

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 8

meeting date: 16 NOVEMBER 2016
 title: INTERNAL AUDIT PROGRESS REPORT 2016/17
 submitted by: DIRECTOR OF RESOURCES
 principal author: MICK AINSCOW

1 PURPOSE

1.1 To report to Committee internal audit work progress to date for 2016/17.

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 2016/17 is attached as Annex 1 alongside progress to date. In summary resources for the year have been allocated as follows:

Audit Area	2016/17 Planned Days
Fundamental (Main) Systems	245
Other Systems	68
Probity and Regularity	225
On-going checks	12
Risk Management, Performance Indicators	40
Non-Audit Duties (Insurance)	25
College	30
Contingencies/unplanned work	25
	670

2.4 The position with regards to audit work carried out as at the end of October 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 Housing Benefits and Cash Receipting systems. Testing is also largely complete on the Payroll and Sundry Debtor 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 17 August 2016. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
11.08.16	Full 	Fees and Charges – ensuring that fees approved by committee were those being charged by respective departments. All fees correct – no recommendations arising.
16.08.16	Substantial 	Pay and Display car parking – looking at cash collection and banking procedures, issuing of permits and payment of penalty notices. Recommendation made regarding more frequent reconciliation of penalty notice monies.
22.08.16	Full 	Grants paid/received – looked at a sample across all services to ensure transparency. Good controls in place with no recommendations arising.

Date of Report	Assurance Opinion	Report Details
22.08.16	Full 	Members Allowances – examination into the payment of allowances to members between May 2015 and May 2016. All payments made were correct.
22.08.16	Full 	Clitheroe Cemetery – all areas of operation at the Cemetery were examined. Controls were sound and working effectively. No recommendations arising.
26.08.16	Reasonable 	Countryside Grants – looking at grants paid within the Planning Services Section and specifically those administered by the Countryside Officer. A number of recommendations agreed including annual report of approved grants, implementation of a grant award scheme, all supporting paperwork to be obtained and grants being made available to all interested parties.
26.08.16	Full 	Platform Gallery/VIC – all areas of operation examined. Controls in place are operating as intended. No recommendations arising.
21.09.16	Substantial 	Asset Management – looking at purchase and disposal of assets and accurate recording in asset register and verification that all assets are properly insured. The only issue was around office inventories not being up to date. This was addressed during the audit and all have now been updated.
27.10.16	Full 	Land Charges – controls in place are sound and operating effectively. No recommendations arising.
31.10.16	Full 	Ribblesdale Pool – all areas of operation at the pool were examined. No recommendations arising.
31.10.16	Full 	Cash Receipting, Banking and Cheque Control – sound system of internal control operating. Controls in place were being consistently applied. No recommendations arising.

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.

6 UPDATE ON RED RISKS – WASTE MANAGEMENT

- 6.1 The scoring of this risk remains the same as that reported to the last meeting of this Committee on 17 August 2016, with just one red risk in respect of waste management and the withdrawal of cost sharing in March 2018. Regular monitoring of this risk will continue.
- 6.2 Community Services Committee have been receiving reports focussing on a range of options available to mitigate the loss of income from the withdrawal of cost sharing.

7 CONCLUSION

- 7.1 Progress to date with the 2016/17 audit plan is satisfactory.
- 7.2 There has been no further change to the status of our red risk since the last meeting of Committee.

PRINCIPAL AUDITOR

DIRECTOR OF RESOURCES

AA23-16/MA/AC
1 November 2016

BACKGROUND PAPERS: None

For further information please ask for Mick Ainscow .

Annex 1

2016/17 Planned Days	Audit	Actual days to 31/10/16	Status as at 31/10/16
<i>Fundamental (Main) Systems</i>			
25	Main Accounting	0	Not started
25	Creditors	0	Not started
25	Sundry Debtors	23	Testing largely complete
30	Payroll and HR	29	Testing largely complete
40	Council Tax	10	Initial testing
45	Housing Benefits/CT Support	44	At draft report stage
40	NNDR/Business Rates Pooling	10	Initial testing
15	Cash Receipting	16	✓
245		132	
<i>Other Systems Work</i>			
20	VAT	14	Additional testing to that carried out in 15/16
12	Treasury Management	0	Not started
20	Procurement	22	✓
6	Stores	0	Not started
10	Asset Management	11	✓
68		47	
<i>Probity and Regularity</i>			
5	Cemetery	5	✓
5	Members Allowances	6	✓
15	HR and Recruitment/Staff Expenses	13	Testing largely complete
15	Insurance	0	Not started
5	Land Charges	5	✓
10	Fees and Charges/Cash Collection Procedures	10	✓
15	Business Continuity Mgmt	9	Testing underway
10	Car Parking	10	✓
5	VIC/Platform Gallery	7	✓
10	Trade and Domestic Refuse Collection	3	Initial testing
15	Externally contracted Provision of RVBC Services	0	Not started
10	Environmental Health	6	Identifying income streams
10	Transparency/Open Data	0	Not started
5	Healthy Lifestyles	6	✓
5	Ribblesdale Pool	6	✓
10	Museum/Café	2	Identifying income streams
10	Partnership Arrangements	0	Not started
10	Grants received	11	✓

2016/17 Planned Days	Audit	Actual days to 31/10/16	Status as at 31/10/16
10	Grants paid	11	✓
10	Data Protection	8	Testing largely complete
15	Section 106 Agreements/Planning Enforcement	3	Initial testing
10	Building Control	0	Not started
10	Planning Applications	0	Not started
225		121	
<i>Continuous Activity/Ongoing Checks</i>			
12	Income Monitoring	7	∞
25	Contingencies/unplanned work	16	Driving Licence/Car Insurance Check, Election Duties and Jury Service
15	Risk Management	5	∞
20	Corporate Governance	20	∞
5	Performance Indicators	5	∞
40		30	
25	Insurance	20	∞
30	Training	19	∞
	Available audit days to 31/3/2017	278	
670		670	

Key:

∞ Continuous Activity

✓ Completed

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

Annex 2

Question	Audit Carried Out				NDR System	Salthill Depot Stores
	Payroll Systems and Procedures	Healthy Lifestyles	Procurement System	Council Tax System		
Sufficient notice given to arrange the visit (not applicable for unannounced visits)	5	5	5	5	5	5
A briefing sheet sent prior to audit commencing and any comments/ requests were taken into account during the audit	4	5	5	5	5	5
The auditors understanding of your systems and any operational issues	5	5	3	5	5	4
The audit carried out efficiently with minimum disruption	5	5	5	5	5	4
The level of consultation during the audit	4	5	2	5	5	4
The audit was carried out professionally and objectively	5	5	4	5	5	4
The draft report addressed the key issues and was soundly based	5	5	5	5	5	4
Your opportunity to comment on findings	5	5	5	5	5	4
The final report in terms of clarity and conciseness	5	5	5	5	5	4
The prompt issue of final report	5	5	3	5	5	4
The recommendations will improve control and/or performance	5	5	3	5	5	4
Audit was constructive and added value overall	5	5	3	5	5	4
Average	4.8	5	4	5	5	4.2

5 = Very good

4 = Good

3 = Satisfactory

2 = Just adequate

1 = Poor