10	Land and Property Leases	5	
9	Parks and Outdoor Recreation	5	
8	Homelessness	5	
12	ICT General Controls	10	<b>225</b>
	<i>Continuous Activity/Ongoing Checks</i>		
	Income Monitoring	12	<b>12</b>

	Contingencies	25	<b>25</b>
	Risk Management	15	
	Corporate Governance	20	
	Performance Indicators	5	<b>40</b>
	Total Planned Audit Work		<b>596</b>