RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 9

meeting date: 25 JUNE 2014
title: INTERNAL AUDIT PROGRESS REPORT 2014/15
submitted by: DIRECTOR OF RESOURCES
principal author: MICK AINSCOW

1   PURPOSE

1.1   To report to Committee internal audit work progress to date for 2014/15.

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 2014/15 is attached as Annex 1 alongside progress to date. In summary resources for the year have been allocated as follows:

Audit Area	2014/15 Planned Days
Fundamental (Main) Systems	250
Other Systems	50
Probity and Regularity	203
On-going checks	22
Risk Management, Performance Indicators	53
Non-Audit Duties (Insurance)	30
College	40
Contingencies/unplanned work	25
	673

2.4   The position with regards to audit work carried out as at the end of May 2014 is included within Annex 1 and shows completed audits, audits in progress and continuous activity.

3   ISSUES

3.1   During the first couple of months of this year we have spent time completing testing on the payroll, creditors and sundry debtors systems. Testing on all systems 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 2 April 2014. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
28.03.14	Substantial ✓✓	Salthill Depot Stores – all areas of operation examined. Good controls in place throughout the operation. Minor recommendations made regarding disposal of obsolete stock and maintenance of an office inventory.
02.05.14	Substantial ✓✓	Members Allowances – examination into the payment of allowances to Members. Checked claims submitted April 2013 to March 2014 and verified against minutes/ attendance register. Vast majority correct with 2 minor overpayments.
30.05.14	Full ✓✓✓	Payroll Systems and Procedures – system controls were sound and working effectively, reflecting an excellent standard of work from the staff involved in the operation.

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 2014/15 audit plan is satisfactory.

PRINCIPAL AUDITOR   DIRECTOR OF RESOURCES

AA9-14/MA/AC
9 June 2014

BACKGROUND PAPERS: None

For further information please ask for Mick Ainscow .

2014/15 Planned Days	Audit	Actual days to 31/05/14	Status as at 31/05/14
Fundamental (Main) Systems			
25	Main Accounting	2	[in progress]
30	Creditors	4	[in progress]
30	Sundry Debtors	9	[in progress]
30	Payroll and HR	8	[complete]
45	Council Tax	0	Not started
35	Housing Benefits	11	[in progress]
35	NNDR	0	Not started
20	Cash Receipting	0	Not started
250		**34**	
Other Systems Work			
20	VAT	0	Not started
10	Treasury Management	0	Not started
20	Procurement	0	Not started
50		**0**	
Probity and Regularity			
5	Car Allowances	6	[in progress]
5	Asset Mgmt/Register	0	Not started
5	Members Allowances	4	[complete]
20	HR and Recruitment/Staff Expenses	0	Not started
10	Insurance	2	[in progress]
5	Land Charges	0	Not started
5	Fees and Charges	0	Not started
5	Clitheroe Cemetery	0	Not started
10	Business Continuity Mgmt	0	Not started
8	Car Parking	0	Not started
15	VIC/Platform Gallery	7	[in progress]
10	Trade Refuse	0	Not started
10	Recycling	0	Not started
5	Ribblesdale Pool	0	Not started
10	Data Protection	0	Not started
10	Partnership Arrangements	0	Not started
10	Grants received	0	Not started
10	Grants paid	0	Not started
10	Flexitime System	2	[in progress]
10	Sustainability	0	Not started
10	Section 106 Agreements	0	Not started
5	Building Regulations	2	[in progress]
5	Planning Applications	1	[in progress]
150		**24**	

2014/15 Planned Days	Audit	Actual days to 31/05/14	Status as at 31/05/14
Continuous Activity/Ongoing Checks			
10	Cash Collections Procedures	0	∞
12	Income Monitoring	2	∞
		2	
25	Contingencies/unplanned work	6	∞
30	Risk Management	2	∞
18	Corporate Governance	18	∞
5	Performance Indicators	0	∞
		20	
30	Insurance	8	∞
40	Training	5	∞
	Available audit days to 31/3/2015	574	
673		**673**	

Key:

          In Progress

∞   Continuous Activity

          Completed

Not started   No work undertaken in the current year on these audits