

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

meeting date: 27 SEPTEMBER 2023
 title: INTERNAL AUDIT PROGRESS REPORT – SEPTEMBER 2023
 submitted by: DIRECTOR OF RESOURCES
 principal author: INTERNAL AUDIT MANAGER

1 PURPOSE

1.1 The purpose of this report is to provide an update to the Accounts and Audit Committee in respect of progress made in delivery against 2023/24 Internal Audit Plan. It brings to your attention, matters relevant as members of the Committee and provides a summary of internal audit activity which is a requirement of the Public Sector Internal Audit Standards (PSIAS).

1.2 Detailed reports and relevant findings, recommendations and agreed actions have been provided to lead officers within the Council and are available to committee members upon request. This report covers the period April 2023 to August 2023.

1.3 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 – As defined in the Public Sector Internal Audit Standards (PSIAS) and the Accounts & Audit Regulations 2015, the Council “must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards”.

2 KEY MESSAGES & ISSUES

2.1 Since the last meeting of the Accounts and Audit Committee, the following areas have been a key focus:

Review Title	Payroll			
Assurance Opinion	Substantial Assurance			
Overall Objective	To provide assurance that only employees of the organisation are paid, and only for work that they have performed on behalf of the organisation.			
Recommendations/ Risk Rating	Critical	High	Medium	Low
	0	0	0	4
Findings Summary	Overall, there is a good system of internal control in relation to the Council’s processing of payroll payments and administration of human resource (HR) documentation. Our audit focused on several key areas relating to new starters, leavers and variations to pay. We found there is effective communication between both departments, with new starters, leavers and payroll system changes only being processed by the Systems and Payment Manager/ Payments Assistants following the receipt of relevant documentation. We			

	recognise that the Council is currently in the process of sourcing a new HR system. It is expected that the new system will eliminate the retention of paper documentation and will enable personnel records to be held electronically.
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Review Title	Key Financial Systems			
Assurance Opinion	Substantial Assurance			
Overall Objective	To provide assurance that the most significant key controls highlighted below were appropriately designed and operating effectively in practice: <ul style="list-style-type: none"> • Accounts Payable • Accounts Receivable • General Ledger 			
Recommendations/ Risk Rating	Critical	High	Medium	Low
	0	0	3	4
Findings Summary	The review identified that the majority of the controls in place in relation to accounts payable, accounts receivable and the general ledger were adequately designed and operating effectively. The Council has in place an effective process for the collection of outstanding debts, however we have recommended that any overpayment instalment plans are reviewed to ensure that the Council receives income owed on a more timely basis. Throughout 2022/23, the Council introduced further detective controls surrounding the authorisation of journals; to add that additional level of scrutiny in the absence of individually authorised entries. We have also recommended that bank reconciliations and control account reconciliations be undertaken in a timelier manner.			

Review Title	Disabled Facilities Grant (DFG)			
Assurance Opinion	Substantial Assurance			
Overall Objective	To evaluate the controls in place for managing, authorising, payment and monitoring of the Disabled Facilities Grant (and subsequent Ribble Valley Adaptation (RVA) grants) awarded by the Council.			
Recommendations/ Risk Rating	Critical	High	Medium	Low
	0	0	2	2
Findings Summary	Sample testing carried out of completed DFGs found that in general, the system and processes for awarding works were both effective			

	and thorough. We found that a clear and systematic approach is in place from the initial Occupational Therapist referral to completion of works. We were able to evidence correct authorisation at every level and that each part of the process was completed on a timely basis. Recommendations for improvement were made in relation to monitoring the summary of spend and to review the recuperation procedures in relation to properties that have been sold/ transferred.
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Review Title	Biodiversity Net Gain (BNG) Grant Claim			
Assurance Opinion	N/A – Conditions Met			
Overall Objective	To provide assurance that to the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the grant conditions have been complied with.			
Recommendations/ Risk Rating	Critical	High	Medium	Low
	N/A	N/A	N/A	N/A
Findings Summary	We were able to provide assurance that to the best of our knowledge and belief, and having carried out appropriate sample testing, in our opinion, in all significant respects, the conditions attached to claim were complied with.			

2.2 Annex A provides a summary of the profiled delivery of the 2023/24 Internal Audit Plan. The following reviews are in progress; the findings of which will be reported as per the suggested delivery:

- Council Tax – draft report
- National Non-Domestic Rates (NNDR) – draft report
- Treasury Management - fieldwork
- Emergency Preparedness – fieldwork
- Flexi-Time System and Sickness Absence Management - fieldwork
- Commercial Waste Management – planning
- Housing Benefits – planning
- Staff & Member Allowances - planning

Follow Ups

- 2.3 Annex B provides a summary of internal audit recommendations that have been raised and due for implementation as at August 2023. Evidence has been gathered to support the status of implementation.
- 2.4 As August 2023, 60 recommendations were reviewed for implementation. Of these, 50 are considered either implemented, partially implemented or superseded (83%). Of the 10 still outstanding, 2 were originally assessed as high risk (in relation to the reviews of purchase orders and health and safety). Where agreed actions have not been implemented in line with timescales, discussions have taken place with management to substantiate these explanations and assess whether extensions to implementation dates are considered reasonable.

