

# RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 10

meeting date: 30 MARCH 2016  
 title: INTERNAL AUDIT PROGRESS REPORT 2015/16  
 submitted by: DIRECTOR OF RESOURCES  
 principal author: MICK AINSCOW

## 1 PURPOSE

1.1 To report to Committee internal audit work progress to date for 2015/16.

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 2015/16 is attached as Annex 1 alongside progress to date. In summary resources for the year have been allocated as follows:

| Audit Area                              | 2015/16 Planned Days |
|-----------------------------------------|----------------------|
| Fundamental (Main) Systems              | 255                  |
| Other Systems                           | 52                   |
| Probity and Regularity                  | 230                  |
| On-going checks                         | 12                   |
| Risk Management, Performance Indicators | 40                   |
| Non-Audit Duties (Insurance)            | 25                   |
| College                                 | 30                   |
| Contingencies/unplanned work            | 25                   |
|                                         | <b>669</b>           |

2.4 The position with regards to audit work carried out up to the end of February 2016 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 the sundry debtors, creditors, main accounting, payroll, housing benefits and cash receipting systems. Testing is currently ongoing on the council tax and NNDR systems. I envisage that the testing will be largely complete on these two systems by the end of March. Testing carried out to date has not revealed any areas of concern.
- 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 19 November 2015. The table below sets out the assurance opinions issued from these audits:

| Date of Report | Assurance Opinion                                                                               | Report Details                                                                                                                                                                       |
|----------------|-------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 04.11.15       | Substantial  | Fees and Charges – ensuring that the fees approved by Committee were those being charged by respective departments. Two minor discrepancies which have now been amended accordingly. |
| 24.11.15       | Full         | Housing Benefits Systems and Processes – control systems in place were operating effectively. No recommendations arising.                                                            |

| Date of Report | Assurance Opinion | Report Details                                                                                                                                                                                                                                                                                                 |
|----------------|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 11.12.15       | Reasonable ✓      | Countryside Grants – looking at Partnership, Parish Lengthsman and Biodiversity Project Grants. Good controls with regard to budget monitoring but issues around transparency with details of grants approved not being reported to committee and little or no publicity with regard to the lengthsman scheme. |
| 18.12.15       | Full ✓✓✓          | Refuse Collection, Recycling and Trade Refuse – looking at all areas of collection/recycling to ensure all processes are operating as intended. No issues arising with all systems being well managed.                                                                                                         |
| 21.01.16       | Full ✓✓✓          | Land Charges – controls in place were sound and operating effectively. No recommendations arising.                                                                                                                                                                                                             |
| 29.01.16       | Substantial ✓✓    | Platform Gallery and VIC – all areas of operation examined. Much improved from previous audits with only minor recommendations arising.                                                                                                                                                                        |
| 02.02.16       | Full ✓✓✓          | Partnerships – looked at sample of partnership arrangements across the whole authority. Good audit trail of supporting paperwork for each partnership examined. No recommendations arising.                                                                                                                    |
| 23.02.16       | Full ✓✓✓          | Building Regulations – system was operating well with no weaknesses identified and no recommendations arising.                                                                                                                                                                                                 |
| 23.02.16       | Full ✓✓✓          | Planning Applications – no issues arising, system was operating well with no recommendations arising                                                                                                                                                                                                           |
| 23.02.16       | Full ✓✓✓          | Payroll Systems and Procedures – system controls were sound and working effectively, reflecting a good standard of work from the staff involved.                                                                                                                                                               |

## 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. Outstanding ones are being pursued.

6 CONCLUSION

6.1 Progress to date with the 2015/16 audit plan is satisfactory.

PRINCIPAL AUDITOR






DIRECTOR OF RESOURCES








AA5-16/MA/AC  
17 March 2016

BACKGROUND PAPERS: None

For further information please ask for Mick Ainscow .

## Annex 1

| 2015/16 Planned Days              | Audit                             | Actual days to 26/02/16 | Status as at 26/02/16                                                                 | Comments                                    |
|-----------------------------------|-----------------------------------|-------------------------|---------------------------------------------------------------------------------------|---------------------------------------------|
| <i>Fundamental (Main) Systems</i> |                                   |                         |                                                                                       |                                             |
| 30                                | Main Accounting                   | 31                      | ✓                                                                                     |                                             |
| 30                                | Creditors                         | 29                      | ✓                                                                                     |                                             |
| 25                                | Sundry Debtors                    | 24                      | ✓                                                                                     |                                             |
| 30                                | Payroll and HR                    | 33                      | ✓                                                                                     |                                             |
| 45                                | Council Tax                       | 18                      |    | Testing in progress                         |
| 40                                | Housing Benefits                  | 45                      | ✓                                                                                     |                                             |
| 35                                | NNDR                              | 18                      |    | Testing in progress                         |
| 20                                | Cash Receipting                   | 22                      | ✓                                                                                     |                                             |
| <b>255</b>                        |                                   | <b>220</b>              |                                                                                       |                                             |
| <i>Other Systems Work</i>         |                                   |                         |                                                                                       |                                             |
| 20                                | VAT                               | 11                      |    | Testing in progress                         |
| 12                                | Treasury Management               | 12                      | ✓                                                                                     |                                             |
| 20                                | Procurement                       | 3                       |   | Testng identified                           |
| <b>52</b>                         |                                   | <b>26</b>               |                                                                                       |                                             |
| <i>Probity and Regularity</i>     |                                   |                         |                                                                                       |                                             |
| 5                                 | Car Allowances                    | 7                       | ✓                                                                                     |                                             |
| 10                                | Asset Mgmt/Register               | 10                      |  | Awaiting further info prior to draft report |
| 5                                 | Members Allowances                | 7                       | ✓                                                                                     |                                             |
| 20                                | HR and Recruitment/Staff Expenses | 22                      | ✓                                                                                     |                                             |
| 12                                | Insurance                         | 12                      | ✓                                                                                     |                                             |
| 5                                 | Land Charges                      | 5                       | ✓                                                                                     |                                             |

