



Rutland County Council

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Ladies and Gentlemen,

A meeting of the **AUDIT AND RISK COMMITTEE** will be held in the Council Chamber, Catmose, Oakham LE15 6HP on **Tuesday, 30th January, 2018** commencing at 7.00 pm when it is hoped you will be able to attend.

Yours faithfully

Helen Briggs
Chief Executive

Recording of Council Meetings: Any member of the public may film, audio-record, take photographs and use social media to report the proceedings of any meeting that is open to the public. A protocol on this facility is available at www.rutland.gov.uk/my-council/have-your-say/

A G E N D A

APOLOGIES FOR ABSENCE

1) MINUTES

To confirm the minutes of the Audit and Risk Committee held on 19 September 2017.

2) MATTERS ARISING

3) DECLARATIONS OF INTEREST

In accordance with the Regulations, Members are invited to declare any disclosable interests under the Code of Conduct and the nature of those interests in respect of items on this Agenda and/or indicate if Section 106 of the Local Government Finance Act 1992 applies to them.

4) PETITIONS, DEPUTATIONS AND QUESTIONS

To receive any petitions, deputations and questions received from Members of

the Public in accordance with the provisions of Procedure Rule 217.
The total time allowed for this item shall be 30 minutes.

Petitions, declarations and questions shall be dealt with in the order in which they are received. Questions may also be submitted at short notice by giving a written copy to the Committee Administrator 15 minutes before the start of the meeting.

The total time allowed for questions at short notice is 15 minutes out of the total time of 30 minutes.

Any petitions, deputations and questions that have been submitted with prior formal notice will take precedence over questions submitted at short notice. Any questions that are not considered within the time limit shall receive a written response after the meeting and be the subject of a report to the next meeting.

5) EXTERNAL AUDIT UPDATE

To receive Report No. 29/2018 from the Director for Resources.
(Pages 5 - 36)

6) PROJECT MANAGEMENT FRAMEWORK

To receive Report No. 25/2018 from the Director for Resources.
(Pages 37 - 64)

7) INTERNAL AUDIT UPDATE

To receive Report No.26/2018 from the Head of Internal Audit.
(Pages 65 - 102)

8) INTERNAL AUDIT PLANNING 2018/19

To receive Report No. 27/2018 from the Head of Internal Audit.
(Pages 103 - 110)

9) ACCOUNTS CLOSURE PLANNING 2017/18

To receive report No 22/2018 from the Director for Resources.
(Pages 111 - 114)

10) EXCLUSION OF PRESS AND PUBLIC

The Committee is recommended to determine whether the public and press be excluded from the meeting in accordance with Section 100(A)(4) of the Local Government Act 1972, as amended, and in accordance with the Access to Information provisions of Procedure Rule 239, as the following item of business contains exempt information as defined in Paragraph 7, Part 1 of Schedule 12A of the Act.

Paragraph 7: Information relating to any action taken or to be taken in

connection with the prevention, investigation or prosecution of crime.

11) FRAUD RISK REGISTER

To receive Report No. 24/2018 from the Director for Resources.
(Pages 115 - 136)

12) REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) UPDATE

To receive a verbal update from the Director for Resources.

13) ANY OTHER URGENT BUSINESS

To receive items of urgent business which have previously been notified to the person presiding.

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DISTRIBUTION

MEMBERS OF THE AUDIT AND RISK COMMITTEE:

Miss G Waller (Chairman)	
Mr J Lammie (Vice-Chair)	
Mr N Begy	Miss R Burkitt
Mr G Conde	Mrs J Fox
Mr I Arnold	

OTHER MEMBERS FOR INFORMATION

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AUDIT AND RISK COMMITTEE

30 January 2018

EXTERNAL AUDIT UPDATE

Report of the Director for Resources

Strategic Aim:	All	
Exempt Information	No	
Cabinet Member(s) Responsible:	Councillor Oliver Hemsley – Acting Leader and Portfolio Holder for Growth, Trading Services and Resources (except Finance)	
Contact Officer(s):	Debbie Mogg, Director for Resources	Tel: 01572 758358 dmogg@rutland.gov.uk
	Saverio Della Rocca, Assistant Director - Finance	Tel: 01572 758159 sdrocca@rutland.gov.uk
Ward Councillors	N/A	

DECISION RECOMMENDATIONS

That the Committee notes the audit plan from the external auditors, KPMG LLP and the results of the grant work completed in 2016/17

1 PURPOSE OF THE REPORT

- 1.1 To update the Committee on the outcome of grants certification work for 2016/17 and to outline the approach to the external audit for 2017/18.

2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 The report from the external auditors in Appendix 1 outlines the work undertaken in respect of grants and returns. There are no issues arising from this work.
- 2.2 The external audit plan in Appendix 2 sets out the approach to the Statement of Accounts audit and Value for Money conclusion. It highlights three potential risks including early closedown. KPMG LLP will present the report and be available to ask questions at the meeting.

3 CONSULTATION

- 3.1 No formal consultation is required.

4 ALTERNATIVE OPTIONS

4.1 The Committee is asked to note the report. There are no alternatives.

5 FINANCIAL IMPLICATIONS

5.1 There are no financial implications arising from this report but the Committee should note that the audit fee remains the same as last year.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

6.1 The Audit and Risk Committee is responsible for receiving the reports of external audit, acting on any relevant matters and approving of the Statement of Accounts.

7 EQUALITY IMPACT ASSESSMENT

7.1 An Equality Impact Assessment (EqIA) has not been completed as this report does not impact on Council policies and procedures.

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 It is important that the Committee understand the approach and outcome of external audit work.

11 BACKGROUND PAPERS

11.1 There are no additional background papers to the report.

12 APPENDICES

Appendix 1 – Annual Report on grants and returns

Appendix 2 – External Audit Plan 2017/18

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



Annual Report on grants and returns 2016/17

Rutland County Council

January 2018



Contents

**The contacts at KPMG
in connection with this
report are:**

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Headlines

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Summary of certification work outcomes

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Tony Crawley, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (andrew.sayers@kpmg.co.uk). After this, in relation to the certification of the Housing Benefit Subsidy grant claim, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

Headlines

Introduction and background

This report summarises the results of work we have carried out on the Authority's 2016/17 grant claims and returns.

This includes the work we have completed under the Public Sector Audit Appointment certification arrangements, as well as the work we have completed on other returns under separate engagement terms. The work completed in 2016/17 is:

- Under the Public Sector Audit Appointments arrangements we certified one claim – the Authority's 2016/17 Housing Benefit Subsidy claim. This had a value of £5,527,010.
- Under a separate assurance engagement we provided a Reporting Accountant's report on the Authority's 2016/17 Teachers' Pensions return. This had a value of £463,256.

Certification and assurance results

Our certification work on Housing Subsidy Benefit claim included:

- agreeing standard rates, such as for allowances and benefit incomes, to the DWP Circular communicating the value of each rate for the year;
- sample testing of benefit claims to confirm that the entitlement had been correctly calculated and was supported by appropriate evidence;
- undertaking an analytical review of the claim form considering year-on-year variances and key ratios;
- confirming that the subsidy claim had been prepared using the correct benefits system version; and
- completing testing in relation to modified schemes payments, uncashed cheques and verifying the accurate completion of the claim form.

Following the completion of our work, the claim was unqualified.

We gave an unqualified Accountant's Report on the Teachers' Pension return.

