

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 12

meeting date: 25 NOVEMBER 2020
 title: INTERNAL AUDIT PROGRESS REPORT 2020/21
 submitted by: DIRECTOR OF RESOURCES
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1 PURPOSE

1.1 To report to Committee internal audit work progress to the end of October 2020.

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 ensures 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.

3 PROGRESS TO END OF OCTOBER 2020

3.1 The full internal audit plan for 2020/21 is attached as Annex 1 alongside progress to date. In summary resources for the year are detailed below, together with progress to the end of October:

Audit Area	2020/21 Planned Days	Actual Days to 31 October 2020
Fundamental Systems	220	48
Other Systems Work	74	0
Probity and Regularity	225	34
Continuous Activity/On-going checks	112	69
Staff Training and Development	50	71
Staffing Levels (i.e. vacancies)	0	152
Covid-19 Related	0	40
Annual Leave and Bank Holidays	99	43
Remaining Employee Days to 31 March 2021	0	323
	780	780

- 3.2 Work on Fundamental Systems is generally programmed to be undertaken towards the end of the financial year in order to ensure that there is an adequate sample size for the audit. Some preparatory work has been undertaken in these areas, in addition to residual work from the 2019/20 financial year by way of finalising and issuing reports.
- 3.3 In addition to our systems work we carry out a series of on-going checks to prevent/detect fraud and corruption.
- 3.4 Progress in the current financial year has been particularly hindered by the continued vacancy in the role of Principal Auditor, and also as the Internal Audit Assistant post has been used earlier in the year to provide valuable help in the processing of the various Covid-19 related grants. Members should note that it will be ensured that any further audit work on this service area will not be undertaken by the Internal Audit Assistant post.
- 3.5 The Principal Auditor post is currently being advertised again, with a closing date of 3 December and with interviews to take place on 17 December.
- 3.6 The situation regarding recruitment difficulties for audit roles is a national one, and is certainly being experienced by neighbouring authorities. The situation has also been exacerbated by the Covid-19 pandemic.
- 3.7 It is recognised that progress on the internal audit plan is not as had been hoped at this stage of the year and additional resources are currently being sought to help make up for this shortfall. This will then allow a firm audit opinion to be reached at the end of the financial year, and will also allow continued assurances to be given to management, and also to committee as 'those charged with governance', as the year continues.

4 REPORTS CARRIED OUT AND ASSURANCE OPINIONS

- 4.1 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:

Full	The Council can place full reliance on the levels of control in operation
Substantial	The Council can place substantial reliance on the levels of control in operation
Reasonable	Generally sound systems of control. Some minor weaknesses in control which need to be addressed
Limited	Only limited reliance can be placed on the arrangements/ controls in operation. Significant control issues need to be resolved.
Minimal	System of control is weak, exposing the operation to the risk of significant error or unauthorised activity

- 4.2 At this stage there are no finalised reports in respect of the 2020/21 financial year, with reports that have been issued having been in respect of finalising work from the 2019/20 audits.
- 4.3 A number of audits are underway and the outcome of these will be reported to your next meeting.
- 4.4 As mentioned above at 3.7, we are currently sourcing additional resources to assist in the backlog of audits and existing staff are also focusing on the fundamental system work and those areas with a high-risk score.

4.5 There are no immediate highlighted concerns regarding any failings in systems of control within services. Many services have continued to operate in a usual manner under Covid-19, with relatively minor amendments to controls needed.

4.6 There are other higher-risk processes (due to their being new) that have been put in place such as for the assessment and payment of business support grants. However much of these feed in to existing processes, i.e. System Creditors, or have had new controls put in to place.

5 UPDATE ON RED RISKS

5.1 All Heads of Services are required to ensure that a review of the risks that fall in their service areas is undertaken. As members will be aware, risks are graded on a red, amber and green rating, with any red risk requiring to be reported to CMT and also to this committee.

5.2 This requirement is in respect of risks that are scored as red after all mitigating action and controls have been put in place.

