

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 6

meeting date: 20 NOVEMBER 2013
 title: INTERNAL AUDIT PROGRESS REPORT 2013/14
 submitted by: DIRECTOR OF RESOURCES
 principal author: MICK AINSCOW

1 PURPOSE

1.1 To report to Committee internal audit work progress to date for 2013/14.

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, with all high-risk areas being covered annually.






2.3 The full internal audit plan for 2013/14 is attached as Annex 1 alongside progress to date. In summary resources for the year have been allocated as follows:

Audit Area	2013/14 Planned Days
Fundamental (Main) Systems	270
Other Systems	55
Probity and Regularity	150
On-going checks	30
Risk Management, Performance Indicators	65
Non-Audit Duties (Insurance)	30
College	40
Contingencies/unplanned work	30
	670

2.4 The position with regards to audit work carried out as at the end of October 2013 is included within Annex 1 and shows completed audits, audits in progress and continuous activity.


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.
- 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 Insurance services fall under the remit of the internal audit team. In May/June a tendering exercise was carried out for the procurement of our insurance cover. A considerable amount of work was involved in providing the information required by prospective tenderers, and the opportunity was also taken to review our existing levels of cover. Following the exercise, Zurich Municipal were appointed as our insurers on a five year long term agreement. This procurement exercise inevitably impacts on the audit plan.
- 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 28 August 2013. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
28.08.13	Full 	Fees and Charges 2013/14 – ensuring that all charges for 2013/14 as approved by the relevant committee had been implemented correctly. All prices/fees being charged across the authority were verified to those approved.

Date of Report	Assurance Opinion	Report Details
30.08.13	Substantial ✓ ✓	Ribblesdale Pool – all areas of operation at the pool were examined. Minor recommendations only arising regarding retention of documentation for pool hire and swim/gym scheme.
21.10.13	Substantial ✓ ✓	Car Insurances and 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 staff – including lease car users. A number of staff were found to not be insured for business use and in 2 cases staff had an expired photocard driving licence. Correct and up to date documentation has now been provided by the staff concerned.
05.11.13	Full ✓ ✓ ✓	Treasury Management – control systems in place were sound, and operating effectively. No recommendations arising.
05.11.13	Substantial ✓ ✓	Petty Cash/Floats – all till floats and petty cash imprests held throughout the Council were checked. Concern was raised that at remote sites monies were being reimbursed to staff before authorisation had been received. This issue is currently being addressed and guidance will be produced to ensure that all staff are aware that reimbursement will not be made until such time as the expenditure has been properly authorised.

4.2 Work is currently being carried out on the Platform Gallery/Visitor Information Centre, Car Parking, Grants and Contract Procedures.

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 CONCLUSION

6.1 Progress to date with the 2013/14 audit plan is satisfactory.

PRINCIPAL AUDITOR

DIRECTOR OF RESOURCES

AA20-13/MA/AC
6 November 2013

BACKGROUND PAPERS: None

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

Annex 1

2013/14 Planned Days	Audit	Actual days to 31/10/13	Status as at 31/10/13
<i>Fundamental (Main) Systems</i>			
45	Main Accounting	16	
25	Creditors	0	Not started
25	Sundry Debtors	0	Not started
30	Payroll and HR	15	
45	Council Tax	33	
45	Housing Benefits	23	
30	NNDR	0	Not started
20	Cash Receipting	4	
265		91	
<i>Other Systems Work</i>			
20	VAT	4	
5	Stores	0	Not started
10	Treasury Management	10	
20	Procurement	4	Hazard Identification
55		18	
<i>Probity and Regularity</i>			
10	Asset Mgmt/Register	0	Not started
10	HR and Recruitment	0	Not started
10	Insurance	0	Not started
10	Licences	16	
10	Business Continuity Mgmt	0	Not started
5	Car Parking	17	
10	VIC/Platform Gallery	26	
10	Trade Refuse	2	Hazard Identification
10	Recycling	2	Hazard Identification
10	Partnership Arrangements	0	Not started
10	Grants received	9	
10	Grants paid	11	
10	Sustainability	0	Not started
10	Section 106 Agreements	0	Not started
5	Ribblesdale Pool	7	
5	Building Regulations	0	Not started
5	Planning Applications	0	Not started
150		90	
<i>Continuous Activity/Ongoing Checks</i>			
10	Cash Collections Procedures	5	

2013/14 Planned Days	Audit	Actual days to 31/10/13	Status as at 31/10/13
5	Fees and Charges	9	✓
12	Income Monitoring	7	∞
27		21	
25	Contingencies/unplanned work	22	∞
25		22	
40	Risk Management	17	∞
20	Corporate Governance	20	∞
5	Performance Indicators	5	∞
65		42	
30	Insurance	38	∞
30		38	
38	Training	28	∞
38		28	
0	Vacant post	14	
0		14	
	Available audit days to 31/3/2014	306	
655		670	

Key:



In Progress



Continuous Activity



Completed