The Housing Benefit Subsidy claim was adjusted to correct minor errors identified during the certification work. This resulted in a £232 increase in the amount of subsidy due to the Authority. No amendments were made to the Teachers' Pension return.

Recommendations

There are no recommendations to the Authority arising from our work this year.

Fees

Our fee for certifying the Authority's 2016/17 Housing Benefit Subsidy grant was £5,385 plus VAT, which is in line with the indicative fee set by PSAA.

Our fee for the Teachers' Pension return engagement (£3,500 plus VAT) was agreed directly with the Authority.

Summary of reporting outcomes

Overall, we carried out work on two grants and returns:

- both were unqualified
- one required minor adjustment.

The fees we charged were consistent with the indicative fee set by PSAA and the fee agreed directly with you.

We have made no recommendations as a result of the work carried out this year.

Detailed below is a summary of the reporting outcomes from our work on the Authority’s 2016/17 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate or assurance report.

A qualification means that issues were identified concerning the Authority’s compliance with a scheme’s requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant paying body will require further information from the Authority to satisfy itself that the full amounts of grant claimed are appropriate.

	Qualified	Significant adjustment	Minor adjustment	Unqualified
Public Sector Audit Appointments regime				
— Housing Benefit Subsidy			●	●
Other assurance engagements				
— Teachers’ Pension Return				●

The Housing Subsidy Benefit claim was adjusted to correct minor errors identified during the certification work. This resulted in a £232 increase in the amount of subsidy due to the Authority.

Fees charged

Public Sector Audit Appointments (PSAA) certification arrangements - PSAA set an indicative fee for our work on the Authority’s Housing Benefit Subsidy claim in 2016/17 of £5,385 plus VAT. Our actual fee was the same as the indicative fee, and this compares to the 2015/16 fee for this claim of £4,850 plus VAT.

Grants subject to other assurance engagements - The fee for our assurance work on the Teachers’ Pension Return was agreed directly with the Authority. Our fee for 2016/17 was £3,500 plus VAT (2015/16 £2,500 plus VAT).

Recommendations

We have made no recommendations as a result of the work carried out this year. There are no recommendations from last year’s work that needed to be followed up.



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External Audit Plan 2017/2018

**Rutland County
Council**

January 2018

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Summary for Audit and Risk Committee

Financial statements There are no significant changes to the Code of Practice on Local Authority Accounting ("the Code") in 2017/18, which provides stability in terms of the accounting standards the Authority need to comply with. Despite this, the deadline for the production and signing of the financial statements has been significantly advanced in comparison to the year ended 31 March 2017. This represents a significant change for the Authority and will need to be carefully managed in order to ensure the new deadlines are met. As a result we have recognised a significant risk in relation to this matter.

Materiality

Materiality for planning purposes has been set at £1.3m.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. This reporting threshold has been set at £65,000.

Significant risks

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error have been identified as:

- **Valuation of PPE** – Whilst the Authority operates a cyclical revaluation approach, the Code requires that all land and buildings be held at fair value. We will consider the way in which the Authority ensures that any assets not subject to in-year revaluation are not materially misstated.
- **Pension Liabilities** – The valuation of the Authority's pension liability, as calculated by the Actuary, is dependent upon both the accuracy and completeness of the data provided and the assumptions adopted. We will review the processes in place to ensure the accuracy of data provided to the Actuary and consider the assumptions used in determining the valuation.
- **Faster Close** – As set out above, the timetable for the production of the financial statements has been significantly advanced with the draft accounts having to be prepared by 31 May (30 June for 2016/17) and the final accounts signed by 31 July (30 September for 2016/17). We will work with the Authority in advance of our audit to understand the steps being taken to meet these deadlines and the impact on our work. It will be essential that the draft financial statements and all 'prepared by client' documentation is available in line with agreed timetables. Where this is not achieved, there is a significant likelihood that the audit report will not be issued by 31 July 2018.

Other areas of audit focus

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of additional audit focus have been identified as:

- Financial system changes – we will consider the Authority's arrangements for ensuring the general IT controls around the Agresso system are reliable and the steps taken to ensure the payroll system change process was managed effectively.

See pages 4 to 10 for more details

Summary for Audit and Risk Committee (cont.)

Value for Money Arrangements work

Our risk assessment regarding your arrangements to secure value for money have identified the following VFM significant risk to date:

- **Financial resilience**– As a result of reductions in central government funding, and other pressures, the Authority continues to face similar financial pressures and uncertainties to those experienced by others in the local government sector. The Authority needs to have effective arrangements in place for managing its annual budget, generating income and identifying and implementing any savings required to balance its medium term financial plan. We will review these arrangements and report our findings in our ISA260 Report.

We will update our risk assessment throughout the year to address any new issues arise.

The key output from the work will be the VFM conclusion (i.e. our opinion on the Authority's arrangements for securing VFM), which forms part of our audit report.

See pages 11 to 15 for more details

Logistics

Our team is unchanged from last year, and is:

- Tony Crawley – Director
- Michael Norman – Manager
- David Schofield– Assistant Manager

More details are in **Appendix 2**.

Our work will be completed in four phases from November 2017 to July 2018 and our key deliverables are this Audit Plan, an Interim Letter (if required) and a Report to Those Charged With Governance as outlined on **page 18**.

Our fee for the 2017/18 audit is £65,481 (£65,481 2016/2017) see **page 17**. This fee is in line with the scale fee published by PSAA.

Introduction

Background and Statutory responsibilities

This document supplements our Audit Fee Letter 2017/18 presented to you in April 2017, which also sets out details of our appointment by Public Sector Audit Appointments Ltd (PSAA).

Our statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014, the National Audit Office's Code of Audit Practice and the PSAA Statement of Responsibilities.

Our audit has two key objectives, requiring us to audit/review and report on your:

01 | Financial statements :
Providing an opinion on your accounts. We also review the Annual Governance Statement and Narrative Report and report by exception on these; and

02 | Use of resources:
Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the value for money conclusion).

The audit planning process and risk assessment is an on-going process and the assessment and fees in this plan will be kept under review and updated if necessary. Any change to our identified risks will be reported to the Audit and Risk Committee.

Financial Statements Audit

Our financial statements audit work follows a four stage audit process which is identified below. Appendix 1 provides more detail on the activities that this includes. This report concentrates on the Financial Statements Audit Planning stage of the Financial Statements Audit.



Value for Money Arrangements Work

Our Value for Money (VFM) Arrangements Work follows a seven stage process which is identified below. Page 11 provides more detail on the activities that this includes. This report concentrates on explaining the VFM approach for the 2017/18 and the findings of our VFM risk assessment.



Financial statements audit planning

Financial Statements Audit Planning

Our planning work takes place during November 2017 to January 2018. This involves the following key aspects:

- Determining our materiality level;
- Risk assessment;
- Identification of significant risks;
- Consideration of potential fraud risks;
- Identification of key account balances in the financial statements and related assertions, estimates and disclosures;
- Consideration of management's use of experts; and
- Issuing this audit plan to communicate our audit strategy.

Risk assessment

Auditing standards require us to consider two standard risks for all organisations. We are not elaborating on these standard risks in this plan but consider them as a matter of course in our audit and will include any findings arising from our work in our ISA 260 Report.

01

Management override of controls

Management is typically in a powerful position to perpetrate fraud owing to its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Our audit methodology incorporates the risk of management override as a default significant risk. In line with our methodology, we carry out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.

