

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

INFORMATION

Agenda Item No 9

meeting date: 27 AUGUST 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 July 2014 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. Reviews have so far taken place in relation to payroll, creditors and sundry debtors systems, and testing is currently ongoing on the housing benefit systems.
- 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 25 June 2014. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
06.06.14	Full 	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 also checked for all staff – including lease car users. Correct and up to date documents provided by all staff.
18.06.14	Substantial 	Sundry Debtors Systems and Processes – control systems in place are effective. Minor recommendations made in relation to certification and also ensuring debtors full name and address are provided in all cases.
28.07.14	Full 	Planning Application Fees – verifying that fees are charged in accordance with approved rates, are promptly received, and that planning system is updated correctly with all payments. No matters arising.

Date of Report	Assurance Opinion	Report Details
30.07.14	Substantial ✓ ✓	Car Allowances – checked all mileage claims submitted by staff for the period April 2013 to March 2014 to ensure correct authorization, accuracy, correct rates paid, etc. Minor recommendations regarding employees submitting claims on a more regular basis.
30.07.14	Substantial ✓ ✓	Creditors Systems and Processes – No significant areas of concern identified. Levels of control effective and only minor recommendations arising.
31.07.14	Substantial ✓ ✓	Platform Gallery/VIC – Follow up audit carried out after the 2013/14 audit resulted in 11 recommendations and no reliance able to be placed on the arrangements/controls in operation. Significant progress has been made with the Action Plan agreed by management in the last few months and we can now place substantial reliance on the controls in place. Only minor recommendations made relating to what is to be done with obsolete stock.

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 latest returned questionnaires, and it is pleasing to note that all show an average score above our target level of 4.

6 RECOMMENDATION

6.1 Progress to date with the 2014/15 audit plan is satisfactory.

PRINCIPAL AUDITOR



DIRECTOR OF RESOURCES

AA18-14/MA/AC
5 August 2014

BACKGROUND PAPERS: None

For further information please ask for Mick Ainscow .

Annex 1

2014/15 Planned Days	Audit	Actual days to 31/07/14	Status as at 31/07/14
<i>Fundamental (Main) Systems</i>			
25	Main Accounting	2	
30	Creditors	22	✓
30	Sundry Debtors	24	✓
30	Payroll and HR	28	✓
45	Council Tax	0	Not Started
35	Housing Benefits	33	
35	NNDR	0	Not Started
20	Cash Receipting	0	Not Started
250		109	
<i>Other Systems Work</i>			
20	VAT	0	Not Started
10	Treasury Management	0	Not Started
20	Procurement	7	
50		7	
<i>Probity and Regularity</i>			
5	Car Allowances	6	✓
10	Asset Mgmt/Register	0	Not Started
5	Members Allowances	4	✓
20	HR and Recruitment/Staff Expenses	0	Not Started
10	Insurance	2	
5	Land Charges	0	Not Started
5	Fees and Charges	4	
5	Clitheroe Cemetery	0	Not Started
10	Business Continuity Mgmt	0	Not Started
8	Car Parking	0	Not Started
15	VIC/Platform Gallery	16	✓
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	8	
10	Sustainability	0	Not Started
10	Section 106 Agreements	0	Not Started
5	Building Regulations	6	
5	Planning Applications	7	✓
203		53	

2014/15 Planned Days	Audit	Actual days to 31/07/14	Status as at 31/07/14
<i>Continuous Activity/Ongoing Checks</i>			
10	Cash Collections Procedures	0	∞
12	Income Monitoring	2	∞
22		2	
25	Contingencies/unplanned work	6	∞
25		6	
30	Risk Management	3	∞
18	Corporate Governance	18	∞
5	Performance Indicators	1	∞
53		22	
30	Insurance	14	∞
30		14	
40	Training	11	∞
40		11	
	Available audit days to 31/3/2015	449	
673		673	

Key:



In Progress



Continuous Activity



Completed

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

Question	Audit Carried Out						
	Payroll Systems and Procedures	Members Allowances	Stores- Salthill Depot	Sundry Debtors Systems and Processes	Car Allowances	Creditors Systems and Processes	Planning Application Fees
1. Sufficient notice given to arrange the visit	5	5	5	5	5	5	5
2. Briefing sheet sent prior to audit commencing and any comments/requests were taken into account	4	4	5	4	5	4	4
3. Auditors understanding of your systems and current issues	5	4	5	4	4	4	4
4. Audit carried out efficiently with minimum disruption	5	5	5	5	5	4	4
5. Level of consultation during audit	5	4	5	4	4	4	4
6. Audit carried out professionally and objectively	5	5	5	5	4	5	5
7. Draft report addressed the key issues and was soundly based	5	4	5	5	5	4	4
8. Opportunity to comment on findings	5	4	5	5	5	4	5
9. Final report in terms of clarity and conciseness	5	4	5	5	5	4	5
10. Prompt issue of final report	5	4	5	4	4	4	5
11. Recommendations will improve control and/or performance	5	5	5	5	4	4	4
12. Audit was constructive and added value overall	4	4	5	5	4	4	5
Average	4.8	4.3	5	4.7	4.5	4.2	4.5