

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 7

meeting date: 30 NOVEMBER 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 medium or 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:





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

3 2011/12 INTERNAL AUDIT YEAR

3.1 During the year we aim to review all of the Council's main fundamental systems. The majority of this work is undertaken during the last six months of the year in order that there are sufficient current year transactions to test to provide the assurance required.

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	Full		The Council can place full reliance on the levels of control in place
Level 3	Substantial		The Council can place substantial reliance on the arrangements/controls in place. The audit identified the existence of minor control weaknesses in certain areas.
Level 2	Limited		The Council can place only limited reliance on the arrangements/controls in place. Significant control issues need to be resolved.
Level 1	Minimal		The Council cannot place sufficient reliance on the arrangements/ controls in place. Substantial control weaknesses exist.

Progress to date on the 2011/12 plan is relatively good given that we were a member of staff down for the first 3 months of the year, and the audit of the visitor information centre has taken up far more staff time than envisaged. The planned work is approx 47% complete as at the end of October and I am hopeful of achieving at least 90% completion by the end of the financial year.

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 August 2011. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
September 2011	Substantial	Fees and Charges – ensuring that all charges for 2011/12 as approved by the relevant committee had been implemented. All prices/fees being charged across the authority were verified to those approved.
September 2011	Substantial	Council Tax System – system controls were basically sound and the quality and effectiveness of work carried out within the section was of good standard.
October 2011	Full	Rechargeable Works – examination of recharges for works carried out by the Council's mechanics and works admin sections to ensure that all labour, materials, etc had been recharged in full and the majority of accounts promptly paid. Normal recovery procedures were followed where accounts were not paid within 14 days.
November 2011	Full	Car Insurances/Driving Licences – verifying that all staff using their own cars on official council business were appropriately insured i.e. for business use. Driving licences were also checked for all claimants and lease car holders. All staff were covered for business use and had valid full driving licences.
November 2011	Full	Building Control – system found to be operating effectively. No weaknesses identified.
November 2011	Full	Planning Income – verifying that fees are charged in accordance with approved rates, promptly received, planning system is updated correctly with all payments and that cash/cheques are securely held. No matters arising.

- 4.2 Visitor Information Centre – members will recall that at the last meeting of this committee concerns were expressed following an audit carried out at the visitor centre and the significant control weaknesses in a number of areas. Various recommendations were agreed with the visitor information centre manager and the Head of Cultural and Leisure Services in order to bring about the necessary improvements.
- 4.3 A follow up audit has now been carried out and I am pleased to be able to report that significant progress has been made. Stock takes are being carried out monthly with any discrepancies being reported to the Head of Cultural and Leisure Services and being fully investigated. A sale has been on for some time in an effort to reduce the number of different lines of stock and the actual levels have been significantly reduced. The sale will continue in the hope of reducing levels still further and making the stock control process far more manageable for those involved. Progress still needs to be made in certain areas such as documentation of procedures and agreement of minimum profit margins but overall I am pleased with what has been achieved so far.

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.
- 5.2 Summary results are shown at Annex 2 for the questionnaires returned since the last meeting of this Committee. The issues that were raised in the feedback form for Members' Allowances have been reviewed and will be addressed in future audits.

6 CONCLUSION

- 6.1 Good progress is being made towards completion of the 2011/12 audit plan. I am hopeful of completing all systems related work by the end of the financial year in order to be able to provide Members with the appropriate level of assurance. All audits carried out to date this year – with the exception of the visitor information centre – have resulted in an assurance opinion of substantial or full.

PRINCIPAL AUDITOR

AA23-11/MA/AC
22 November 2011

Operational Audit Plan 2011/12		Days
Number of days available		780
Less:		
Bank Hols/Statutory	39	
Annual Leave	73	
College/Other Training	10	
Non-Audit Duties (Insurance, etc.)	30	(152)
Actual auditing days available		628
AREA OF ACTIVITY		
General Ledger	30	
Creditors	15	
Debtors	15	
Payroll	20	
Council Tax	45	
Housing Benefits	45	
NNDR	30	200
Cash and Bank Reconciliation	10	
Stores	5	
Loans and Investments	10	25
Data Protection	20	
Freedom of Information	20	
Health and Safety	20	
Enterprise Risk Management	20	80
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
	208
Contingencies	25
	25
Risk Management	50
Corporate Governance	15
Performance Indicators/SIC	25
	90
Total Planned Audit Work	
	628

Annex 2

Question	Housing Benefit	Members' Allowances	Car Leasing
Sufficient notice given to arrange the visit (not applicable for unannounced visits)	5	4	4
A briefing sheet was sent prior to commencement of the audit and any comments/requests made were taken into account during the audit	5	4	5
The Auditors understanding of your systems and any operational issues	4	2	3
The audit was carried out efficiently with minimum disruption	5	2	4
The level of consultation during the audit	5	1	4
The audit was carried out professionally and objectively	5	2	4
The draft report addressed the key issues and was soundly based	4	3	4
Your opportunity to comment on the findings	5	2	4
The final report in terms of its clarity and conciseness	5	4	4
The prompt issue of the final report	5	4	5
The recommendations in the final report will improve control and/or performance	N/A	2	4
The audit was constructive and added value overall	5	2	4
Average	4.8	2.7	4.1

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