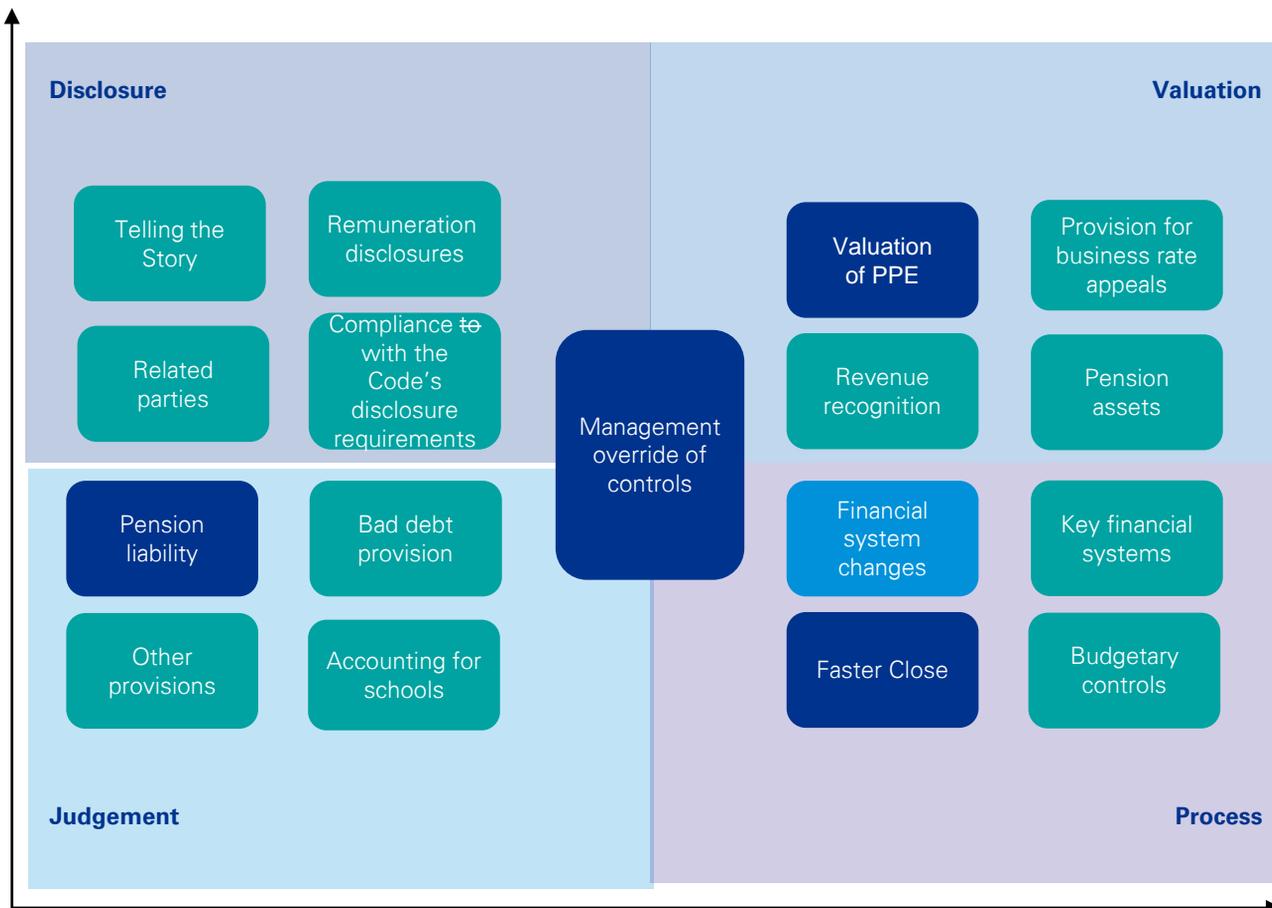
02

Fraudulent revenue recognition

We do not consider this to be a significant risk for local authorities as there are limited incentives and opportunities to manipulate the way income is recognised. We therefore rebut this risk and do not incorporate specific work into our audit plan in this area over and above our standard fraud procedures.

Financial statements audit planning (cont.)

The diagram below identifies significant risks and other areas of audit focus, which we expand on overleaf. The diagram also identifies a range of other areas considered by our audit approach.



Keys: ■ Significant risk ■ Other area of audit focus

■ Example other areas considered by our approach

Financial statements audit planning (cont.)

Significant Audit Risks

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error in relation to the Authority.

Risk: Valuation of PPE

The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate fair value at that date. The Authority has adopted a rolling revaluation model which sees all land and buildings revalued over a five year cycle. As a result of this, however, individual assets may not be revalued for four years.

This creates a risk that the carrying value of those assets not revalued in year differs materially from the year end fair value.

Approach: We will review the approach that the Authority has adopted to assess the risk that assets not subject to valuation are materially misstated and consider the robustness of that approach. We will also assess the risk of the valuation changing materially during the year since the valuation date.

In addition, we will consider movement in market indices between revaluation dates and the year end in order to determine whether these indicate that fair values have moved materially over that time.

Financial statements audit planning (cont.)

Significant Audit Risks (cont.)

Risk: Pension Liabilities

The net pension liability represents a material element of the Authority's balance sheet. The Authority is an admitted body of Leicestershire Pension Fund which had its last triennial valuation completed as at 31 March 2016. This forms an integral basis of the valuation as at 31 March 2018.

The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Authority's overall valuation.

There are financial assumptions and demographic assumptions used in the calculation of the Authority's valuation, such as the discount rate, inflation rates, mortality rates etc. The assumptions should also reflect the profile of the Authority's employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.

There is a risk that the assumptions and methodology used in the valuation of the Authority's pension obligation are not reasonable. This could have a material impact on the net pension liability accounted for in the financial statements.

Approach:

As part of our work we will review the controls that the Authority has in place over the information sent directly to the Scheme Actuary. We will also liaise with the auditors of the Pension Fund in order to gain an understanding of the effectiveness of those controls operated by the Pension Fund. This will include consideration of the process and controls with respect to the assumptions used in the valuation. We will also evaluate the competency, objectivity and independence of Hymans Robertson.

We will review the appropriateness of the key assumptions included within the valuation with the use of a KPMG Actuary. Our Actuary will also review the methodology applied in the valuation by Hymans Robertson.

In addition, we will review the overall Actuarial valuation and consider the disclosure implications in the financial statements.

Financial statements audit planning (cont.)

Significant Audit Risks (cont.)

Risk: Faster Close

In prior years, the Authority has been required to prepare draft financial statements by 30 June and then final signed accounts by 30 September. For years ending on and after 31 March 2018 however, revised deadlines apply which require draft accounts by 31 May and final signed accounts by 31 July.

These changes represent a significant change to the timetable that the Authority has previously worked to. The time available to produce draft accounts has been reduced by one month and the overall time available for completion of both accounts production and audit is two months shorter than in prior years.

There are a number of logistical challenges that will need to be managed. These include:

- Ensuring that any third parties involved in the production of the accounts (including valuers, actuaries) are aware of the revised deadlines and have made arrangements to provide the output of their work in accordance with this;
- Revising the closedown and accounts production timetable in order to ensure that all working papers and other supporting documentation are available at the start of the audit process;
- Ensuring that the Audit and Risk Committee meeting schedules have been updated to permit signing in July; and
- Applying a shorter paper deadline to the July meeting of the Audit and Risk Committee in order to accommodate the production of the final version of the accounts and our ISA 260 report.

