



RUTLAND COUNTY COUNCIL
INTERNAL AUDIT UPDATE
APRIL 2017

Date: 25th April 2017

Introduction

- 1.1 The Welland Internal Audit Consortium provides the internal audit service for Rutland County Council and has been commissioned to provide 370 audit days to deliver the 2016/17 annual audit plan and undertake other work commissioned by the client.
- 1.2 The Public Sector Internal Audit Standards (the Standards) require the Audit and Risk Committee to scrutinise the performance of the internal audit team and – of equal significance – to satisfy itself that it is receiving appropriate assurance about the controls put in place by management to address identified risks to the Council. This report aims to provide the committee with the information, on progress in delivering planned work and on performance of the consortium, which it requires to engage in effective scrutiny.

Performance

2.1 Will the Internal Audit Plan for 2016/17 be delivered?

The Welland Internal Audit Consortium is currently under the management of LGSS. The Welland Board has set LGSS the objective of delivering at least 90% of the Internal Audit plans for 2016/17 to draft report stage by the end of March 2017.

At the date of writing, all audit assignments have been completed, seven of the reports are in draft and awaiting management comment and sign off.

2.2 Are audits being delivered to budget?

Internal Audit has delivered the audit plan within the commissioned days.

2.3 Is the Internal Audit team achieving the expected level of productivity?

The most recent information available (week 52) shows that the Internal Audit team are spending 94% of time on chargeable activities against a target of 90%.

2.4 Are clients satisfied with the quality of the Internal Audit assignments?

Customer satisfaction questionnaires are issued on completion of audits. At the time of reporting, seven questionnaires had been returned with an average score of 'Good'. See Appendix G for further details.

2.5 Based upon recent Internal Audit work, are there any emerging issues that impact on the Internal Audit opinion of the Council's Control Framework?

Since the last Committee meeting, six audit reports have been finalised.

Reviews of **Local Taxations, Benefits and Community Infrastructure Levy and S106 Agreements** have provided Substantial Assurance opinions and reviews of **Data Management, Contract Procedure Rule Compliance and Adult Safeguarding Policies, Procedures and Compliance** resulted in Sufficient Assurance opinions. A follow up of the 2015/16 Limited Assurance report on **IT System Administration** has

also been completed and reported. Copies of the Executive Summaries from all seven reports are provided in Appendix B.

A review of the **Highways Maintenance Contract** has been completed and highlighted a number of areas for improvement. Additional work has been commissioned to review this further. See Appendix G for further details.

2.6 Are clients progressing audit recommendations with appropriate urgency?

Outstanding audit recommendations form part of the Quarterly Performance Report considered by Cabinet. Since the last Committee meeting, nine actions arising from audit reports have been implemented.

At the date of reporting, there are thirty open audit actions, nine of which are overdue for implementation. Three actions were due for implementation over three months ago, one of which was categorised as high priority. See Appendices C and D for further details.

Table 1: Progressing the annual audit plan

KEY

Current status of assignments is shown by



Assignment	Budget	Actual	Not Started	Planning	Field Work Underway	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
Financial Risks										
Creditors	14	12.9					●			
Debtors	14	14.6					●			
Local Taxation	15	15.4						●	Substantial	
Benefits	15	16.1						●	Substantial	
Payroll	15	11.5					●			
Main Accounting	12	12.8					●			
Financial System Upgrade (Consultancy support in design phase)	15	11.3							N/A	Consultancy support provided as required
Financial System Upgrade (System Administration)	12	9.1					●			
Service Delivery Risks										

Assignment	Budget	Actual	Not Started	Planning	Field Work Underway	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
Highways Maintenance Contract	20	31.9						●	Limited	Budget overspend due to additional work undertaken at management request
SEN Transport	12	10.6						●	Sufficient	
Fostering Service	15	22.1						●	Limited	Budget overspend due to additional sample testing required on 'connected persons'.
Contract Procedure Rules (CPR) compliance	10	11.3						●	Sufficient	
Taxi Licensing	15	12.3						●	Sufficient	
Section 106 Agreements	15	12.4						●	Substantial	
Safeguarding Policies, Procedures and Compliance	20	15.7						●	Sufficient	
Development Control	15	12.8						●	Substantial	
Data Management	15	10.1						●	Sufficient	
LiquidLogic	15	14.4						●	Sufficient	
Digital Broadband	5	4.5					●			

Assignment	Budget	Actual	Not Started	Planning	Field Work Underway	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
Limited Assurance Reports	12	11.7					●			Oakham Enterprise Park and IT System Administration finalised. Review of External Placements complete.
IT										
Asset Management	12	11						●	Sufficient	
Policies and Procedures	10	0	Cancelled							
Schools Financial Value Standard Assessments	-	5						●		
Changing Lives claims	-	1.4								
Client Support (Committee support, training, client liaison)	33	30.3								
Consortium Management	34	18.1								
TOTAL	370	339.3								

Notes

At the completion of each assignment the Auditor will report on the level of assurance that can be taken from the work undertaken and the findings of that work. The table below provides an explanation of the various assurance statements that Members might expect to receive.

Substantial	There is a sound control framework designed to manage or mitigate risks to the achievement of defined objectives. Testing confirms that the controls are being applied consistently.
Sufficient	The control framework is basically sound but either <ul style="list-style-type: none">• there are minor gaps or weaknesses which mean that some risks are not fully managed or mitigated; or• testing provides evidence of non-compliance sufficient to weaken the effect of some controls.
Limited	There are significant weaknesses in key elements of the control framework which mean that significant risks are not managed or mitigated. Testing demonstrates significant levels of non-compliance with prescribed processes and procedures
No	The controls identified are not sufficient to manage/mitigate identified risks to the achievement of defined objectives. Testing demonstrates high levels of non-compliance with prescribed processes and procedures.