

AUDIT AND RISK COMMITTEE

31 January 2017

INTERNAL AUDIT PLANNING 2017/18

Report of the Head of Internal Audit

Strategic Aim:	All		
Exempt Information		No	
Cabinet Member(s) Responsible:		Councillor Oliver Hemsley – Portfolio Holder for Resources	
Contact Officer(s):	Rachel Ashley-Caunt, Head of Internal Audit	Tel: 07824 537900 rashley-caunt@rutland.gcsx.gov.uk	
Ward Councillors	N/A		

DECISION RECOMMENDATIONS

1. That Members note the process being followed to develop the risk based Audit Plan for 2017/18.
2. That Members note the initial areas highlighted for potential coverage in the Internal Audit Plan 2017/18 and advise on any areas where the committee seeks assurance from the Internal Audit team during the year ahead.
3. That the Committee delegates authority to the Assistant Director (Finance) in consultation with the Chair of the Committee to approve the initial audit plan for 2017/18.

1 PURPOSE OF THE REPORT

- 1.1 The report advises Members on the process being followed to develop the Internal Audit Plan for 2017/18 and lists the initial areas proposed for consideration subject to risk assessment and prioritisation. Members are also invited to highlight any areas where they require assurance from the Internal Audit team during the next financial year.
- 1.2 The report asks that Members delegate authority to the Assistant Director (Finance) in consultation with the Chair of the Committee to approve the audit plan for 2017/18 prior to 1 April 2017. Changes to the audit plan can still be made throughout the year as the need arises.

2 BACKGROUND AND MAIN CONSIDERATIONS

2.1 Internal Audit Plan

The Internal Audit Plan sets out the assignments that will be delivered by the Internal Audit team during the financial year. In accordance with the Public Sector Internal Audit Standards (PSIAS), the Audit Plan should be risk based and developed with input from senior management and the Audit Committee.

2.2 In order to ensure that the Audit Plan for 2017/18 addresses the Council's key risks and adds value, the Head of Internal Audit is identifying and prioritising the areas for coverage by:

- Reviewing the Council's Risk Registers and Corporate Plan;
- Identifying any other sources of assurance for each of the Council's key risks, which may reduce the added value of an Internal Audit review;
- Analysing coverage of Internal Audit reviews over the last four years and the assurance opinions provided following each review, to identify any gaps or areas where follow up work would be of value;
- Identifying any areas of the Audit Universe which have not been subject to Internal Audit review during the last four years; and
- Meetings with Senior Management to discuss key risks and emerging risk areas for the year ahead and also any areas where Internal Audit support would be beneficial either in an assurance or consultancy role.

2.3 Following this process, a number of potential audit assignments have been identified and will be prioritised and refined based on risk and added value.

2.4 A list of areas highlighted during the planning process to date has been provided in Appendix A. Some further areas have been highlighted for potential coverage in 2017/18, including affordable housing, and these are being investigated further to identify the assurances that could be sought and the value that can be added by an Internal Audit review.

2.5 Members of the Audit and Risk Committee are invited to raise any areas where assurance from Internal Audit is sought during 2017/18 for inclusion and prioritisation in the development of the Audit Plan.

2.6 The Plan will remain open to ongoing review and amendment throughout the financial year to respond to any changes in risk and emerging issues.

3 CONSULTATION

3.1 The Council's senior management are being consulted on the contents of the Audit Plan for 2017/18 and this report provides an opportunity for consultation with the Audit and Risk Committee. No public consultation is required.

4 ALTERNATIVE OPTIONS

4.1 The Committee could contact the Head of Internal Audit directly following the meeting with any further areas of assurance which may arise before March 2017. The Committee could also choose to approve the audit plan at a later date rather

than give delegated authority.

5 FINANCIAL IMPLICATIONS

- 5.1 There are no financial implications arising from this report. The Audit Plan will be based upon the number of days commissioned by the Council on an annual basis.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 The Audit and Risk Committee is responsible for oversight of the work of Internal Audit including approving the annual Audit Plan and satisfying itself that the plan provides assurance over the Council's control framework and key risks. It is also responsible for gaining assurance that internal audit is complying with internal audit standards.
- 6.2 There are no legal implications arising from this report

7 EQUALITY IMPACT ASSESSMENT

- 7.1 There are no equality implications

8 COMMUNITY SAFETY IMPLICATIONS

- 8.1 There are no community safety implications

9 HEALTH AND WELLBEING IMPLICATIONS

- 9.1 There are no health and wellbeing implications.

10 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 10.1 The Audit Plan for 2017/18 is being developed using a risk based approach, with input from senior management and the Audit and Risk Committee. The initial potential areas for coverage highlighted during the audit planning process to date will be refined and prioritised based on risk and value added. The Audit Plan will be presented again to the Committee in April 2017. The Plan will remain open to ongoing to review and amendment throughout the financial year to reflect and respond to changes in risks and emerging issues.

11 BACKGROUND PAPERS

- 11.1 There are no background papers to the report

12 APPENDICES

- 12.1 Appendix A: Initial areas identified during Audit Planning 2017/18 to date

Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.

