

# **Rossendale Borough Council**

## **Internal audit service progress report for the period to 31 August 2016**

### **1 Introduction**

- 1.1 This report highlights the internal audit work undertaken 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 2016 by the council's Internal Audit Service as part of the internal audit plan for 2016/17. The findings included in this report have been agreed with relevant managers.

### **2 Internal audit work undertaken**

- 2.1 The NNDR audit for 2016/17 incorporating testing of transactions processed in 2015/16 is now complete.
- 2.2 In addition to the NNDR audit work has progressed on the current National Fraud Initiative (NFI) reports and the preparation for the next NFI submission in October 2016. Time has also been spent dealing with a whistleblower, however this has now been dealt with by the council's officers.
- 2.3 Work on remaining areas of the plan is either in progress or has been programmed for 2016/17.
- 2.4 The table in section 5 sets out a brief summary of the NNDR work completed.
- 2.5 We provide assurance 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 National Fraud Initiative (NFI) work undertaken**

- 3.1 The table in section 6 of this reports shows a summary of National Fraud Initiative (NFI) findings. This is an update on data previously reported in June 2016 to this committee and highlights a significant movement in the data from that previously reported.
- 3.2 The NFI key contact within the Internal Audit Service is currently preparing the data for the next NFI submission in October 2016.

### **4 Use of this report**

- 4.1 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.

## 5 Summary of our findings and assurance

Audit review	Audit scope	Findings/ comments	Assurance	Previously reported
<b>2016/17</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. We did not identify any significant issues during the course of our work. We however noted that the council has arrears of over £400,000 from one landlord (which has arisen over a number of years, some of which could become statute barred next year. The council has appointed a law firm to deal with the case.	We can provide substantial assurance over the controls in place.	N/A

## 6. Summary of National Fraud Initiative (NFI) findings

6.1 The table below sets out a brief summary of the NFI findings.

Category of data	Number of reports	Number of matches	Number of frauds	Number of errors	Savings £
Housing benefit	28	647	6	2	83,261
Payroll	4	17	0	0	0
Insurance	2	11	0	0	0
Taxi drivers	4	9	1	0	0
Creditors	8	363	0	0	0
Council tax reduction scheme	27	865	4	10	26,534
Council tax December '14 release	2	386	1	40	16,885
Council tax December '15 release <sup>5</sup>	2	370	0	44	16,521
<b>Total as at August 2016</b>	<b>77</b>	<b>2,668</b>	<b>12</b>	<b>96</b>	<b>143,202</b>
<b>Previously reported total as at June 2016</b>	<b>77</b>	<b>2,668</b>	<b>7</b>	<b>48</b>	<b>98,377</b>