In the event that the above areas are not effectively managed there is a significant risk that the audit will not be completed by the 31 July deadline.

There is also an increased likelihood that the Audit Certificate (which confirms that all audit work for the year has been completed) may be issued separately at a later date whilst work is on-going in relation to the Authority's Whole of Government Accounts return. This is not a matter of concern and is not seen as a breach of deadlines.

Approach: We will continue to liaise with officers in preparation for our audit in order to understand the steps that the Authority is taking to ensure it meets the revised deadlines.

Financial statements audit planning (cont.)

Other areas of audit focus

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of audit understanding.

Issue:

Financial system changes

The Authority upgraded its Agresso system during 2016/17 and established a new arrangement for the systems support and operation with an external supplier. We concluded at last year's audit that these changes had been managed appropriately during the year. The Authority and the supplier were continuing to embed the general IT controls around the new system arrangements and we need to follow up on progress made. During 2017/18 the Authority has extended the arrangement with the external supplier to include the operation of the payroll system.

Approach:

We will consider the Authority's arrangements for ensuring the general IT controls around the Agresso system are reliable and the steps taken to ensure the payroll system change process were managed effectively.

Financial statements audit planning (cont.)

Materiality

We are required to plan our audit to determine with reasonable confidence whether or not the financial statements are free from material misstatement. An omission or misstatement is regarded as material if it would reasonably influence the user of financial statements. This therefore involves an assessment of the qualitative and quantitative nature of omissions and misstatements.

Generally, we would not consider differences in opinion in respect of areas of judgement to represent 'misstatements' unless the application of that judgement results in a financial amount falling outside of a range which we consider to be acceptable.

For the Authority, materiality for planning purposes has been set at £1.3 million which equates to 2% of gross expenditure.

We design our procedures to detect errors in specific accounts at a lower level of precision.

Authority Prior Year Gross Expenditure: £64.6 million

Materiality

£1,300,000

2.0% of Expenditure

(2016/17: £1,300,000, 2.0%)



Reporting to the Audit and Risk Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Risk Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260(UK&I) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK&I) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £65,000.

If management has corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Risk Committee to assist it in fulfilling its governance responsibilities.

Value for money arrangements work

VFM audit approach

The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the authority 'has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'.

This is supported by the Code of Audit Practice, published by the NAO in April 2015, which requires auditors to 'take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements.'

Overall criterion

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions, worked with partners and third parties and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

The VFM approach is fundamentally unchanged from that adopted in 2016/17 and the process is shown in the diagram below. The diagram overleaf shows the details of the sub-criteria for our VFM work.



Value for money arrangements work (cont.)

Value for Money sub-criteria

Informed decision making

Proper arrangements:

- Acting in the public interest, through demonstrating and applying the principles and values of sound governance.
- Understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management.
- Reliable and timely financial reporting that supports the delivery of strategic priorities.
- Managing risks effectively and maintaining a sound system of internal control.

Sustainable resource deployment

Proper arrangements:

- Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.
- Managing and utilising assets to support the delivery of strategic priorities.
- Planning, organising and developing the workforce effectively to deliver strategic priorities.

Working with partners and third parties

Proper arrangements:

- Working with third parties effectively to deliver strategic priorities.
- Commissioning services effectively to support the delivery of strategic priorities.
- Procuring supplies and services effectively to support the delivery of strategic priorities.

Value for money arrangements work (cont.)

VFM audit stage



VFM audit risk assessment

Audit approach

We consider the relevance and significance of the potential business risks faced by all local authorities, and other risks that apply specifically to the Authority. These are the significant operational and financial risks in achieving statutory functions and objectives, which are relevant to auditors' responsibilities under the *Code of Audit Practice*.

In doing so we consider:

- The Authority's own assessment of the risks it faces, and its arrangements to manage and address its risks;
- Information from the Public Sector Auditor Appointments Limited VFM profile tool;
- Evidence gained from previous audit work, including the response to that work; and
- The work of other inspectorates and review agencies.



Linkages with financial statements and other audit work

Audit approach

There is a degree of overlap between the work we do as part of the VFM audit and our financial statements audit. For example, our financial statements audit includes an assessment and testing of the Authority's organisational control environment, including the Authority's financial management and governance arrangements, many aspects of which are relevant to our VFM audit responsibilities.

We have always sought to avoid duplication of audit effort by integrating our financial statements and VFM work, and this will continue. We will therefore draw upon relevant aspects of our financial statements audit work to inform the VFM audit.



Identification of significant risks

Audit approach

The Code identifies a matter as significant '*if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects.*'

If we identify significant VFM risks, then we will highlight the risk to the Authority and consider the most appropriate audit response in each case, including:

- Considering the results of work by the Authority, inspectorates and other review agencies; and
- Carrying out local risk-based work to form a view on the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Value for money arrangements work (cont.)

VFM audit stage



Assessment of work by other review agencies, and Delivery of local risk based work

Audit approach

Depending on the nature of the significant VFM risk identified, we may be able to draw on the work of other inspectorates, review agencies and other relevant bodies to provide us with the necessary evidence to reach our conclusion on the risk.

We will also consider the evidence obtained by way of our financial statements audit work and other work already undertaken.

If evidence from other inspectorates, agencies and bodies is not available and our other audit work is not sufficient, we will need to consider what additional work we will be required to undertake to satisfy ourselves that we have reasonable evidence to support the conclusion that we will draw. Such work may include:

- Additional meetings with senior managers across the Authority;
- Review of specific related minutes and internal reports;
- Examination of financial models for reasonableness, using our own experience and benchmarking data from within and outside the sector.



Concluding on VFM arrangements

Audit approach

At the conclusion of the VFM audit we will consider the results of the work undertaken and assess the assurance obtained against each of the VFM themes regarding the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources.

If any issues are identified that may be significant to this assessment, and in particular if there are issues that indicate we may need to consider qualifying our VFM conclusion, we will discuss these with management as soon as possible. Such issues will also be considered more widely as part of KPMG's quality control processes, to help ensure the consistency of auditors' decisions.



Reporting

Audit approach

We will report on the results of the VFM audit through our ISA 260 Report. This will summarise any specific matters arising, and the basis for our overall conclusion.

The key output from the work will be the VFM conclusion (i.e. our opinion on the Authority's arrangements for securing VFM), which forms part of our audit report.

Value for money arrangements work (cont.)

Significant VFM Risks

These are those risks requiring specific audit attention and procedures to address the likelihood that proper arrangements are not in place to deliver value for money. Our continuing risk assessment has identified the following matter at this stage. We will continue to update our assessment throughout the audit and report any additional matters to the Audit and Risk Committee in our ISA260 report.

Risk: Financial Resilience

As a result of reductions in central government funding, and other pressures, the Authority continues to face similar financial pressures and uncertainties to those experienced by others in the local government sector. The Authority needs to have effective arrangements in place for managing its annual budget, generating income and identifying and implementing any savings required to balance its medium term financial plan.

Approach: As part of our additional risk based work, we will review the arrangements the Authority has in place to in these areas and ensure its continuing financial resilience. We will report our findings in our ISA260 Report.

VFM Sub-criterion: This risk is related to the following Value For Money sub-criterion
— Sustainable resource deployment.

