

**Rossendale Borough Council**

**Internal Audit Service**

**2015/16 audit year**

**Progress report  
covering the period to 31 August 2015**

## **Matters arising from internal audit work completed during the period**

### **1 Introduction**

- 1.1 This report highlights key issues that the Audit and Accounts Committee should be aware of to fulfil its role of providing independent oversight of the adequacy of the council's internal control and risk management framework.
- 1.2 It summarises the work undertaken during the five months of the year to 31 August 2015 by the council's Internal Audit Service as part of the internal audit plan for 2015/16, and also provides an update on the 2014/15 audit reports which have been issued since our last report to the committee in June 2015. The findings included in this report have been agreed with relevant managers.

### **2 Key issues**

- 2.1 Work on the Empty Homes programme is being considered by the council's senior officers and will be brought to a later meeting of the Audit and Accounts Committee.
- 2.2 The work we have done to follow up the actions agreed by management to improve various of the council's control systems indicates that progress on these is slower than managers anticipated, resulting in the need to agree revised dates for implementation. Further, there is a lack of resources to operate controls that would once have been regarded as necessary. For example where a single officer is responsible for data input to a financial system, reliance is placed on finance staff to identify payment errors; but this team does not monitor individual payments and so would only notice incorrect payments being made if their cumulative effect was significant.

### **3 Internal audit work undertaken**

- 3.1 Work carried out during this period was in accordance with the agreed audit plan. To 31 August 2015, 49.5 days have been spent in delivering the 2015/16 audit plan. Work is either ongoing or has been programmed over the remainder of the year to ensure that the balance of the 2015/16 plan will be completed. Both financial and non-financial systems audits are in the process of being planned and some initial work has commenced.
- 3.2 The NFI key contact arranged for the submission of data relating to the general category of matches required in October 2014. These include housing benefits, payroll, creditors, market trader licences, insurance, licences to supply alcohol and taxi driver licences. The resulting matches were released in January 2015 for investigation. This is an ongoing exercise throughout 2015 and the investigation and follow up of the data matches is being overseen by the NFI key contact. No significant findings have been identified to date.
- 3.3 The tables on the following pages set out a brief summary of the remaining 2014/15 audit and follow up reports which have now been issued, and the work carried out in the first five months of 2015/16 to 31 August 2015. The level of assurance provided on the assignment can be at one of four levels; full, substantial, limited and no assurance, defined as follows:

Full assurance: there is a sound system of internal control which is designed to meet the service objectives and controls are being consistently applied.

Substantial assurance: there is a generally sound system of internal control, designed to meet the service objectives, and controls are generally being applied consistently. However some weakness in the design and/ or inconsistent application of controls put the achievement of particular objectives at risk.

Limited assurance: weaknesses in the design and/ or inconsistent application of controls put the achievement of the service objectives at risk.

No assurance: weaknesses in control and/ or consistent non-compliance with controls could result/ have resulted in failure to achieve the service objectives.

- 3.4 This report has been prepared solely for the use of Rossendale Borough Council and it would therefore not be appropriate for it or extracts from it to be made available to third parties other than the external auditors. We accept no responsibility to any third party who may receive this report, in whole or in part, for any reliance that they may place on it and, in particular, we expect the external auditors to determine for themselves the extent to which they choose to utilise our work.

## Summary of our findings and assurance

Audit review	Audit scope	Findings/ comments	Assurance
<b>2014/15</b>			
NNDR	We reviewed the council's systems to collect and record National Non Domestic Rates (NNDR), focusing on billing procedures, processing of valuation updates, administration of exemptions and reliefs, and debt recovery.	The system of internal control over this area is adequately designed to meet the Council's objectives, but the NNDR suspense account is not effectively reviewed.	We can provide substantial assurance over the controls in place.
Asset management	We assessed the progress made in implementing the actions agreed in October 2014, which arose from previous follow-up work. We have not undertaken a full re-review of the whole system.	Whilst some progress has been made, this has been slower than was originally anticipated and revised implementation dates have been agreed.	Since this is follow-up work on the actions taken we have not revised the limited assurance we originally gave.
Planning	We assessed the progress made in implementing the actions agreed in February 2014.	Whilst some progress has been made, this has been slower than was originally anticipated and revised implementation dates have been agreed.	Since this is follow-up work on the actions taken we have not revised the substantial overall assurance we originally gave.
<b>2015/16</b>			
Elections	We assessed the progress made in implementing the actions agreed in February 2014.	Whilst one action has been fully implemented, processes in some areas are still developing and work is ongoing to address the issues in this area. Revised implementation dates have been agreed where possible.	Since this is follow-up work on the actions taken we have not revised the substantial assurance we originally gave.

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 Internal Audit monitoring report for the period ended 31 August 2015

Audit review	Audit scope	Findings/ comments	Assurance
Members allowances	We established the progress made in implementing actions agreed in January 2015.	This work again identified incorrect allowance payments to members, which had not been identified through the council's control processes. There are currently insufficient resources to check on payroll input before payments are made, but it has been agreed that the finance team will check payments after they have been made.	Since this is follow-up work on the actions taken we have not revised the substantial assurance we originally gave.
Empty Homes Programme	We are assessing the controls the council had in place to manage the risks arising from the Empty Homes Programme.	Our report is being discussed by the council's Management Team.	