Investigations

- 2.5 There has been one referral made within the period which remains an open investigation.

3 LIMITATIONS

- 3.1 The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein.
- 3.2 Our work does not provide absolute assurance that material errors, loss or fraud do not exist. Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity.
- 3.3 Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system. Reports are prepared for your sole use and no responsibility is taken by the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose.

4 RISK ASSESSMENT

- 4.1 The approval of this report may have the following implications:
 - Resources – there are no resource implications arising as a result of this report.
 - Technical, Environmental and Legal – This report fulfills the statutory requirements placed upon by the council by the Accounts & Audit (England) Regulations 2015 and Public Sector Internal Audit Standards (PSIAS). This report is a key contributor to the Annual Governance Statement, which assesses the effectiveness of the Council's own management of its objectives.
 - Political – There are no political implications arising from this report.
 - Reputation – There are no reputational implications arising from this report.

- Equality and Diversity – There are no equality or diversity implications arising as a result of this report.

5 CONCLUSION

5.1 Committee is asked to consider the report.

INTERNAL AUDIT MANAGER

DIRECTOR OF RESOURCES

AA18-23/RP/AC
27 SEPTEMBER 2023

2023/24 – Internal Audit Output Delivery

ANNEX A

Review	Status/ Scheduled	Assurance Level
2022/23 c'fwd reviews (contributing to the 2023/24 Opinion)		
Disabled Facilities Grant	Final Report	Substantial
Key Financial Systems	Final Report	Substantial
Payroll	Final Report	Substantial
Electoral Registration	Planning	
2023/24 reviews		
Chief Executive's		
Emergency Preparedness & Business Continuity	Fieldwork	
Key Performance Indicators	Q3	
Records Retention Management	Q4	
Climate Change	Q4	
Community Services		
Commercial Waste Management	Planning	
Safeguarding	Q3	
Car Parking & Enforcement	Q3	
Markets	Q3	
Ribblesdale Pool	Q4	
Resources		
Housing Benefits	Planning	
Council Tax & NNDR	Draft Report	
National Non-Domestic Rates (NNDR)	Draft Report	
Flexi-Time System and Sickness Absence Management	Fieldwork	
ICT Audit – <i>scope tbd</i>	Q3	
Staff & Member Allowances	Planning	
Treasury Management	Fieldwork	
Mandatory Training	Q3	
Procurement	Q3	
Grants: <ul style="list-style-type: none"> Biodiversity Net Gain (BNG) UK Shared Prosperity Fund (UKSPF) 	Completed Q3/ Q4	Conditions Met
Budgetary Control	Q4	
Key Financial Controls	Q4	

Review	Status/ Scheduled	Assurance Level
Economic Development & Planning		
Tourism & Events	Q4	
Governance, Risk Management, Follow Up & Contingency		
Risk Management	Q1 – Q4	Continuous
Follow Up	Q2/ Q4	Q2 completed
Contingency	As required	
Planning & Reporting		
PSIAS self-assessment	Q3	N/A
Investigations	As required – one open investigation.	

Internal Audit Recommendations - Follow Up Position (August 2023)

ANNEX B

Review	Year	Assurance Opinion	Actions not yet due	Actions due	Implemented	Partially Implemented	Not Implemented	Superseded
Collection of Income & Creditors	2020/21	Substantial		2	2			
Health & Safety	2021/22	Reasonable		9	3	2	2	2
Council Tax/ NNDR	2021/22	Substantial	2	0				
Grounds Maintenance	2021/22	Moderate		4	3			1
Fleet Management	2021/22	Substantial		2		1		1
Key Financial Controls	2021/22	Moderate/ Substantial		6	3	3		
Payroll	2021/22	Substantial		5	3	1	1	
Risk Management	2022/23	Limited	2	7	6		1	
Civic Suite	2022/23	Moderate	1	3	2	1		
Corporate Health & Safety	2022/23	Limited	6	2	1		1	
Cyber Security	2022/23	Moderate	5	1			1	
Insurance	2022/23	Substantial		7	2	3	2	
Inventory	2022/23	Limited		6		6		
Overtime Payments	2022/23	Substantial		2	1	1		
Purchase Orders	2022/23	Moderate		4		2	2	
TOTAL			16	60	26	20	10	4

*The follow up reviews of Ribblesdale Pool, Edisford 3G pitches and Car Parking were in progress at the time of writing.