

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 8

meeting date: 12 FEBRUARY 2020
 title: INTERNAL AUDIT PROGRESS REPORT 2019/20
 submitted by: DIRECTOR OF RESOURCES
 principal author: MICK AINSCOW

1 PURPOSE

1.1 To report to Committee internal audit work progress to date for 2019/20.

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 2019/20 is attached as Annex 1 alongside progress to date. In summary resources for the year have been allocated as follows:

Audit Area	2019/20 Planned Days	Actual Days to 31 January 2020
Fundamental (Main) Systems	230	146
Other Systems	74	42
Probity and Regularity	232	114
On-going checks	12	10
Risk Management, Performance Indicators	40	20
Non-Audit Duties (Insurance)	35	32
College/Training	30	22
Contingencies/unplanned work	20	5
Vacant Posts		156
Available Audit Days to 31 March 2020		126
	673	673

2.4 The position with regards to audit work carried out as at the 31 January 2020 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 main fundamental systems. Reviews have so far been completed in relation to the Creditors, Payroll, Council Tax, Housing Benefits and Cash Receipting systems. Testing is currently underway on the Sundry

Debtors system and it is hoped that this will be completed by 31 March along with reviews of the Main Accounting and NNDR 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 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 27 November 2019. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
02.12.19	Full 	Housing Benefits System – control systems in place were operating effectively. No recommendations arising.
02.12.19	Full 	Payroll System – levels of control in place are effective and reflect a good standard of operation. No recommendations arising.
18.12.19	Full 	Externally Contracted Provision of RVBC Services – looking at services provided on a cyclical contracted basis. Good controls in place with full supporting paper work. No recommendations arising.
07.01.20	Full 	Licensing – Sample of all licences issued by the Council were examined and all relevant paperwork checked. Good controls in place. No recommendations arising.

Date of Report	Assurance Opinion	Report Details
07.01.20	Full 	Council Tax System – sound system of internal control operating. Controls in place are being consistently applied. No recommendations arising.

5 CURRENT STAFFING POSITION

5.1 At the end of August we successfully recruited for both the Internal Auditor and Internal Audit Assistant posts, at that time bringing the team back to full strength. The vacant posts have obviously impacted on the 2019/20 Audit Plan coverage.

5.2 As from week commencing 3 February 2020 the post of Principal Auditor will be vacant, and the post is currently being advertised for, with interviews planned for 5 March. We still hope to be able to complete the key audits on the fundamental systems by 31 March 2020.

6 UPDATE ON RED RISKS

6.1 There are currently no red risks to report.

7 CONCLUSION

7.1 Progress to date with the 2019/20 audit plan is satisfactory, but with potential issues around staffing whilst the current recruitment process is underway.

PRINCIPAL AUDITOR

DIRECTOR OF RESOURCES

AA5-20/MA/AC
3 February 2020

Annex 1

2019/20 Planned Days	Audit	Actual days to 31/01/20	Status as at 31/01/20
<i>Fundamental (Main) Systems</i>			
25	Main Accounting	0	Not started
20	Creditors	20	✓
20	Sundry Debtors	1	Testing underway
30	Payroll and HR	30	✓
40	Council Tax	40	✓
40	Housing Benefits/CT Support	40	✓
40	NNDR/Business Rates Pooling	0	Not started
15	Cash Receipting	15	✓
230		146	
<i>Other Systems Work</i>			
15	VAT	6	Testing underway
12	Treasury Management	12	✓
15	Procurement	12	Testing complete
20	Business Continuity	0	Not started
12	Asset Management	12	✓
74		42	
<i>Probity and Regularity</i>			
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	10	✓
5	VIC/Platform Gallery	5	✓
12	Trade and Domestic Refuse Collection	12	✓
15	Externally contracted Provision of RVBC Services	15	✓
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	12	At draft report stage
12	Grants received	8	At draft report stage
12	Grants paid	10	At draft report stage
12	Data Protection/GDPR	0	Not started
15	Section 106 Agreements/Planning Enforcement	0	Not started
10	Building Control	0	Not started
5	Licences	5	✓

2019/20 Planned Days	Audit	Actual days to 31/01/20	Status as at 31/01/20
5	Land and Property Leases	0	Not started
5	Outdoor Recreation	0	Not started
10	Planning Applications	0	Not started
232		114	
<i>Continuous Activity/Ongoing Checks</i>			
12	Income Monitoring	10	∞
20	Contingencies/unplanned work	5	Insurance/Licence Check and Car Park Income Investigations
15	Risk Management	14	∞
20	Corporate Governance	1	∞
5	Performance Indicators	5	∞
40		20	
35	Insurance	32	∞
30	Training	22	Training/Supervising new members of Audit Team
	Vacant post	156	
	Available audit days to 31/3/2020	126	
673		673	

Key:

∞ Continuous Activity

✓ Completed

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