Other matters

Whole of government accounts (WGA)

We are required to issue an assurance statement to the National Audit Office confirming the income, expenditure, asset and liabilities of the Authority. Deadlines for completion of this for 2017/18 have not yet been confirmed.

Elector challenge

The Local Audit and Accountability Act 2014 gives electors certain rights. These are:

- The right to inspect the accounts;
- The right to ask the auditor questions about the accounts; and
- The right to object to the accounts.

As a result of these rights, in particular the right to object to the accounts, we may need to undertake additional work to form our decision on the elector's objection. The additional work could range from a small piece of work where we interview an officer and review evidence to form our decision, to a more detailed piece of work, where we have to interview a range of officers, review significant amounts of evidence and seek legal representations on the issues raised.

The costs incurred in responding to specific questions or objections raised by electors is not part of the fee. This work will be charged in accordance with the PSAA's fee scales.



Other matters

Reporting and communication

Reporting is a key part of the audit process, not only in communicating the audit findings for the year, but also in ensuring the audit team are accountable to you in addressing the issues identified as part of the audit strategy. Throughout the year we will communicate with you through meetings with the Finance team and the Audit and Risk Committee. Our communication outputs are included in Appendix 1.

Independence and Objectivity

Auditors are also required to be independent and objective. Appendix 3 provides more details of our confirmation of independence and objectivity.

Audit fee

Our April 2017 Audit Fee Letter first set out our fees for the 2017/18 audit. This letter also sets out our assumptions. We have not considered it necessary to seek approval for any changes to the agreed fees at this stage.

Should there be a need to charge additional audit fees then this will be agreed with management and PSAA. If such a variation is agreed, we will report that to you in due course.

The planned audit fee for 2017/18 is £65,481 and is unchanged from that set for 2016/17.

Appendix 1:

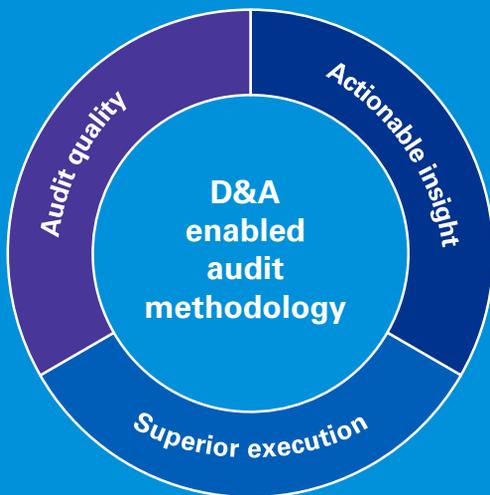
Key elements of our financial statements audit approach

Driving more value from the audit through data and analytics

Technology is embedded throughout our audit approach to deliver a high quality audit opinion. Use of Data and Analytics (D&A) to analyse large populations of transactions in order to identify key areas for our audit focus is just one element. Data and Analytics allows us to:

- Obtain greater understanding of your processes, to automatically extract control configurations and to obtain higher levels assurance.
- Focus manual procedures on key areas of risk and on transactional exceptions.
- Identify data patterns and the root cause of issues to increase forward-looking insight.

We anticipate using data and analytics in our work around journals where applicable.



Communication

Continuous communication involving regular meetings between Audit and Risk Committee, Senior Management and audit team.



Appendix 1:

Key elements of our financial statements audit approach (cont.)

Audit workflow

Planning

- Determining our materiality level;
- Risk assessment;
- Identification of significant risks;
- Consideration of potential fraud risks;
- Identification of key account balances in the financial statements and related assertions, estimates and disclosures;
- Consideration of managements use of experts; and
- Issuing this audit plan to communicate our audit strategy.

Control evaluation

- Understand accounting and reporting activities;
- Evaluate design and implementation of selected controls;
- Test operating effectiveness of selected controls; and
- Assess control risk and risk of the accounts being misstated.

Substantive testing

- Plan substantive procedures;
- Perform substantive procedures; and
- Consider if audit evidence is sufficient and appropriate.

Completion

- Perform completion procedures;
- Perform overall evaluation;
- Form an audit opinion; and
- Audit and Risk Committee reporting.

Appendix 2:

Audit team

Your audit team has been drawn from our specialist public sector assurance department.



Tony Crawley
Director

T: 0116 256 6067
E: Tony.Crawley@kpmg.co.uk

'My role is to lead our team and ensure the delivery of a high quality, valued added external audit opinion. I will be the main point of contact for the Audit and Risk Committee and Chief Executive.'



Mike Norman
Manager

T: 0115 935 3544
E: Michael.Norman@kpmg.co.uk

'I provide quality assurance for the audit work and specifically any technical accounting and risk areas. I will work closely with the Assistant Director of Resources and other Directors to ensure we add value.'



David Schofield
Assistant Manager

T: 0116 256 6074
E: David.Schofield@KPMG.co.uk

'I will be responsible for the on-site delivery of our work and will supervise the work of our audit assistants.'

Appendix 3:

Independence and objectivity requirements

ASSESSMENT OF OUR OBJECTIVITY AND INDEPENDENCE AS AUDITOR OF RUTLAND COUNTY COUNCIL

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code of Audit Practice, the provisions of Public Sector Audit Appointments Ltd's ('PSAA's') Terms of Appointment relating to independence and the requirements of the FRC Ethical Standard and General Guidance Supporting Local Audit (Auditor General Guidance 1 – AGN01) issued by the National Audit Office ('NAO').

This Appendix is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners, Audit Directors and staff annually confirm their compliance with our ethics and independence policies and procedures. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Communications
- Internal accountability
- Risk management
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity.

Independence and objectivity considerations relating to the provision of non-audit services

Summary of fees

We have considered the fees charged by us to the authority for professional services provided by us during the reporting period.

Facts and matters related to the provision of non-audit services and the safeguards put in place that bear upon our independence and objectivity, are set out in the following table

Description of scope of services	Principal threats to independence	Safeguards Applied	Basis of fee	Value
Agreed upon procedures on 2016/17 TPA return	Advocacy Self interest	We did not act as advocates for the Council in any aspect of this work. The output was an independent report to Teachers' Pensions having applied a specified approach issued by that body. Our fee was not subject to the outcome of the work.	Fixed cost	£3,500

Appendix 3:

Independence and objectivity requirements

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit and Risk Committee.

Confirmation of audit independence

We confirm that as of the date of this report, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Audit Director and audit staff is not impaired.

This report is intended solely for the information of the Audit and Risk Committee of the Authority and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Tony Crawley

Director



kpmg.com/uk



This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website (www.psa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Tony Crawley, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers, by email to Andrew.Sayers@kpmg.co.uk. After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

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CREATE: CRT086281A

AUDIT AND RISK COMMITTEE

30 January 2018

PROJECT MANAGEMENT FRAMEWORK

Report of the Director for Resources

Strategic Aim:	Sound Financial and Workforce Planning	
Exempt Information	No	
Cabinet Member(s) Responsible:	Mr O Hemsley, Acting Leader and Portfolio Holder for Growth, Trading Services and Resources (except Finance)	
Contact Officer(s):	Dee Rajput, Corporate Programme Manager	drajput@rutland.gov.uk 01572 720964
	Debbie Mogg, Director for Resources	dmogg@rutland.gov.uk 01572 758358
Ward Councillors	Not applicable	

DECISION RECOMMENDATIONS

That the Committee considers the Project Management Framework and provides feedback to the Director for Resources including any suggestions for improvement.

