

INFORMATION

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 8

meeting date: 28 MARCH 2012
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 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 resource allocation based on the risk score. All high-risk areas are covered annually with the medium and low-risk areas covered at least twice in every three year cycle.

2.3 The full internal audit plan for 2011/12 is attached as Annex 1 alongside progress to date. 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
Total	628






2.4 The position with regards to audit work carried out as at the end of February 2012 is included within Annex 1 and shows completed audits, audits in progress, continuous activity and audit work which will be carried forward into 2012/13.

3 2011/12 INTERNAL AUDIT YEAR

3.1 Our intention every year is to review all of the Council's main fundamental systems. So far this year we have completed testing on Payroll and Human Resources, Sundry Debtors and Council Tax systems. Testing is currently in progress on NNDR,


General Ledger and Creditors systems and I am hopeful of completing main work by the end of April. Work on the Housing Benefits system can then commence. Extensive testing has been carried out in order that we can provide the assurance opinion.

- 3.2 In addition to our systems work we have continued to carry out a series of ongoing checks to prevent/detect fraud and corruption.
- 3.3 The table at Annex 1 shows a comparison between actual and planned days as per the approved 2011/12 plan. The major variances are in respect of the audits carried out on the Payroll and Human Resources system and on the Visitor Information Centre. In respect of Payroll and HR a number of new and emerging areas were reviewed resulting in increased testing being carried out. In respect of the Visitor Information Centre audit, as Members will be aware following a previous report to this Committee, significant areas of concern were encountered, resulting in extensive additional work being undertaken and also a follow-up audit being carried out.
- 3.4 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 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 30 November 2011. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
November 2011	Reasonable 	Data Protection – all areas of operation running effectively. Minor recommendations regarding amendments/updates to Data Protection and IT Security Policies

Date of Report	Assurance Opinion	Report Details
December 2011	Substantial ✓ ✓	Treasury Management – control systems in place were sound and operating effectively. No recommendations arising.
February 2012	Reasonable ✓	Ribblesdale Pool – majority of areas were operating effectively, but concern was raised that the lifeguard training requirements as stipulated in the Pool Health and Safety policy were not being adhered to and should be subject to immediate review.
February 2012	Reasonable ✓	Printing and Stationery – controls in place were basically sound. Improvements in stock record details were discussed and implemented during the audit.
March 2012	Substantial ✓ ✓	Payroll and Human Resources System – system controls were sound and working effectively. Recommendations were made regarding the keeping of data on files by the Personnel section.

5 QUALITY MONITORING

- 5.1 Customer feedback questionnaires are issued following the completion of the majority of audit work carried out. These questionnaires ask for the auditees views on the work that has been undertaken. 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 continue to deliver what customers want. All returned questionnaires show an average score above our target level of 4.

PRINCIPAL AUDITOR

AA1-12/MA/AC
16 March 2012

Annex 1

Internal Audit Progress against 2011/12 Approved Plan

2011/12 Planned Days	Audit	Actual days to 29/02/12	Status as at 29/02/12
<i>Fundamental (Main) Systems</i>			
30	General Ledger	12	
15	Creditors	2	
15	Debtors	20	✓
20	Payroll and Human Resources	45	✓
45	Council Tax	48	✓
45	Housing Benefits	0	CFwd
30	NNDR	15	
200		142	
<i>Other Systems Work</i>			
10	Cash and Bank Reconciliation	0	CFwd
5	Stores	0	CFwd
10	Loans and Investments	12	✓
20	Data Protection	24	✓
20	Freedom of Information	10	
20	Health and Safety	0	CFwd
20	Enterprise Risk Management	0	CFwd
105		46	
<i>Probity and Regularity</i>			
15	Flexitime System	8	∞
8	Car Allowances	8	∞
10	Land Charges	4	
12	HB Cheque Delivery	0	N/A
20	HB Tenancy Verification	0	
5	Petty Cash	6	✓
50	CT/HB checks/NFI checks	45	∞
10	Staff Expenses	12	∞
5	Fees and Charges	5	∞
3	Printing and Stationery	5	✓
5	Rechargeable Works	5	✓
8	Visitor Information Centre	46	✓
3	Car Parking	0	CFwd
5	Inventories	1	∞
3	Longridge Gym	1	N/A
5	Ribblesdale Pool	11	✓

2011/12 Planned Days	Audit	Actual days to 29/02/12	Status as at 29/02/12
5	Platform Gallery	5	✓
5	Private Drain Clearances	0	CFwd
5	Clitheroe Market	2	CFwd
8	Cemetery	7	✓
4	Building Control	14	✓
4	Planning Income	10	✓
10	Contract Procedure Rules	0	CFwd
208		195	
25	Contingencies	12	∞
25		12	
50	Risk Management	56	∞
15	Corporate Governance	30	∞
25	PI's/SIC	17	∞
90		103	
30	Insurance	25	∞
0	Sickness	46	
0	Vacant Post	23	
30		94	
	Available audit days to 31/3/2012	66	
658		658	

Key:



Completed



In progress



Continuous Activity

CFwd **Carried Forward to 2012/13 Plan**

Annex 2

Question	Visitor Information Centre	Council Tax System	Building Control	Treasury Management	Planning Income
Sufficient notice given to arrange the visit (not applicable for unannounced visits)	4	5	4	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	4	5	4	5	5
The Auditors understanding of your systems and any operational issues	3	5	3	5	5
The audit was carried out efficiently with minimum disruption	5	5	5	5	5
The level of consultation during the audit	5	5	4	3	5
The audit was carried out professionally and objectively	4	5	5	5	5
The draft report addressed the key issues and was soundly based	4	5	5	N/A	5
Your opportunity to comment on the findings	4	5	5	N/A	5
The final report in terms of its clarity and conciseness	4	5	4	3	5
The prompt issue of the final report	4	5	5	5	5
The recommendations in the final report will improve control and/or performance	4	5	4	N/A	N/A
The audit was constructive and added value overall	4	5	4	2	4
Average	4.1	5.0	4.3	4.2	4.9

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