| 2015/16 Planned Days                      | Audit                                    | Actual days to 26/02/16 | Status as at 26/02/16                                                                 | Comments                              |
|-------------------------------------------|------------------------------------------|-------------------------|---------------------------------------------------------------------------------------|---------------------------------------|
| 5                                         | Fees and Charges                         | 6                       | ✓                                                                                     |                                       |
| 5                                         | Clitheroe Market                         | 6                       | ✓                                                                                     |                                       |
| 15                                        | Business Continuity Mgmt                 | 11                      |    | Testing in progress                   |
| 10                                        | Car Parking                              | 2                       |    | Testing identified                    |
| 10                                        | VIC/Platform Gallery                     | 12                      | ✓                                                                                     |                                       |
| 12                                        | Trade Refuse/Recycling/Refuse Collection | 12                      | ✓                                                                                     |                                       |
| 8                                         | Salthill Depot Stores                    | 2                       |    | Testing identified                    |
| 5                                         | Civic Suite                              | 5                       | ✓                                                                                     |                                       |
| 5                                         | Environmental Health                     | 3                       |    | Testng in progress                    |
| 5                                         | Museum                                   | 2                       |    | Identifying all income streams        |
| 5                                         | Healthy Lifestyles                       | 6                       | ✓                                                                                     |                                       |
| 5                                         | Ribblesdale Pool                         | 5                       | ✓                                                                                     |                                       |
| 10                                        | Licences                                 | 12                      | ✓                                                                                     |                                       |
| 12                                        | Partnership Arrangements                 | 12                      | ✓                                                                                     |                                       |
| 10                                        | Grants received                          | 10                      | ✓                                                                                     |                                       |
| 10                                        | Grants paid                              | 10                      | ✓                                                                                     |                                       |
| 15                                        | Sustainability                           | 4                       |  | Will be included in Procurement Audit |
| 10                                        | Section 106 Agreements                   | 8                       |  | Testing in progress                   |
| 8                                         | Building Regulations                     | 8                       | ✓                                                                                     |                                       |
| 8                                         | Planning Applications                    | 8                       | ✓                                                                                     |                                       |
| <b>230</b>                                |                                          | <b>207</b>              |                                                                                       |                                       |
| <i>Continuous Activity/Ongoing Checks</i> |                                          |                         |                                                                                       |                                       |

| 2015/16 Planned Days | Audit                             | Actual days to 26/02/16 | Status as at 26/02/16 | Comments                                                                                             |
|----------------------|-----------------------------------|-------------------------|-----------------------|------------------------------------------------------------------------------------------------------|
| 12                   | Income Monitoring                 | 11                      | ∞                     |                                                                                                      |
| 25                   | Contingencies/unplanned work      | 16                      | ∞                     | Unplanned audit at Salthill Depot. Petty cash/floats check. Car insurance and Driving Licence check. |
| 15                   | Risk Management                   | 15                      | ∞                     |                                                                                                      |
| 20                   | Corporate Governance              | 20                      | ∞                     |                                                                                                      |
| 5                    | Performance Indicators            | 5                       | ∞                     |                                                                                                      |
| <b>40</b>            |                                   | <b>40</b>               |                       |                                                                                                      |
| 25                   | Insurance                         | 33                      | ∞                     | Significant increase in number of claims compared to 2014/15                                         |
| 30                   | Training                          | 50                      | ∞                     | Training new member of Audit team                                                                    |
|                      | Available audit days to 31/3/2016 | 66                      |                       |                                                                                                      |
| <b>669</b>           |                                   | <b>669</b>              |                       |                                                                                                      |

**Key:**



In Progress



Continuous Activity



Completed

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

## Annex 2

| Question                                                                                                            | Audit Carried Out |                      |
|---------------------------------------------------------------------------------------------------------------------|-------------------|----------------------|
|                                                                                                                     | Land Charges      | Building Regulations |
| Sufficient notice given to arrange the visit (not applicable for unannounced visits)                                | 5                 | 5                    |
| A briefing sheet sent prior to audit commencing and any comments/ requests were taken into account during the audit | 5                 | 5                    |
| The auditors understanding of your systems and any operational issues                                               | 5                 | 4                    |
| The audit carried out efficiently with minimum disruption                                                           | 5                 | 4                    |
| The level of consultation during the audit                                                                          | 5                 | 4                    |
| The audit was carried out professionally and objectively                                                            | 5                 | 5                    |
| The draft report addressed the key issues and was soundly based                                                     | 5                 | 4                    |
| Your opportunity to comment on findings                                                                             | 5                 | 5                    |
| The final report in terms of clarity and conciseness                                                                | 5                 | 4                    |
| The prompt issue of final report                                                                                    | 5                 | 4                    |
| The recommendations will improve control and/or performance                                                         | 5                 | 4                    |
| Audit was constructive and added value overall                                                                      | 5                 | 3                    |
| <b>Average</b>                                                                                                      | <b>5</b>          | <b>4.2</b>           |

**5 = Very good**

**4 = Good**

**3 = Satisfactory**

**2 = Just adequate**

**1 = Poor**