1 PURPOSE OF THE REPORT

1.1 The purpose of this report is to present the Council’s Project Management Framework to the Committee for comment and feedback. This was an action arising from the meeting held on the 30th August 2017, specifically in relation to Report No 155/2017 Children’s Centre and Library Report.

2 BACKGROUND AND MAIN CONSIDERATIONS

2.1 Programmes and projects provide an important vehicle for the efficient and timely delivery of Council aims. Expenditure through programmes and projects therefore can be significant. Consequently, effective governance, management and control of programmes and projects is essential to the successful delivery of organisation objectives, and is best achieved through the deployment of a corporate project management framework (see section 4 for more details on the framework).

2.2 Project Management is becoming a mature function within the Council, as it has been deployed on multiple projects, providing a large degree of success to the:

- implementation of the new social care case management system:, Liquidlogic;

- major upgrade of the new resource management system: Agresso (Unit 4 Business World);
- the creation of the new corporate Website; and
- the implementation of the Green Waste system.

2.3 The Project Management framework offers a structured method for staff to use for successful project delivery. This framework is supported through the Project Management Office (PMO).

3 THE PROJECT MANAGEMENT OFFICE (PMO)

3.1 A PMO is the backbone of a successful project management approach in any organisation and it is a function that a) defines and maintains standards for project management, b) is the source of documentation and guidance on the practice of project management and execution and c) provides direct and indirect support to key projects and staff.

3.2 One of the aims of the PMO is to seek to improve the council's project management capability. This is achieved through improved decision-making, so that projects achieve strategic objectives; improved communication so that senior executives and stakeholders know the status of projects; and standardising project management practices throughout the organisation.

3.3 For the Council, the PMO has been an extremely useful facility as many projects have begun to adopt the project management framework and its processes/procedures. A recent example of how the PMO is focused on improved project management capability is work on the Planning System Replacement Project. This has one of the Planning team as its project manager, who has been helped with project delivery through the various templates offered by the PMO together with advice and support on how to use them, how to set up governance functions, how to develop project plans, how to identify risks and develop mitigation strategies, etc.

3.4 The PMO is also responsible for understanding projects and whether they are to be monitored by SMT. This is achieved by utilising a scoring mechanism developed by the PMO, which measures each project against a set criteria, for example, size of project budget, impact on council reputation, project complexity, impact on council operations, etc. The purpose of this process is to identify the important projects and to ensure SMT have an oversight of them and how they are progressing.

4 THE PROJECT MANAGEMENT FRAMEWORK

4.1 The project management framework (summary flowchart found in appendix A and detailed framework found in appendix B) offers guidance on the common stages and steps which apply to all projects. The aim is to establish a common framework, for the management of projects and projects risks, which is critical to success, whilst maintaining the need to be flexible as not all stages and steps will be relevant to every project.

4.2 A Project Management Framework supports the implementation of a project management structure because it:

- i) Helps communication within the team through a common language
- ii) Streamlines the use of tools and techniques for key project management processes
- iii) Establishes a consistent approach which aid customers understanding of the project management processes
- iv) Ensures that focus is maintained on the early stage of the project lifecycle
- v) Supports the development and replication of accepted practice

4.3 The summary flowchart found in Appendix A, is used to provide an oversight for project sponsors/leads to determine how their projects could be delivered through the framework (i.e. the key steps their project will need to follow). This will be followed by the project manager using the detailed framework found in Appendix B, to help deliver the project through the framework (i.e. the project deliverables, governance structures, processes, etc.).

4.4 The Project Management Framework is guidance for officers undertaking projects. It sits outside the formal decision making processes and the Council's constitution. Any decisions required to progress a project, be that seeking budget for the project, or getting approval to tender a contract must be taken following the relevant rules within the constitution i.e. the Financial and Contract Procedure Rules. The guidance prompts Officers to consider what their decision making route needs to be, and then highlights the decision points within the project management framework.

4.5 The Internal Audit report on the Library and Children's Centre highlighted a number of areas where lessons have been learnt and the Project Management Framework updated as a result. These areas are mainly in the project initiation phase of the framework, but a more general review of the whole framework was also carried out. The following changes were made as a result:

- i) Establishment of formal project governance arrangements (stage 0 [on the framework])

The Project Management Framework for all projects will establish a Project Board earlier in the process to oversee the project initiation and feasibility work. These Boards will include, as a minimum, the relevant Portfolio Holder.

- ii) Budget Setting (stages 0 and 1)

The project board will now oversee the initiation phase and will provide more effective challenge to the development of the plans and budgets. In addition, there will be a finance representative on all project boards ensuring there is engagement much earlier in the project process.

- iii) Effective challenge of proposals (stages 0 and 1)

Having finance representation on the Project Board, will help ensure that all relevant costs are included in the budget presented for approval. In addition, having a project board will also allow for a more robust response to any

challenge from elected members or officers and this will be achieved through an evidence based approach, such as feasibility studies, surveys etc.

In the terms of reference developed for Project Boards, they have been given the collective responsibility for deciding when a project is ready to seek formal budget approval as they will thoroughly scrutinise them, and only then, provide the authority to progress.

Finally, there is now a monthly report to Strategic Management Team (SMT) on the status and risk of all corporate projects. This provides an additional layer of challenge outside of the project boards and allows for the independent escalation of issues.

4.6 The table below shows the typical risks a project is likely to face and how the adoption of the project management framework will help mitigate those risks:

Typical Project Risk	Mitigation
Scope is poorly defined (in Project Brief)	<ul style="list-style-type: none"> - Scope scrutinised and agreed by project board - Scope independently reviewed by SMT - Cross council representation on project boards
Costs and schedule estimates are inaccurate (overly optimistic) (presented in Business Case)	<ul style="list-style-type: none"> - Business scrutinised and case agreed by project board - Business case independently reviewed by SMT - Finance representation on project board - Contingency built into budgets
Resource shortfalls (e.g. staff, presented in Business Case)	<ul style="list-style-type: none"> - Resource plan scrutinised and then agreed by project board - Dedicated/Specialist resource given to project where needed - Regular monitoring through project board identifying issues and providing corrective action
Scope creep (i.e. additional items being added for delivery, presented in Business Case)	<ul style="list-style-type: none"> - Scope changes reviewed and agreed by the project board - Escalation to SMT should cabinet/ council approval be required - Regular monitoring through project board identifying issues and

Typical Project Risk	Mitigation
	providing corrective action
Project slippage on timescales	<ul style="list-style-type: none"> - Regular review and monitoring through project team and identifying corrective action - Project board oversight and scrutiny - SMT monitoring of project status

5 CONSULTATION

5.1 Consultation was carried out with the Strategic Management Team, Head of Legal and Governance and other relevant Officers.

6 ALTERNATIVE OPTIONS

6.1 The Council could choose to not have a corporate project management framework but this is not considered to be a feasible option as it would mean inconsistency across the various projects and inadequate governance arrangements.

6.2 The full PRINCE II, or alternative, project management methodologies could be adopted but this is considered to be unsuitable because the frameworks are usually over detailed and fairly rigid in their approach to project management and delivery.

7 FINANCIAL IMPLICATIONS

7.1 There are no direct financial implications arising from this report, but good project management arrangements are key to the effective use of resources, both money and staff time.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

8.1 The Project Management Framework itself does not set out prescriptive decision making, and approval requirements. It guides Officers through the various steps, linked to the Council's normal decision making processes, i.e. the Constitution. The most relevant parts being the Contract Procedure Rules and Financial Procedure Rules. Both documents can be found on the Council's website.

