

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

INFORMATION

meeting date: 29 SEPTEMBER 2021
title: INTERNAL AUDIT PROGRESS REPORT 2021/22
submitted by: DIRECTOR OF RESOURCES
principal author: LAWSON ODDIE

1 PURPOSE

1.1 To report to Committee internal audit work progress to the end of August 2021.

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.

3 PROGRESS TO THE END OF AUGUST 2021

3.1 The full internal audit plan for 2021/22 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 August 2021:

Audit Area	2020/21 Planned Days	Actual Days to end of August 2021
Fundamental Systems	232	17
Corporate Systems	65	0
Support Systems	57	7.5
Operational	101	23.5
Facilities	10	0
Other Items	315	279
	780	327

3.2 As you will see from Annex 1, the 'Other Items' category actual days are largely in respect of staff training and staff vacancies. It also includes work on administering the council's insurances and work conducted in respect of the annual governance review 2020/21.

- 3.3 The service continues to be adversely affected by staffing issues and this is discussed in further detail in the report on Internal Audit Team Staffing included elsewhere on the agenda. As members will be aware from past reports, due to the staffing issues that are being experienced we have engaged the services of Mersey Internal Audit Agency (MIAA) to ensure adequate audit plan coverage.
- 3.4 The time allocations above and at Annex 1 do not take account of work being undertaken by Mersey Internal Audit Agency (MIAA). The work undertaken by MIAA is referred to in the next section of the report.
- 3.5 It is anticipated at this stage that all originally planned audits will not be able to be covered this financial year, but there will be adequate coverage together with the work of MIAA to be able to provide Members with an informed Audit Opinion at the end of the year.

4 MERSEY INTERNAL AUDIT AGENCY (MIAA)

4.1 Work undertaken to date by Mersey Internal Audit Agency has been focused on ensuring adequate audit coverage in respect of the 2020/21 financial year. This has been in respect of the following areas:

- Treasury Management
- General Ledger
- Council Tax
- Debtors
- Payroll
- Business Rates
- Cash and Bank

4.2 This has helped to ensure that audit work on all Financial Systems will have been undertaken in respect of 2020/21. This work has yet to be fully completed, but good progress has been made, with draft reports issued for most areas.

4.3 We are satisfied with the work that has been completed to date and as such there have been discussions in respect of taking up their services for the Financial Systems audit work for 2021/22 whilst there continues to be vacancy issues and additional audit coverage needed. By the nature of this work, it is not normally undertaken until the latter end of the financial year in order to ensure audit samples are sound. It is anticipated that this work can start over the next few months

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 where needed and that other current and future local and national controls are adhered to.

6 CONCLUSION

- 6.1 Audit coverage is unfortunately lower than that originally planned and as a result additional external resources have been engaged and will continue whilst needed.
- 6.2 Staff vacancies have had an impact on coverage and there is a separate report on Internal Audit Team Staffing on the agenda. To this same end, the services of Mersey Internal Audit Agency (MIAA) have been used to help ensure adequate audit coverage, and this is planned to continue in the current financial year.
- 6.3 It is anticipated at this stage that all originally planned audits will not be able to be covered this financial year, but there will be adequate coverage together with the work of MIAA to be able to provide Members with an informed Audit Opinion at the end of the year.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

AA14-21/LO/AC
17 September 2021

INTERNAL AUDIT PROGRESS TO END OF AUGUST 2021

Total Planned Days for the Year 2021/22	Actual Days to end of August 2021	Audit Areas	Status as at end of August 2021
Financial Systems - required to be covered annually			
25		General Ledger	In discussions with MIAA
20		Sundry Debtors	In discussions with MIAA
0	2	Sundry Creditors (<i>Completion of 2020/21 Audit Plan</i>)	Work completed
20		Sundry Creditors	In discussions with MIAA
30		Payroll	In discussions with MIAA
0	14	Council Tax (<i>Completion of 2020/21 Audit Plan</i>)	Work now being finalised by MIAA
35		Council Tax	In discussions with MIAA
0	1	Benefits (<i>Completion of 2020/21 Audit Plan</i>)	Work completed
40		Benefits	In discussions with MIAA
35		Business Rates	In discussions with MIAA
15		Cash Receipting	In discussions with MIAA
12		Treasury Management	In discussions with MIAA
232	17	Subtotal	

Corporate			
20		Business Continuity	Not yet started
20		Civil Emergencies	Not yet started
10		Sustainability	Not yet started
10		Data Protection	Not yet started
5		Risk Management	Not yet started
65	0	Subtotal	

Support			
5		Customer Services	Not yet started

Total Planned Days for the Year 2021/22	Actual Days to end of August 2021	Audit Areas	Status as at end of August 2021
15		Information Technology	Not yet started
10	7.5	Health and Safety	Testing Underway
3		Inventories	Not yet started
3		Records Management	Not yet started
3		Corporate Communications	Not yet started
3		Printing Services	Not yet started
15		Procurement	Not yet started
57	7.5	Subtotal	

Operational			
0	3.5	Building Control (<i>Completion of 2020/21 Audit Plan</i>)	Report Issued
10		Fleet and Plant Management	Not yet started
10	17	Car Parking	Draft Report Stage
0	3	Planning (Abortive work from 2020/21)	Work not continued as not in 2021/22 plan
5		CCTV	Not yet started
10		Outdoor Facilities (includes Concessions)	Not yet started
7		Property Maintenance	Not yet started
7		Tourism and Events	Not yet started
7		Healthy Lifestyles and Sports Development	Not yet started
5		Grounds Maintenance	Not yet started
5		Amenity Cleansing	Not yet started
5		Arts Development	Not yet started
10		Environmental Health	Not yet started
5		Economic and Community Development	Not yet started
5		Development Policy	Not yet started
10		Grants Payable and Receivable	Not yet started
101	23.5	Subtotal	

Total Planned Days for the Year 2021/22	Actual Days to end of August 2021	Audit Areas	Status as at end of August 2021
--	--	--------------------	--

Facilities			
10		Ribblesdale Pool	Not yet started
10	0	Subtotal	

465	34.5	TOTAL FOR AUDIT WORK	
------------	-------------	-----------------------------	--

Other Items			
25		Contingencies	Not yet started
15	7	Risk Management System	Continuous and ongoing work
25	23	Corporate Governance Review	Completion of the review for the 2020/21 Financial Year
40	24	Insurance Administration	Continuous and ongoing work
4	2	Controlled Stationery	Continuous and ongoing work
100	35	Training	Professional qualification training
36	9	Bank Holidays	
70	24.5	Annual Leave	
0	8.5	Working on Elections	Unbudgeted work on elections
0	146	Post Vacancy	Principal Auditor post and Internal Audit Assistant post is vacant from 10 July 2021 (but filled Sept)
315	279	Subtotal for Other Items	

780	327	OVERALL TOTAL DAYS	
------------	------------	---------------------------	--