

**INFORMATION**

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

Agenda Item No 12

meeting date: 29 JUNE 2011  
title: INTERNAL AUDIT PROGRESS REPORT 2011/12  
submitted by: DIRECTOR OF RESOURCES  
principal author: MICK AINSCOW

**1 PURPOSE**

1.1 To report to committee internal audit work progress to date for 2011/12.

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 2011/12 is attached as Annex 1, but in summary resources for the year have been allocated as follows:





<b>Audit Area</b>	<b>2011/12 Planned Days</b>
Fundamental (Main) Systems	200
Non-Fundamental Systems	105
Probity and Regularity	133
Ongoing checks	100
Risk Management, Performance Indicators	90
<b>Total</b>	<b>628</b>

**3 2011/12 INTERNAL AUDIT YEAR**

3.1 During the first couple of months of this year we have spent time carrying out testing on the Housing Benefit and General Ledger systems. Testing is now largely complete and controls across these 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 2011/12 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 30 March 2011. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
23.03.11	Reasonable 	Clitheroe Cemetery – All aspects of operation at the cemetery were examined. Overall operation was excellent – no recommendations arising.
31.03.11	Reasonable 	Housing Benefits System – Control systems in place were sound, and operating effectively. There were no recommendations arising.
31.03.11	Reasonable 	Platform Gallery – All areas were examined. Some difficulties were encountered in respect of stock records and inventories but these have been resolved and improved processes put in place.
31.03.11	Reasonable 	Petty Cash/Floats – All till floats and petty cash held throughout the Council was checked. Some minor discrepancies were identified, but there were no major areas of concern.

Date of Report	Assurance Opinion	Report Details
31.03.11	Reasonable ✓	Car Mileage Claims – Checked all mileage claims submitted by staff for the period December 2009 to January 2011 to ensure correct authorisation, accuracy, correct rates used, etc. Only minor discrepancies arising.

5 QUALITY MONITORING

5.1 Since the end of October 2009, we have been issuing customer feedback questionnaires following the majority of audit work carried out. These questionnaires ask for the auditees views on the work we have undertaken. No questionnaires have been returned since the last meeting and any outstanding ones are currently being pursued from the officers concerned.

PRINCIPAL AUDITOR

AA12-11/MA/AC  
20 June 2011

## Annex 1

Operational Audit Plan 2010/11		Days
Number of days available		<b>780</b>
Less:		
Bank Hols/Statutory	39	
Annual Leave	73	
College/Other Training	10	
Non-Audit Duties (Insurance, etc.)	30	<b>(152)</b>
Actual auditing days available		<b>628</b>

### AREA OF ACTIVITY

General Ledger	30	
Creditors	15	
Debtors	15	
Payroll	20	
Council Tax	45	
Housing Benefits	45	
NNDR	30	<b>200</b>
Cash and Bank Reconciliation	10	
Stores	5	
Loans and Investments	10	<b>25</b>
Data Protection	20	
Freedom of Information	20	
Health and Safety	20	
Enterprise Risk Management	20	<b>80</b>
Flexitime System	15	
Car Allowances	8	
Land Charges	10	
HB Cheque Delivery	12	
HB Tenancy Verification	20	
Petty Cash	5	
CT/HB Checks/NFI Checks	50	
Staff Expenses	10	
Fees and Charges	5	
Printing and Stationery	3	
Rechargeable Works	5	
Tourism	8	
Car Parking	3	
Inventories	5	

AREA OF ACTIVITY		Days
Longridge Gym	3	
Ribblesdale Pool	5	
Platform Gallery	5	
Private Drain Clearances	5	
Clitheroe Market	5	
Cemetery	8	
Planning App./Building Reg. Fees	8	
Contract Procedure Rules	10	<b>208</b>
Contingencies	25	<b>25</b>
Risk Management	50	
Corporate Governance	15	
Performance Indicators/SIC	25	<b>90</b>
Total Planned Audit Work		<b>628</b>