Draft Audit Plan – Rutland County Council – 2013/14

Summary – Allocation of Days

Risk Category	Days Allocated	Percentage of Days
Non- Audit Time	15	4%
Financial Risks	95	26%
IT Risks	40	11%
Fraud Risks	60	16%
Governance Risks	80	21.5%
Service Delivery Risks	80	21.5%
TOTAL	370	100%

Commissioned Days			**370**
Chargeable non-auditing time (Committee reports and attendance; follow up of recommendations; client liaison; liaison with External Audit)			10
Consultancy Work: training & development of the Audit & Risk Committee: joint procurement with the other Welland sites			**5**
Days available for planned audit assignments			**355**
Risk Category	**Proposed Audits**	**Rationale**	
Financial Risks			**80**
One consequence of the new External Audit regime is that the External Auditor no longer requires that all key financial systems are audited annually. It is anticipated that – early in 2013/14 the Council's External Auditor will identify the key controls about which assurance will be required. This information has been provided for other sites and assuming a consistent approach by KPMG the resource requirement will be low. The remaining assignments have been identified on the basis of specific assurance requests from clients.	Delivery of assurance on key controls specified by KPMG	Avoid any claims for additional work from External Audit	20
	Financial Management	Need for assurance about capacity of managers to develop budgets properly; to monitor and manage finances to stay within budget; and to identify options to reduce costs of service delivery.	
	Managing Capital Budgets	Operational Director Places requested an assignment to provide assurance for the Scrutiny Committees	
	Community Care Finance	Unfinished policy development – assurance sought in respect of legitimacy of disability related expenditure and proper accounting for public money.	
	New Benefit Arrangements	Need for early assurance about locally prescribed arrangements: budgetary control; consistent application of discretion; issues of avoidance; collection of small sums billed.	
	New Local Tax Arrangements		
	Payroll & HR Feeder	Identified capacity issues; confirmation that issues identified have been resolved	

Risk Category	Proposed Audits	Rationale	
IT Risks			**40**
IT supports and enables the overwhelming majority of the services the Council delivers. High volumes of personal or business sensitive data used and stored.

Nature of assurance required makes it appropriate to carry out cross-cutting audits supported by a specialist ICT audit contractor rather than attempting to include ICT risks within specific operational audits. | Disaster Recovery; IT Business Continuity; Data Backup | Identified during ICT audit needs assessment carried out in October 2012 with input from Head of Business Support Places, ICT Infrastructure Manager and Service Desk Manager | 12 |
	New Projects – including software acquisition; Project Methodology		12
	IT Service Desk; Asset Register; Software Licences		12
	NTA Review	NTA is commissioned by ICT to prove compliance with Government Standards. Role of IA is to translate technical reports/recommendations into something client management can work with.	4

Fraud Risks			60
New LG Fraud Strategy requires the Council to "acknowledge" that it is exposed to the risk of fraud.	Consultancy – Fraud Awareness Training	Provision of training in support of the revised Strategy. ***Identified as a first priority by SMT***	8
The National Fraud Authority has published data which purports to show the impact of fraud on individual local authorities. For the Council the total fraud loss asserted is in the range £600,000 to £1million. Initial work at another of the Welland sites indicates that the estimates overstate the fraud risk by a factor of 10 and it should be possible to demonstrate that the Council's fraud risk is low and proportionately managed. NFI data matching identifies high volumes of "suspect" activity, mostly within the key financial systems and the NTA places reliance on NFI data. While all matches are reviewed, in practice little fraudulent activity is identified and the costs in staff time are disproportionate. It was agreed that fraud awareness training would be rolled out in support of the Council's Counter-Fraud Strategy. Resources did not allow for the delivery of that training in 2012/13.	Consultancy – Managing NFI	Recent experience suggests that the Council is not achieving a return from the NFI exercises proportionate to the staff time involved. Given that there remains a statutory requirement to continue to support NFI, work across the Welland sites to identify more efficient working practices might be of benefit. * Additional provision for Auditors to investigate matches on behalf of clients	7*
	Council Tax Fraud	NTA asserts that the Council had a significant exposure to CT Fraud (£100k to £170k). From 1/4/13 technical reforms will introduce scope for fraud around vacant properties and second homes. Assurance required that the Council understands its likely exposure to fraud and is taking proportionate action to mitigate the risk.	7
	Procurement Fraud	NTA asserts that this is the area of the Council's greatest exposure to fraud. (£130-220,000). Given the role of the Welland Procurement Team, the other clients are supporting a cross-Welland exercise	