Internal Audit Plan 2017/18 – Initial Areas Highlighted

Topic	Assurance provided and reason for inclusion
Corporate / Cross Cutting	
Business Continuity Management and Emergency Planning	<p>To provide assurance over the robustness and completeness of the Council's business continuity plans and the arrangements in place to fulfil the Council's duties as a Category 1 responder in the case of an incident in the local area.</p> <p>This is a key risk area for the Council and no independent sources of assurance have been provided for at least three years.</p>
Treasury Management	<p>To provide assurance that the Treasury Management function is conducted in line with statutory and regulatory requirements and best practice guidance so that investments are appropriately safeguarded and transactions and records are complete, accurate and timely.</p> <p>Last Internal Audit review in 2012/13 resulted in 'Good Assurance'.</p>
Contract Procedure Rules (CPR) compliance	To provide assurance over compliance with the Council's procurement rules across the organisation. To review a sample of procurements for evidence of compliance.
Agresso – Support and Training	To review the support and training provided for Agresso users across the Council, following the system upgrade in 2016/17.
Financial Systems	All financial systems to be subject to annual review.
Insurance	To provide assurance that controls are in place to ensure that the Council's insurance cover is set on time, at an appropriate level and is amended in reaction to any significant changes to activities.
'Limited' audits follow up	Where any audits completed in 2016/17 result in 'Limited' opinions, action plans will be agreed to resolve issues raised. This review will report on the updated status of those action plans.
Risk Management	To provide assurance over the Council's arrangements for effectively identifying, reporting, managing and monitoring risks. Public Sector Internal Audit Standards require Internal Audit to review the organisation's risk management on a regular basis, to inform the annual assurance opinion.
Procurement Cards	To provide assurance over the controls in place to prevent inappropriate, unauthorised or fraudulent use of credit cards issued to staff and to review the controls operating to monitor

Topic	Assurance provided and reason for inclusion
	expenditure and recover VAT.
Council Tax/ Business Rates – debt recovery	To provide assurance over the recovery of debts arising from Council Tax and Business Rates to ensure that income due is collected in full and in accordance with Council policies.
Deputyships and Court of Protection	Audit in 2014/15 resulted in Limited Assurance. To provide assurance over the embedding of controls implemented following the audit and the effectiveness of these in practice.
Counter Fraud	
Council Tax/NDR Fraud	To provide assurance over controls in place to prevent and detect Council Tax and NDR fraud, including pro-active measures and recovery. Area of ongoing fraud nationally, with Single Person Discount and NDR frauds being regularly reported.
Fraud Risk Register	To provide assurance over the management of the fraud risk register, including the identification and management of risks, and to review a sample of the risks identified to confirm that appropriate actions are being taken to mitigate risks and pro-actively prevent, detect and report attempted frauds.
Blue Badges	To provide assurance over controls in place to prevent and detect fraudulent abuse of blue badges. Area of ongoing fraud nationally.
Service Specific	
Safeguarding Children	To provide assurance over the implementation of the improvement plan arising from the OFSTED inspection – including specific review of areas including adoption.
Safer Recruitment	To provide assurance over the checks conducted on those working with vulnerable people (including children) on behalf of the Council, including in schools and nurseries.
Schools Formula Funding	To provide assurance over the appropriate and effective allocation of formula funding.
Direct Payments	To provide assurance over the controls exercised in the administration and monitoring of direct payments. To ensure that use of these monies is meeting the needs of the service user and is not subject to mis-use or non-compliance with terms and conditions.
Special Educational Needs (SEN)	To provide consultancy support in the review of SEN arrangements and identifying any areas for improvement to support the requirements of the Children and Families Act.
Registration	To provide assurance over the management of the registration service, including controls over the register of

Topic	Assurance provided and reason for inclusion
Services	<p>births, deaths and marriages, associated fraud risks, collection of income and compliance with legislation and good practice.</p> <p>No Internal Audit review has been conducted in this area.</p>
Waste Contract	<p>To review the management of the £1 million contract and provide assurance that this is being managed effectively to maximise value for money, monitor and challenge performance and ensure payments are in accordance with the contractual agreements.</p>
Concessionary Fares	<p>This mandatory bus concession provides free off-peak local bus travel to eligible older and disabled people. The Council is responsible for administering the scheme within the county and is required to reimburse bus operators for carrying concessionary passengers.</p> <p>To provide assurance that the concessionary fares claims from bus operators are correctly calculated and verified, given reliance placed on the quality of the data being collected by the bus operators.</p>
Highways Winter Maintenance Programme	<p>To provide assurance over the Council's compliance with the Code of Practice for Well Maintained Highways. Not currently subject to independent review and assurance.</p>
Castle Restoration	<p>Post implementation review of project. To provide assurance over the effective management of the project and whether the outcomes are consistent with the business case.</p>
Public Protection Services SLA	<p>The review the current service level agreement in place for services including licensing, environmental health etc. with Peterborough City Council. This is due to be reviewed in April 2016.</p> <p>To provide some assurance over the arrangement at a high level and review a sample of the services in further depth to confirm appropriate controls and risk management are in place</p>
Land Charges	<p>To provide assurance over arrangements to review fees and charges and to ensure maximise efficient and effective delivery of the service.</p>
IT	
IT Policies and Procedures	<p>To review new and revised IT policies to ensure all key policies are in place, fit for purpose, communicated and compliant with good practice.</p>