

# RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

DN

Agenda Item No 9

meeting date: 27 JUNE 2012  
title: INTERNAL AUDIT PROGRESS REPORT 2012/13  
submitted by: DIRECTOR OF RESOURCES  
principal author: MICK AINSCOW

## 1 PURPOSE

1.1 To report to Committee internal audit work progress to date for 2012/13.

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. 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 2012/13 is attached as Annex 1 alongside progress to date. In summary resources for the year have been allocated as follows:

Audit Area	2012/13 Planned Days
Fundamental (Main) Systems	250
Other Systems	55
Probity and Regularity	228
On-going checks	48
Risk Management, Performance Indicators	55
Non-Audit Duties (Insurance)	30
	<b>666</b>






2.4 The position with regards to audit work carried out as at the end of May 2012 is included within Annex 1 and shows completed audits, audits in progress and continuous activity.

2.5 The Senior Auditor in the team has recently become fully CPFA qualified. In order to gain full membership of CIPFA, further training and work experience within the accountancy section is being undertaken, which is shown in the table at Annex 1 under training. This inevitably has an impact on the available audit days for the audit section and as such additional cover for the audit team is currently being sought in order to avoid an adverse impact on the achievement of the Audit Plan.






### 3 ISSUES

- 3.1 During the first couple of months of this year we have spent time carrying out testing on the Sundry Debtor and General Ledger system on transactions relating to 2011/12. The audit of the Sundry Debtor system is now complete and the report issued with an assurance level of substantial. Testing to date on the General Ledger system has shown the level of control to be sound and effective.
- 3.2 In addition to our systems work we will continue to carry out a series of on-going checks to prevent/detect fraud and corruption.
- 3.3 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 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 28 March 2012. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
17.04.12	Substantial 	Sundry Debtor System – control systems in place were effective. Recommendations made regarding showing the rates of VAT on invoices and also ensuring that full details of the debtor are obtained in all cases.
27.04.12	Substantial 	Local Land Charges – controls in place were sound and gave no cause for concern. Recommendation made regarding purchase of a cash box to store cheques waiting to be paid in
07.06.12	Substantial 	Payroll and HR System and Procedures follow up review to the audit report issued in March when concerns were raised regarding the keeping of data on files by the Personnel section. Some progress had been made but still some files with insufficient supporting documents and

Date of Report	Assurance Opinion	Report Details
		other containing excessive information. Assurances have been received from the HR section that all outstanding problems will be addressed.

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 view on the work that has been undertaken. No questionnaires have been returned since the last meeting and any outstanding ones are currently being pursued from the officers concerned.

6 RECOMMENDATION

6.1 Progress to date with the 2012/13 audit plan is satisfactory. As we are carrying out a number of new audits this year, an amount of time has had to be spent on identifying control systems in place and the potential hazards within these areas.

PRINCIPAL AUDITOR

DIRECTOR OF RESOURCES


AA8-12/MA/AC  
15 June 2012

BACKGROUND PAPERS: None

For further information please ask for Mick Ainscow, extension 4540.

## Annex 1

2012/13 Planned Days	Audit	Actual days to 31/05/12	Status as at 31/05/12
<i>Fundamental (Main) Systems</i>			
30	Main Accounting	9	
20	Creditors	3	
20	Sundry Debtors	0	Not started
40	Payroll and HR	2	Follow-up Review
45	Council Tax	0	Not started
45	Housing Benefits	0	Not started
30	NNDR	21	
20	Cash Receipting	0	Not started
<b>250</b>		<b>35</b>	
<i>Other Systems Work</i>			
20	VAT	0	Not started
5	Stores	0	Not started
10	Treasury Management	0	Not started
20	Procurement	6	Hazard Identification
<b>55</b>		<b>6</b>	
<i>Probity and Regularity</i>			
15	Asset Mgmt/Register	1	Hazard Identification
10	HR and Recruitment	2	∞
15	Insurance	1	
10	Licences	2	Hazard Identification
15	Business Continuity Mgmt	0	Not started
5	Car Parking	0	Not started
10	VIC/Platform Gallery	0	Not started
10	Trade Refuse	1	Hazard Identification
10	Recycling	0	Not started
20	Partnership Arrangements	2	Hazard Identification
10	Grants received	1	Hazard Identification
10	Grants paid	1	Hazard Identification
15	Sustainability	1	Not started
10	Section 106 Agreements	0	Not started
5	Members' Allowances	0	Not started
10	Ribblesdale Pool	1	Follow up
5	Clitheroe Market	0	Not started
10	Data Protection	0	Not started
5	Land Charges	2	
8	Cemetery	0	Not started

2012/13 Planned Days	Audit	Actual days to 31/05/12	Status as at 31/05/12
10	Building Regulations	0	Not started
10	Planning Applications	0	Not started
<b>228</b>		<b>15</b>	
<i>Continuous Activity/Ongoing Checks</i>			
10	Cash Collections Procedures	2	
8	Fees and Charges	1	∞
10	Income Monitoring	2	∞
<b>28</b>		<b>5</b>	
20	Contingencies	4	∞
<b>20</b>		<b>4</b>	
30	Risk Management	1	∞
20	Corporate Governance	10	∞
5	Performance Indicators	4	∞
<b>55</b>		<b>15</b>	
30	Insurance	9	∞
<b>30</b>		<b>9</b>	
0	Training	21	∞
<b>0</b>		<b>21</b>	
	Available audit days to 31/3/2013	556	
<b>666</b>		<b>666</b>	