

**INFORMATION**

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

Agenda Item No 11

meeting date: 30 JUNE 2010  
title: INTERNAL AUDIT PROGRESS REPORT 2010/11  
submitted by: DIRECTOR OF RESOURCES  
principal author: MICK AINSCOW

**1 PURPOSE**

1.1 To report to committee internal audit work progress to date for 2010/11.

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 Internal audit ensure that good 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, audit experience, fraud, etc. A risk score is then calculated for each area.

2.2 An operational audit plan is then produced to prioritise resource allocation based on the risk score. All high-risk areas are covered annually with the medium and low-risk areas covered at least once every two years.

2.3 The full internal audit plan for 2010/11 is attached as Annex 1, but in summary resources for the year have been allocated as follows:





<b>Audit Area</b>	<b>2001/11 Planned Days</b>
Fundamental (Main) Systems	210
Non-Fundamental Systems	105
Probity and Regularity	175
Ongoing checks	105
Risk Management, Performance Indicators	70
<b>Total</b>	<b>665</b>

**3 2010/11 INTERNAL AUDIT YEAR**

3.1 During the first couple of months of this year we have spent time finishing testing on NNDR, Housing Benefit and General Ledger systems. Testing is now largely complete and controls across all systems have been found to be sound and effective. The testing carried out has been extensive and has meant assignments taking considerably more days than planned, but hopefully levels of testing can be reduced in 2010/11 to bring completion days more in line with planned days.




3.2 In addition to our systems work we will continue to carry out a series of ongoing 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 4	Substantial		The Authority can place high levels of reliance on the arrangements/ controls in place. Best practice is demonstrated in some or all areas.
Level 3	Reasonable		The Authority can place reasonable (i.e. sufficient) reliance on the arrangements/ controls in place. Only relatively minor control weaknesses exist.
Level 2	Limited		The Authority can place only limited reliance on the arrangements/ controls in place. Significant control issues need to be resolved.
Level 1	Minimal		The Authority cannot place sufficient reliance on the arrangements/ controls in place. Substantial control weaknesses exist.

#### 4 REPORTS CARRIED OUT AND ASSURANCE OPINIONS

4.1 This report covers audit work and reports issued since the last report to Committee on 24 March 2010. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
23.04.10	Reasonable 	Housing Benefits – Tenancy Verification. Wrote to a random sample of 150 claimants whose benefit is paid direct to their landlord to confirm continued residence. 140 responses received. Details of the 10 claimants who failed to respond have been passed to the Fraud/Control Officer for further investigation
09.06.10	Reasonable 	Car Mileage Claims. Checked all mileage claims submitted by staff for the period May '09 to March '10 to ensure correct authorisation, accuracy, correct rates used and appropriate journeys etc. Only minor discrepancies arising.
10.06.10	Reasonable 	Contract Procedure Rules. A review of compliance with the Council's Contract Procedure rules for the procurement of works/goods. Compliance was verified in the vast majority of cases and valid reasons provided by officers where this had not been the case.

## 5 QUALITY MONITORING

- 5.1 Since the end of October 2009, we have been issuing customer feedback questionnaires following all audit work carried out. These questionnaires ask for the auditees views on the work we have carried out. Summary results are shown at Annex 2 for the questionnaires returned since the last meeting of this Committee, and it is pleasing to note that we appear to be delivering what customers want. All returned questionnaires show an average score above our target level of 4.

### PRINCIPAL AUDITOR

AA12-10/MA/AC  
15 June 2010

## Annex 1

Operational Audit Plan 2010/11		Days
Number of days available		<b>910</b>
Less:		
Bank Hols/Statutory	43	
Annual Leave	82	
College/Other Training	45	
Non-Audit Duties (Insurance, etc.)	75	<b>(245)</b>
Actual auditing days available		<b>665</b>

### AREA OF ACTIVITY

General Ledger	30	
Creditors	20	
Debtors	20	
Payroll	30	
Council Tax	40	
Housing Benefits	40	
NNDR	30	<b>210</b>
Cash and Bank Reconciliation	10	
Stores	15	
Loans and Investments	15	<b>40</b>
Data Protection	15	
Freedom of Information	15	
Health and Safety	15	
Enterprise Risk Management	20	<b>65</b>
Flexitime System	15	
Car Allowances	15	
Car Leasing	3	
Land Charges	8	
HB Cheque Delivery	10	
HB Tenancy Verification	15	
Petty Cash	10	
CT/HB Checks	40	
Staff Expenses	15	
Fees and Charges	8	
Printing and Stationery	3	
Rechargeable Works	10	
Tourism	10	
Car Parking	3	
Pest Control	3	
Inventories	5	

AREA OF ACTIVITY		Days
Longridge Gym	5	
Ribblesdale Pool	10	
Platform Gallery	5	
Private Drain Clearances	5	
Clitheroe Market	10	
Cemetery	5	
Planning App./Building Reg. Fees	12	
Contract Procedure Rules	15	<b>240</b>
Income Monitoring	15	
Contingencies	25	<b>40</b>
Risk Management	25	
Corporate Governance	20	
Performance Indicators/SIC	25	<b>70</b>
Total Planned Audit Work		<b>665</b>

## Annex 2

Question	AUDIT CARRIED OUT			
	Platform Gallery	Sundry Debtors System	Payroll System	Creditors System
Sufficient notice given to arrange the visit (not applicable for unannounced visits)	5	5	5	5
A briefing sheet was sent prior to commencement of the audit and any comments/requests made were taken into account during the audit	5	5	5	5
The Auditors understanding of your systems and any operational issues	4	4	5	4
The audit was carried out efficiently with minimum disruption	4	5	5	5
The level of consultation during the audit	4	5	5	5
The audit was carried out professionally and objectively	4	5	5	5
The draft report addressed the key issues and was soundly based	5	5	5	5
Your opportunity to comment on the findings	5	5	5	5
The final report in terms of its clarity and conciseness	5	5	5	4
The prompt issue of the final report	5	4	4	4
The recommendations in the final report will improve control and/or performance	5	5	5	5
The audit was constructive and added value overall	5	5	5	4
<b>Average</b>	<b>4.7</b>	<b>4.8</b>	<b>4.9</b>	<b>4.7</b>

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