

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

INFORMATION

meeting date: 6 APRIL 2022
title: INTERNAL AUDIT PROGRESS REPORT 2021/22
submitted by: DIRECTOR OF RESOURCES
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1 PURPOSE

1.1 To report to Committee internal audit work progress to 18 March 2022.

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 18 MARCH 2022

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 18 March 2022:

Audit Area	2020/21 Planned Days	Actual Days to 18 March 2022
Fundamental Systems	232	17
Corporate Systems	65	0
Support Systems	57	39
Operational	111	24.5
Facilities	10	22
Staff Vacancies	0	289
Other Items	315	364.5
	790	756

3.2 As you will see from Annex 1, the 'Other Items' category includes work on administering the council's insurances, work conducted in respect of the annual governance review 2020/21 and staff training. The time lost due to staff vacancies has been separately identified in the table above.

- 3.3 Whilst the post of Internal Audit Manager has now been appointed to, the new postholder has not yet started in post. We continue to engage the services of Mersey Internal Audit Agency (MIAA) in the meantime 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 and at Annex 1.
- 3.5 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 in the earlier part of the 2021/22 financial year by Mersey Internal Audit Agency was focused on ensuring adequate audit coverage in respect of the 2020/21 financial systems audits. This was in respect of the following areas:

- Treasury Management
- Debtors
- Payroll
- Business Rates
- Cash and Bank

4.2 MIAA work is currently ongoing in respect of the 2021/22 financial covering the following areas:

- General Ledger – Fieldwork Underway – report expected end of April
- Sundry Debtors - Fieldwork Underway – report expected end of April
- Sundry Creditors - Fieldwork Underway – report expected end of April
- Payroll – Planning Stage – report expected end of April
- Council Tax – Planning Stage – report expected end of May
- Benefits – Planning Stage – report expected end of May
- Business Rates – Planning Stage – report expected end of May
- Cash Receipting – Planning Stage – report expected end of May
- Treasury Management – Completed – High Assurance
- Fleet and Plant Management – Fieldwork Underway – report expected end of May
- Tourism and Events – Fieldwork Underway – report expected end of May
- Grounds Maintenance – Fieldwork Underway – report expected end of May
- Amenity Cleansing – Fieldwork Underway – report expected end of May

4.3 All of this work will feed in to the Audit Opinion for 2021/22.

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 AUDIT PLAN FOR 2022/23

6.1 As members will be aware, the post of Internal Audit Manager has now been recruited to, whilst the role will not be taken up until mid-May.

6.2 As such, it has been decided to set in place an interim audit plan of work over the coming months, with a view to the now postholder bringing a new strategic internal audit plan to your next meeting, allowing the new Internal Audit Manager to plan the work of the team going forward.

6.3 It is therefore proposed that the new strategic internal audit plan will be brought to members at your proposed meeting on 29 June 2022.

6.4 In the meantime, audit work is proposed to focus on our facilities that have not been audited in the 2021/22 financial year, and will cover work on the key processes such as recruitment, health and safety, procure to pay, and cash. Work will focus on:

- Platform Gallery – 15 days
- Council Offices – 20 days
- Civic Suite – 10 days
- Castle Museum and Café – 10 days
- Bowling Green Café – 10 days
- Edisford All Weather Facility – 15 days
- Longridge and Salthill Depots – 15 days
- Clitheroe Market – 15 days
- Clitheroe Cemetery – 15 days

7 CONCLUSION

7.1 Audit coverage is lower than that originally planned and as a result, additional external resources have been engaged and will continue whilst needed. This has been due to staff vacancies and so the services of Mersey Internal Audit Agency (MIAA) have been used to help ensure adequate audit coverage.

7.2 All originally planned audits will not be able to be covered, 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

AA8-22/LO/AC
29 March 2022

INTERNAL AUDIT PROGRESS TO 18 MARCH 2022

Total Planned Days for the Year 2021/22	Actual Days to 18 March 2022	Audit Areas	Status as at 18 March 2022
Financial Systems - required to be covered annually			
25		General Ledger	MIAA - Fieldwork Underway
20		Sundry Debtors	MIAA - Fieldwork Underway
0	2	Sundry Creditors (2020/21 Audit Plan)	Work completed
20		Sundry Creditors	MIAA - Fieldwork Underway
30		Payroll	MIAA – Planning Stage
0	14	Council Tax (2020/21 Audit Plan)	Work completed
35		Council Tax	MIAA – Planning Stage
0	1	Benefits (2020/21 Audit Plan)	Work completed
40		Benefits	MIAA – Planning Stage
35		Business Rates	MIAA – Planning Stage
15		Cash Receipting	MIAA – Planning Stage
12		Treasury Management	SUBSTANTIAL ASSURANCE
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
15		Information Technology	Not yet started

Total Planned Days for the Year 2021/22	Actual Days to 18 March 2022	Audit Areas	Status as at 18 March 2022
10	19	Health and Safety	REASONABLE ASSURANCE
3	8	Inventories	Draft Report Being Prepared
3		Records Management	Not yet started
3		Corporate Communications	Not yet started
3		Printing Services	Not yet started
15	12	Procurement	Not yet started
57	39	Subtotal	

Operational			
10	3.5	Building Control (<i>Completion of 2020/21 Audit Plan</i>)	Report Issued
10		Fleet and Plant Management	MIAA - Fieldwork Underway
10	18	Car Parking	REASONABLE ASSURANCE
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	MIAA - Fieldwork Underway
7		Healthy Lifestyles and Sports Development	Not yet started
5		Grounds Maintenance	MIAA - Fieldwork Underway
5		Amenity Cleansing	MIAA - Fieldwork Underway
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
111	24.5	Subtotal	

Total Planned Days for the Year 2021/22	Actual Days to 18 March 2022	Audit Areas	Status as at 18 March 2022
Facilities			
10	22	Ribblesdale Pool	REASONABLE ASSURANCE
10	22	Subtotal	

475 102.5 TOTAL FOR AUDIT WORK

Other Items			
25	4	Contingencies	
15	17	Risk Management System	Continuous and ongoing work
25	25	Corporate Governance Review	Completion of the review for the 2020/21 Financial Year
40	81	Insurance Administration	Continuous and ongoing work
4	9	Controlled Stationery	Continuous and ongoing work
100	145	Training	Professional qualification training
36	24	Bank Holidays	
70	41	Annual Leave	
0	8.5	Working on Elections	Unbudgeted work on elections
	6	Self Isolation	
	4	Sickness	
0	289	Post Vacancy	Internal Audit Manager post, plus the Internal Audit Assistant post was vacant from 10 July 2021 and filled Sept 2021)
315	653.5	TOTAL FOR OTHER ITEMS	

790 756 OVERALL TOTAL DAYS