

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 7

meeting date: 31 OCTOBER 2018
 title: INTERNAL AUDIT PROGRESS REPORT 2018/19
 submitted by: DIRECTOR OF RESOURCES
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1 PURPOSE

1.1 To report to Committee internal audit work progress to date for 2018/19.

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 2018/19 is attached as Annex 1 alongside progress to date. In summary resources for the year have been allocated as follows:






Audit Area	2018/19 Planned Days	Actual Days to 19 October 2018
Fundamental (Main) Systems	230	69
Other Systems	79	26
Probity and Regularity	246	78
On-going checks	12	6
Risk Management, Performance Indicators	40	37
Non-Audit Duties (Insurance)	35	28
College/Training	6	15
Contingencies/unplanned work	25	5
Vacant Post		88
Available Audit Days to 31 March 2019		321
	673	673

2.4 The position with regards to audit work carried out as at the 19 October 2018 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 Council Tax system.



3 ISSUES

- 3.1 During the first six months of this year time has been spent carrying out audits on Fees and Charges, Clitheroe Market, Car Parking, Ribblesdale Pool, Grants Paid/Received, Members Allowances, Salthill Depot Stores, Healthy Lifestyles/Up and Active, 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 25 July 2018. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
26.07.18	Full 	Healthy Lifestyles/Up and Active – looked at all areas including charging, income recording and banking of monies. System operating well with no issues arising.
13.08.18	Substantial 	Grants Paid/Received – looked at sample across all services to ensure transparency. Good controls in place with minor recommendations regarding the supporting documentation for grants approved and the reporting of all grants to committee.

Date of Report	Assurance Opinion	Report Details
16.08.18	Substantial ✓✓	Members Allowances – examination into the payment of allowances to members between April 2017 and June 2018. Vast majority were correct with three minor overpayments which have now been recovered.
01.10.18	Substantial ✓✓	Salthill Depot Stores – all areas of operation were examined. Good controls in place. Minor recommendation regarding maintaining up to date office inventory.
04.10.18	Full ✓✓✓	Housing Benefits Systems and Processes – control systems in place were operating effectively. No recommendations arising.
12.10.18	Full ✓✓✓	Ribblesdale Pool – all areas of operation at the pool were examined with no issues and no recommendations arising.

5 CURRENT STAFFING ISSUES

- 5.1 Due to Internal Audit staff leaving the council during 2018/19, both the Senior Auditor and Audit Technician posts have at some point been vacant. We successfully recruited to the Audit Technician post in June 2018, but have so far been unable to appoint to the Senior Auditor post.
- 5.2 The Senior Auditor post is currently being advertised for a third time, with a closing date of 16 November and with interviews scheduled to take place on 29 November. If we successfully recruit on the 29 November it is likely that any successful candidate will be unable to start until the new calendar year if they are required to work any notice period with their current employer.
- 5.3 Assuming a start date of 3 January 2019 this would mean 133 days with the post vacant, equating to 19.8% of the total available auditing days detailed in the 2018/19 Audit Plan.
- 5.4 This will inevitably impact on our coverage for the year, but we will prioritise and complete all our work on the Council's fundamental systems, with work on the lower risk areas being covered by the 2019/20 Audit Plan.

6 QUALITY MONITORING

- 6.1 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 but the outstanding ones are currently being pursued from the officers concerned.

7 UPDATE ON RED RISKS

7.1 Clitheroe Market Redevelopment

Latest position – At the meeting of Policy and Finance Committee on 25 September 2018, members decided to pause progress on the existing scheme to enable a further report to be brought to committee advising on the most appropriate way forward with the re-development of the site.

8 CONCLUSION

- 8.1 Progress to date with the 2018/19 audit plan is of some concern due to the level of staff vacancies that have been experienced to date, but we are confident that we will be able to prioritise and complete all our work on the Council's fundamental systems, with work on the lower risk areas being covered by the 2019/20 Audit Plan.

PRINCIPAL AUDITOR

DIRECTOR OF RESOURCES

AA19-18/MA/AC
19 October 2018

Annex 1

2018/19 Planned Days	Audit	Actual days to 19/10/18	Status as at 19/10/18
<i>Fundamental (Main) Systems</i>			
25	Main Accounting	0	Not started
20	Creditors	0	Not started
20	Sundry Debtors	0	Not started
30	Payroll and HR	0	Not started
40	Council Tax	16	Initial testing
40	Housing Benefits/CT Support	38	✓
40	NNDR/Business Rates Pooling	0	Not started
15	Cash Receipting	15	✓
230		69	
<i>Other Systems Work</i>			
15	VAT	5	Initial Testing
12	Treasury Management	4	Initial Testing
15	Procurement	0	Not started
20	Business Continuity	0	Not started
12	Asset Management	12	✓
5	Salthill Depot Stores	5	✓
79		26	
<i>Probity and Regularity</i>			
3	Joiners Arms Homeless Unit	3	At draft report stage
3	Members Allowances	3	✓
15	Recruitment/Safeguarding Arrangements	0	Not started
15	Insurance	0	Not started
5	Land Charges	5	At draft report stage
10	Fees and Charges/Cash Collection Procedures	10	✓
12	Health and Safety	0	Not started
10	Car Parking	11	✓
5	VIC/Platform Gallery	0	Not started
12	Trade and Domestic Refuse Collection	0	Not started
15	Externally contracted Provision of RVBC Services	0	Not started
10	Environmental Health	0	Not started
12	ICT Audit	0	Not started
5	Healthy Lifestyles/Up and Active	5	✓
5	Ribblesdale Pool	5	✓
3	Museum/Café	0	Not started
12	Partnership Arrangements	0	Not started
12	Grants received	12	✓
12	Grants paid	12	✓
12	Data Protection/GDPR	0	Not started
15	Section 106 Agreements/Planning Enforcement	0	Not started

2018/19 Planned Days	Audit	Actual days to 19/10/18	Status as at 19/10/18
10	Building Control	0	Not started
3	Clitheroe Market	3	✓
5	Clitheroe Cemetery	4	Testing complete
5	Licences	5	Testing complete
5	Land and Property Leases	0	Not started
5	Outdoor Recreation	0	Not started
10	Planning Applications	0	Not started
246		78	
<i>Continuous Activity/Ongoing Checks</i>			
12	Income Monitoring	6	∞
25	Contingencies/unplanned work	5	Driving Licence/Car Insurance Check
15	Risk Management	15	∞
20	Corporate Governance	20	∞
5	Performance Indicators	2	∞
40		37	
35	Insurance	28	∞
6	Training	15	Training new member of Audit team
	Vacant post	88	
	Available audit days to 31/3/2019	321	
673		673	

Key:

∞ Continuous Activity

✓ Completed

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