9 EQUALITY IMPACT ASSESSMENT

9.1 An Equality Impact Assessment (EqIA) has not been completed because the Project Management Framework will be supplementary to each project, where the relevant EqIA's will be carried out.

10 COMMUNITY SAFETY IMPLICATIONS

10.1 There are no community safety implications.

11 HEALTH AND WELLBEING IMPLICATIONS

11.1 There are no health and wellbeing implications.

12 BACKGROUND PAPERS

12.1 There are no additional background papers.

13 APPENDICES

13.1 Appendix A - Project Management Framework Overview

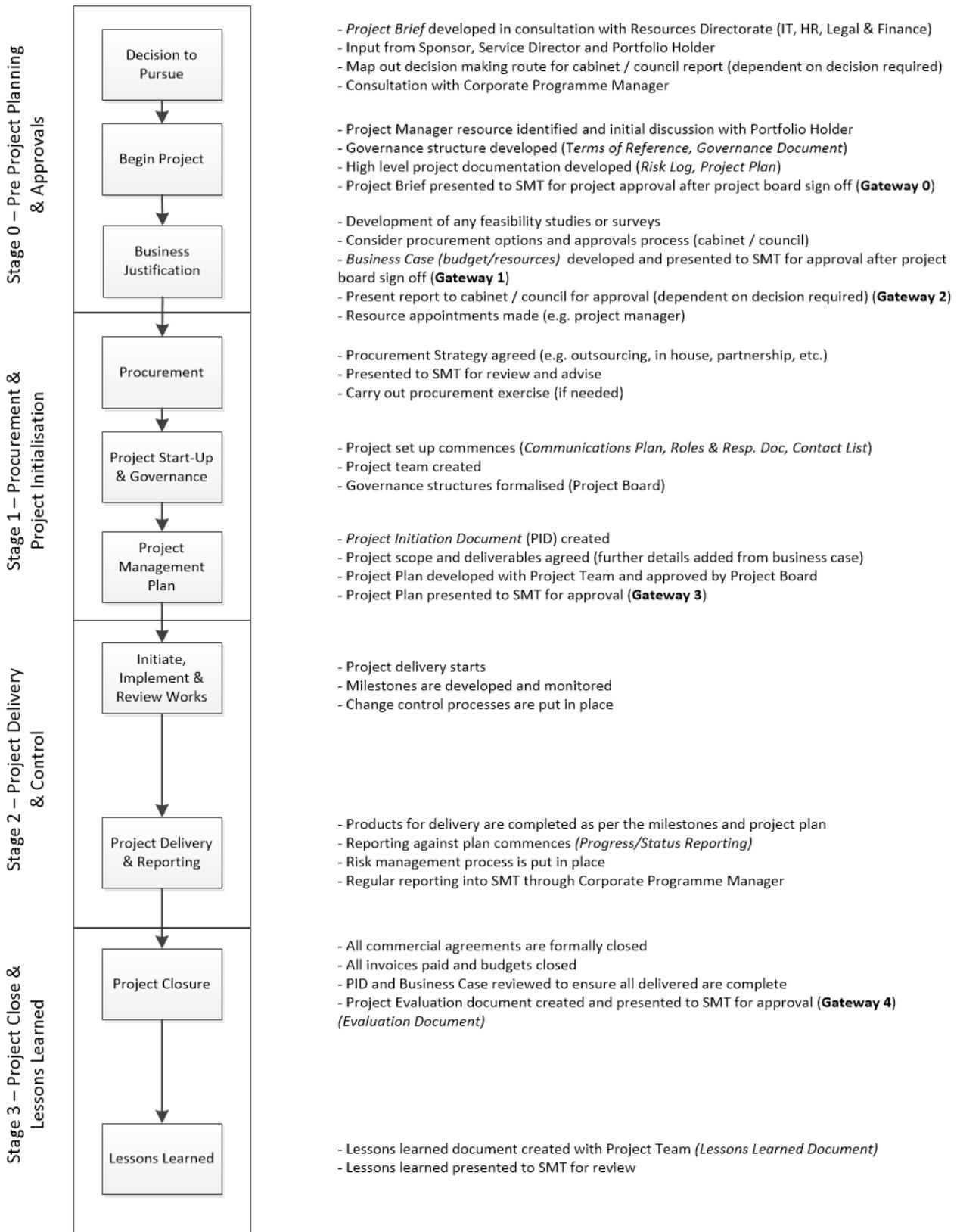
13.2 Appendix B - Project Management Framework Guidance for Officers

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

Appendix A. Project Management Framework – Overview

Project Management – Framework Process Flow

V0.6



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Project Management Framework

v1.1 January 2018



Rutland
County Council

Stage 0

Pre-Project Planning & Approval

- Decision to Pursue
- Begin Project 0
- Business Justification 1 2

Stage 1

Project Procurement & Initialisation

- Procurement
- Project Start-Up & Governance
- Project Management Plan 3

Stage 2

Project Delivery & Control

- Initiate, Implement & Review Works
- Project Delivery & Reporting

Stage 3

Project Close & Lessons Learned

- Project Closure 4
- Lessons Learned

Project Management

Communications

Stage 0 Pre-Project Planning & Approval

- Pre-project process requiring up to the approval of three gateways
- Stage requires the development of a Project Brief reviewed by Resources department (HR, IT, Finance, and Legal)
- 47 • Project governance structures developed involving Sponsor, Service Director and Portfolio Holder (*Terms of Reference, Governance Doc*)
- If project brief approved by SMT (**Gateway 0**), the project can begin (unless a cabinet/council decision is required)
- Project documentation created (*Risk Log, Project Plan*)
- Business case to SMT (**Gateway 1**) and Cabinet/Council (**Gateway 2**)
- Resources can be ear marked at a high level

Stage	Zero: Pre-Project Planning & Approval	Step	Decision to Pursue
OGC Gateway	N/A	Approval	DMT, IT, HR, Legal & Finance Leads
Lead	Project Lead and/or Sponsor	Involved	N/A
Inputs	Project Brief	Prince2 Process	Starting up a Project (SU)
48 Step Description	<p>From the original idea of the project, the sponsor will need to develop a project brief (PRJ_BRF_TMP) detailing the reasons for wanting to carry out the project.</p> <p>Once complete, the sponsor will be responsible for project assurance through existing governance functions, like DMT. The correct level of seniority will provide the initial go ahead to pursue the project further to the next stage. Consultation with the RCC Programme Manager will also provide some assurance for taking the project forward, together with HR, IT, Legal and Finance leads.</p> <p>A positive decision will allow for the project to begin in essence.</p> <p>In relation to Prince2, the Starting up a Project (SU) phase is effectively kicked off at the completion of this step, which ensures that the pre-requisites for the pre-project stage are in place.</p> <p>The lead/sponsor must be thinking about the member approval process and trying to diarise on the forward plan.</p>		
Outputs	Decision to proceed		
PMO Templates	PRJ_BRF_TMP		