Risk Category	Proposed Audits	Rationale	
Governance & Performance Risks			**80**
Governance risks relate, primarily, to the Council's internal arrangements and to its capacity to deliver services to customers while complying with all relevant statutory and regulatory requirements; demonstrating value for money; and maintaining appropriate standards of governance and accountability.	Managing Absence	Follow up to consultancy exercise in 2012/13. To be undertaken in support of management action to enhance control arrangements.	
	Corporate Compliance	There have been identified failures of control in respect of financial transactions and of absence management where managers' non-compliance with rules, policies or procedures has been a contributory factor. Assurance is required that managers understand and accept their responsibilities for the maintenance of corporate controls.	
	Data Management – Retention, Protection & Disposal	Issues around control and management of data whether held in electronic or paper format. Links to current "paper lite" project

Note that Information Commissioner has levied penalties in range £60-£90k for breaches involving paper format data.

A similar assignment is being undertaken at other Welland sites | |
| | Individual Elector Registration | Assurance around risks of: failure to identify and record all eligible voters; and potential electoral fraud. Assignment to be completed before the start of registration process.

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| | Recruitment** | New recruitment guidelines – impact on inherent risks associated with recruitment.
** Additional Assignment | |
| | Risk Management | Assurance that the Council's risks are being identified, assessed and managed in a consistent manner and in line with the Council's strategic approach. Links to refreshed Risk Register | |
| | Management of Partnerships | A short audit assignment was commissioned at the end of 2013/14 to map the Council's engagement with partners. Assurance is required about the effectiveness of governance arrangements | |

Service Delivery Risks			80
Service delivery risks can relate to the impact of failures of control on customers; on the finances of the Council; or on partners engaged in joint provision of local services. There is an expectation that the client managers should be able to identify the significant risks faced by their services in the coming year and define the assurance that they require.	Adult Mental Health	Assurance sought about arrangements to ensure that requests for service – however and wherever received - are identified and channelled to an appropriate person without delay or unnecessary interventions. Assurance is also sought about arrangements to ensure that compliance with prescribed processes is evidenced appropriately.	
	Blue Badge Issues	Assurance sought that the Council can demonstrate that badges are issued only to eligible persons; that the records maintained are consistent with the Council's obligations; and that there are appropriate and proportionate monitoring arrangements to prevent badge abuse.	
	Building Control	Contracted out service. Assurance sought about contract compliance; delivery of all necessary inspections to support issue of certificates; and effective control of income due	
	Food Hygiene	Assurance sought that the shared service delivers an appropriate programme of inspections covering all relevant premises.	
	Payments to Voluntary Bodies	Payments take the form of "contractual" payments linked to SLAs and a relatively small volume of grants. Assurance sought that money provided by the Council is spent in line with corporate priorities and relevant SLAs to deliver value for money.	
	Licensing Services	Assurance sought about the controls in place to identify premises or activities requiring licenses; to ensure through monitoring and inspections that license holders comply with conditions and operate in a manner that protects public health; and to collect and account for income due.	
	Reablement Service	The Reablement Service seeks through a short period of tailored support to enable suitable clients to remain in their own homes rather than moving into residential care. Assurance sought about the effectiveness of controls to ensure that the service is offered only to appropriate clients; that clients' progress is subject to timely and effective review and evaluation; that appropriate support packages are delivered at the completion of the reablement process; and that available resources are applied effectively.	
	Taxi Licensing	Assurance sought about the effectiveness of arrangements to vet potential license holders and to undertake inspections to ensure safety of service delivered to the public in Rutland.	