

# RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

DN

Agenda Item No 6

meeting date: 28 NOVEMBER 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 October 2012 is included within Annex 1 and shows completed audits, audits in progress and continuous activity.

2.5 The Senior Auditor in the team is currently working for half of the week in the accountancy section gaining work experience after obtaining full membership of CIPFA. Following advertisement of the position, some temporary cover has been secured and the new member of staff started in post on 6 August. In addition the Audit Technician in the team has moved to a position also within the accountancy section. Following advertisement of this position a permanent replacement started in post on 17 September.

### 3 ISSUES

- 3.1 During the year we aim to review all of the Council's main fundamental systems. The majority of this work will be carried out later in the year, in order that there are sufficient current year transactions to test to provide the necessary level of assurance. Testing in relation to systems audit work is currently on-going for council tax, housing benefits, main accounting and creditors systems.
- 3.2 Since the middle of June a great deal of audit staff time has been spent on an un-programmed audit investigation. A report on this investigation will be provided at the committee meeting. This has inevitably impacted on the achievement of the audit plan to date.
- 3.3 In addition to our systems work we will continue to carry out a series of on-going checks to prevent/detect fraud and corruption.
- 3.4 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 The only item that has been fully completed since Committee's last meeting in August is the unprogrammed audit investigation, which is covered elsewhere on the agenda.

## 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. 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 all questionnaires show an average score above our target level of 4.

## 6 RECOMMENDATION

- 6.1 Progress to date with the 2012/13 audit plan is somewhat behind schedule – this is due to staffing issues, which have now been addressed, and the un-programmed audit investigation.

PRINCIPAL AUDITOR










DIRECTOR OF RESOURCES


AA14-12/MA/AC  
14 November 2012

BACKGROUND PAPERS: None

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

## Annex 1

2012/13 Planned Days	Audit	Actual days to 31/10/12	Status as at 31/10/12
<i>Fundamental (Main) Systems</i>			
30	Main Accounting	18	
20	Creditors	19	
20	Sundry Debtors	0	Not started
40	Payroll and HR	4	Follow-up Review completed
45	Council Tax	18	
45	Housing Benefits	10	
30	NNDR	23	
20	Cash Receipting	0	Not started
<b>250</b>		<b>92</b>	
<i>Other Systems Work</i>			
20	VAT	2	
5	Stores	0	Not started
10	Treasury Management	4	
20	Procurement	5	Hazard Identification
<b>55</b>		<b>11</b>	
<i>Probity and Regularity</i>			
15	Asset Mgmt/Register	1	Hazard Identification
10	HR and Recruitment	2	
15	Insurance	12	
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	2	Hazard Identification
10	Recycling	0	Not started
20	Partnership Arrangements	2	Hazard Identification
10	Grants received	2	Hazard Identification
10	Grants paid	2	Hazard Identification
15	Sustainability	0	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

2012/13 Planned Days	Audit	Actual days to 31/10/12	Status as at 31/10/12
10	Data Protection	0	Not started
5	Land Charges	3	✓
8	Cemetery	0	Not started
10	Building Regulations	0	Not started
10	Planning Applications	0	Not started
<b>228</b>		<b>29</b>	
<i>Continuous Activity/Ongoing Checks</i>			
10	Cash Collections Procedures	2	
8	Fees and Charges	3	∞
10	Income Monitoring	5	∞
<b>28</b>		<b>10</b>	
20	Contingencies	93	∞
<b>20</b>		<b>93</b>	
30	Risk Management	32	∞
20	Corporate Governance	14	∞
5	Performance Indicators	4	∞
<b>55</b>		<b>50</b>	
30	Insurance	18	∞
<b>30</b>		<b>18</b>	
0	Training	80	∞
<b>0</b>		<b>80</b>	
	Available audit days to 31/3/2013	283	
<b>666</b>		<b>666</b>	

**Key:**

✓ Completed

 In progress

∞ Continuous Activity

Annex 2

Question	Payroll System	Sundry Debtors System	Land Charges	Printing and Stationery	NNDR System
Sufficient notice given to arrange the visit (not applicable for unannounced visits)	5	5	4	4	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	4	4	5
The Auditors understanding of your systems and any operational issues	4	4	4	5	5
The audit was carried out efficiently with minimum disruption	4	4	5	5	5
The level of consultation during the audit	5	5	5	5	4
The audit was carried out professionally and objectively	5	5	5	5	5
The draft report addressed the key issues and was soundly based	4	5	4	5	4
Your opportunity to comment on the findings	5	5	4	4	5
The final report in terms of its clarity and conciseness	4	4	5	4	5
The prompt issue of the final report	4	4	5	4	5
The recommendations in the final report will improve control and/or performance	4	4	3	5	4
The audit was constructive and added value overall	4	4	4	5	4
<b>Average</b>	<b>4.4</b>	<b>4.5</b>	<b>4.3</b>	<b>4.6</b>	<b>4.7</b>

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