

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 6

meeting date: 18 OCTOBER 2017
 title: INTERNAL AUDIT PROGRESS REPORT 2017/18
 submitted by: DIRECTOR OF RESOURCES
 principal author: MICK AINSCOW

1 PURPOSE

1.1 To report to Committee internal audit work progress to date for 2017/18.

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 2017/18 is attached as Annex 1 alongside progress to date. In summary resources for the year have been allocated as follows:






Audit Area	2017/18 Planned Days	Actual Days to 30 September 2017
Fundamental (Main) Systems	230	90
Other Systems	74	36
Probity and Regularity	242	115
On-going checks	12	7
Risk Management, Performance Indicators	40	26
Non-Audit Duties (Insurance)	30	22
College	20	18
Contingencies/unplanned work	25	18
Available Audit Days to 31 March 2018		341
	673	673

2.4 The position with regards to audit work carried out as at the 1 October 2017 is included within Annex 1 and shows completed audits, audits in progress and continuous activity.

2.5 During the year we aim to review all of the Council's fundamental systems. Reviews have so far been completed in relation to the Housing Benefits and Cash Receipting systems. Testing is also underway on the Payroll and Sundry Debtors systems.



3 ISSUES


- 3.1 During the first six months of this year time has been spent carrying out audits on Flexitime, Procurement, Fees and Charges, Members Allowances, Car Parking and Grants, as well as assurance work around Corporate Governance. The annual exercise has also been carried out to verify staff driving licences and insurance certificates.
- 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 20 July 2017. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
19.09.17	Full 	Procurement System – all aspects of the system were examined to ensure Contract Procedure rules and Financial Regulations were being followed. System was operating well with no recommendations arising.
19.09.17	Full 	Flexitime System – all aspects of the system were examined. Consistency of operation across departments much improved from the previous audit.

Date of Report	Assurance Opinion	Report Details
28.09.17	Full 	Cash Receipting System – 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. No questionnaires have been returned since the last meeting with any outstanding ones currently being pursued from the officers concerned.

6 UPDATE ON RED RISKS

6.1 Clitheroe Market Redevelopment

Latest position - Following reporting of the consultation outcome in March 2017 and a report to Policy and Finance in June 2017, the working group undertook detailed evaluation of options to progress the development. A report on progress with the scheme in the light of the working groups findings and discussions with Barnfield Construction was considered by Policy and Finance Committee in September 2017. Detailed discussions with Barnfield Construction continue to confirm the scheme.

7 CONCLUSION

7.1 Progress to date with the 2017/18 audit plan is satisfactory.

PRINCIPAL AUDITOR

DIRECTOR OF RESOURCES

AA20-17/MA/AC
5 October 2017

BACKGROUND PAPERS: None

For further information please ask for Mick Ainscow .

Annex 1

2017/18 Planned Days	Audit	Actual days to 30/09/17	Status as at 30/09/17
<i>Fundamental (Main) Systems</i>			
25	Main Accounting	5	Initial testing
20	Creditors	0	Not started
20	Sundry Debtors	18	Testing largely complete
30	Payroll and HR	12	Initial testing
40	Council Tax	0	Not started
40	Housing Benefits/CT Support	40	✓
40	NNDR/Business Rates Pooling	0	Not started
15	Cash Receipting	15	✓
230		90	
<i>Other Systems Work</i>			
15	VAT	6	Initial testing
12	Treasury Management	5	Initial testing
15	Procurement	15	✓
20	Business Continuity	0	Not started
12	Asset Management	10	Testing largely complete
74		36	
<i>Probity and Regularity</i>			
3	Joiners Arms Homeless Unit	0	Not started
5	Members Allowances	5	✓
15	Recruitment/Safeguarding Arrangements	10	Testing in progress
15	Insurance	0	Not started
5	Land Charges	1	Initial testing
12	Fees and Charges/Cash Collection Procedures	12	✓
12	Health and Safety	3	Initial testing
10	Car Parking	10	✓
5	VIC/Platform Gallery	0	Not started
12	Trade and Domestic Refuse Collection	8	Testing underway
15	Externally contracted Provision of RVBC Services	5	Initial testing
10	Environmental Health	9	Testing complete
15	Transparency/Open Data	8	Testing underway
5	Healthy Lifestyles/Up and Active	4	Testing largely complete
5	Ribblesdale Pool	2	Initial testing
5	Museum/Café	4	Testing complete
12	Partnership Arrangements	0	Not started
12	Grants received	12	✓
12	Grants paid	12	✓
12	Data Protection	0	Not started
15	Section 106 Agreements/Planning Enforcement	0	Not started

2017/18 Planned Days	Audit	Actual days to 30/09/17	Status as at 30/09/17
10	Building Control	0	Not started
10	Flexitime System	10	✓
10	Planning Applications	0	Not started
242		115	
<i>Continuous Activity/Ongoing Checks</i>			
12	Income Monitoring	7	∞
25	Contingencies/unplanned work	18	Driving Licence/Car Insurance Check and Election Duties/Postal Vote Opening
15	Risk Management	2	∞
20	Corporate Governance	20	∞
5	Performance Indicators	4	∞
40		26	
30	Insurance	22	∞
20	Training	18	∞
	Available audit days to 31/3/2018	341	
673		673	

Key:

∞ Continuous Activity

✓ Completed

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