5.3 At the time of writing this report there are no net red risks identified for reporting to members. In respect of Covid-19 this is on the basis that government financial support continues and that other current and future local and national controls are adhered to.

6 CONCLUSION

6.1 Progress to date is unfortunately well behind that originally planned and as a result additional external resources are being sought in order to make up for this shortfall. This will also help ensure that a firm audit opinion can be reached at the end of the financial year and also help ensure assurance can be given to committee and management as the year progresses.

6.2 The Principal Auditor post is once again being advertised after past unsuccessful attempts to recruit. Interviews are due to be held on 17 December.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

AA15-20/LO/AC
18 November 2020

INTERNAL AUDIT PROGRESS TO THE END OF OCTOBER 2020

Total Planned Days for the Year 2020/21	Actual Days To End October 2020	Audit Area	Status as at 31 October 2020
Fundamental Systems			
25		Main Accounting	Not yet started
20	32	Creditors	Testing Underway – additional working paper preparation following receipt of CIPFA matrices
20	2	Sundry Debtors	Finalisation of 2019/20 Report
30		Payroll and HR	Not yet started
35	2	Council Tax	Preparatory work
40		Housing Benefits/CT Support	Not yet started
35	11	NNDR/Business Rates Pooling	Finalisation of 2019/20 Report
15	1	Cash Receipting	Preparatory work
220	48		
Non-Fundamental Systems			
15		VAT	Not yet started
12		Treasury Management	Not yet started
15		Procurement	Not yet started
20		Business Continuity	Not yet started
12		Asset Management	Not yet started
74	0		
Probity/Regularity			
10	1	Clitheroe Market	Preparatory work
15		Recruitment/Safeguarding Arrangements	Not yet started
15	7	Insurance	Finalisation of 2019/20 Report
5		Cemetery	Not yet started
10	1	Fees and Charges/Cash Collection Procedures	Preparatory work
12		Health and Safety	Not yet started
12	15	Car Parking	Testing Underway – additional working paper preparation following receipt of CIPFA matrices
5		VIC/Platform Gallery	Not yet started
12		Trade and Domestic Refuse Collection	Not yet started
5		Ribblesdale Pool	Not yet started
12		Partnership Arrangements	Not yet started
24		Grants Paid and Received	Not yet started
3		Museum and Museum Cafe	Not yet started
8	4	Environmental Health	Testing underway

Total Planned Days for the Year 2020/21	Actual Days To End October 2020	Audit Area	Status as at 31 October 2020
15		Section 106 Agreements/Planning Enforcement	Not yet started
10	4	Building Control	Preparatory work
10	1	Planning Applications	Preparatory work
12		Data Protection/GDPR	Not yet started
5		Edisford Sports Complex	Not yet started
5		Land and Property Leases	Not yet started
5		Parks and Outdoor Recreation	Not yet started
5	1	Homelessness	Preparatory work
10		ICT General Controls	Not yet started
225	34		
Continuous Activity/Ongoing Checks			
12	5	Income Monitoring	Continuous and ongoing work
25		Contingencies/unplanned work	
15	4	Risk Management	Continuous and ongoing work
20	25	Corporate Governance	Completion of the review for the 2019/20 Financial Year
5	2	Performance Indicators	Continuous and ongoing work
35	29	Insurance	Continuous and ongoing work
	4	Other Clerical Duties (ie FOI responses)	Continuous and ongoing work
112	69		
Staff Training and Development			
50	71	Training	Budgeted days set prior to college timetabling released
50	71		
Staffing Levels			
0	152	Vacant post	Ongoing recruitment difficulties for the Principal Auditor post
0	152		
Covid-19 Related			
0	40	Covid-19 Related	Largely secondment to assist with grant payments
0	40		
Annual Leave and Bank Holidays			
99	43	Annual Leave and Bank Holidays	
99	43		
Remaining Available Days to 31 March 2021			
-	323	Remaining Available Days	Excludes any use of additional resources
	323		
780	780		