Stage	Zero: Pre-Project Planning & Approval	Step	Begin Project
OGC Gateway	Gate Zero 	Approval	SMT
Lead	Project Lead and/or Sponsor	Involved	N/A
Inputs	Project Brief	Prince2 Process	Starting up a Project (SU)
49 Step Description	<p>Once the decision to pursue has been given by the project lead/sponsor, the project can begin in essence with the development of some high level governance structures and their terms of reference.</p> <p>With the project manager, the lead/sponsor will begin to define the workstreams and their associated key milestones – this will form the basis of a project plan. The development of the project plan will also begin to identify risks, which should be documented in the risk log.</p> <p>At this stage, the project lead and/or the project sponsor should begin discussions with the relevant portfolio holder and/or the leader informing them of the project and its impact. The lead/sponsor should be thinking about the report to present to the members, and the process it will need to go through to be approved (Cabinet, Full Council), depending on the decision required (i.e. on the forward plan).</p> <p>In relation to Prince2, the Starting up a Project (SU) phase continues.</p>		
Outputs	Terms of Reference, Project Governance Doc, Project Plan, Risk Log		
PMO Templates	RAID_LOG_TMP, PRJ_PLN_TMP		

Stage	Zero: Pre-Project Planning & Approval	Step	Business Justification
OGC Gateway	Gate One 1 Gate Two 2	Approval	SMT, Cabinet, Full Council
Lead	Project Lead and/or Sponsor	Involved	Project Manager
Inputs	Project Brief (updated), Project Plan, Risk Log	Prince2 Process	Starting up a Project (SU)
50 Step Description	<p>Once the Project Brief has been approved, the business justification for the project has to be provided. This will entail the development of the Business Case which will outline the benefits of the projects. The Business Case will be supported by other potential documentation like a feasibility study or a survey, which will all be coordinated by the project manager.</p> <p>The completion of the Business Case will require the first of up to two approvals (Gate One), where it will be presented to SMT. If approved, the second approval process can commence.</p> <p>The procurement process will be agreed and followed up as required (e.g. relevant frameworks). This may be dependent upon the decision required from Cabinet / Full Council and therefore, the report will be developed in this step too. The lead/sponsor should be thinking about the report to present to the members, and the possible routes it will need to go through to be approved (i.e. full council).</p> <p>The completion of the report will require the approval of Cabinet and/or Full Council, if required (Gate Two).</p> <p>In relation to Prince2, the Starting up a Project (SU) phase will come to an end, with a view to commencing the Initiating a Project phase (IP).</p>		
Outputs	Business Case		
PMO Templates	RAID_LOG_TMP, PRJ_PLN_TMP, PRJ_PID_TMP		

Stage 1 Project Proc. & Initialisation

- Procurement process completed from strategy development through to awarding the contract
- Project set up commences (*Communications Plan, Roles & Responsibilities Doc, Contact List*)
- Project team created
- Governance structures formalised (Project Board)
- Project scope and deliverables agreed (further details added from business case)
- Project Plan developed with Project Team and approved by Project Board
- Project Plan presented to SMT for approval together with the Project Initiation Document (**Gateway 3**)

Stage	One: Project Procurement & Initialisation	Step	Procurement
OGC Gateway	N/A	Approval	None
Lead	Project Manager	Involved	Project Lead, Sponsor
Inputs	Business Case	Prince2 Process	Initiating a Project (IP)
52 Step Description	<p>Stage 1 is about the procurement process and then initiating the project (i.e. starting delivery).</p> <p>In most projects, there will be an element of procurement, either of a system, supplier or partner (e.g. another local authority, delegated authority agreement, outsource, or some other method). Therefore, in this step, the relevant procurement exercise is completed once the procurement strategy has been developed, and reviewed by SMT.</p> <p>If relevant, frameworks are also used to aid reduce the time and complexity involved in this step as projects over a certain value may need to go through the OJEU process.</p> <p>In relation to Prince2, the Initiating a Project phase (IP) will commence.</p>		
Outputs	Procurement Complete		
PMO Templates	None		

Stage	One: Project Procurement & Initialisation	Step	Project Start-Up & Governance
OGC Gateway	N/A	Approval	None
Lead	Project Manager	Involved	Project Lead, Sponsor, Service Lead
Inputs	Business Case	Prince2 Process	Initiating a Project (IP)
53 Step Description	<p>Now that the business case has been approved, the project can move forward to the next stage, where the delivery process is identified and documented. The Project Manager will work with the Project Lead, Sponsor and Service Lead to identify the most appropriate delivery strategy (i.e. project team set up).</p> <p>The start up of the project will also entail the development of the Communications Plan, Roles & Responsibility Document and Project Contacts List. Also, the diarising and delivery of the governance will commence (e.g. Project Board, Project Team meetings, etc.).</p> <p>In relation to Prince2, the Initiating a Project phase (IP) will continue.</p>		
Outputs	Communications Plan, Roles & Responsibility Document, Contacts List		
PMO Templates	PRJ_COMMS_PLN_TMP, RLS_RESP_TMP, CON_LST_TMP		

Stage	One: Project Procurement & Initialisation	Step	Project Management Plan
OGC Gateway	Gate Three 3	Approval	SMT
Lead	Project Manager	Involved	Project Lead, Sponsor, Service Lead
Inputs	Business Case, Project Plan	Prince2 Process	Initiating a Project (IP)
54 Step Description	<p>On completion of the project start-up and governance step, the project manager will be responsible for the development of the project management plan. This consists of the scope and deliverables agreed in the business case, which are then programmed into a delivery plan. It may be necessary to update the Business Case during this step with information gleaned from the project and work done so far – version control should be used.</p> <p>The aim of this stage is to ensure the project is able to begin delivery to the agreed scope, deliverables, risks and budgets (all garnered from the approved business case). These items will be taken and the Project Initiation Document (PID) will be developed which will detail how the project will be delivered, when and by whom, including budgets. The Project Initiation Document will be presented at the gateway review for to SMT for review and approval together with the project plan, which will be Gate Four.</p> <p>In relation to Prince2, the Initiating a Project phase (IP) will be finalised.</p>		
Outputs	Updated Project Plan, Updated Business Case, PID		
PMO Templates	BUS_CAS_TMP, PRJ_PLN_TMP		

Stage 2 Project Delivery & Control

- Project delivery starts
- Milestones are developed and monitored
- Change control processes are put in place
- Products for delivery are completed as per the milestones and project plan
- Reporting against plan commences (*Progress Reporting*)
- Risk management process is put in place
- Regular reporting into SMT through Corporate Programme Manager (*Status Reporting*)

Stage	Two: Project Delivery & Control	Step	Initiate, Implement & Review Works
OGC Gateway	None	Approval	None
Lead	Project Manager	Involved	Project Lead, Sponsor, Service Lead
Inputs	Business Case, Project Plan, Risk Log	Prince2 Process	Directing a Project (DP)
56 Step Description	<p>At this point, from a Prince 2 perspective, the Directing a Project phase will commence and will continue all the way through to project close (Stage 3).</p> <p>Directing a Project is aimed at the Project Board (who are essentially, the group of decision makers representing the business, users and suppliers (if relevant)), where strategic decisions will be made. More operational decisions will be made at the Project Team level (as defined in the Governance document).</p> <p>The milestones developed and agreed in the project plan are regularly reviewed and monitored. Changes required for the project will be controlled through the Project Change Control process.</p>		
Outputs	Project Change Log		
PMO Templates	CHG_LOG_TMP		

Stage	Two: Project Delivery & Control	Step	Project Delivery & Reporting
OGC Gateway	None	Approval	None
Lead	Project Manager	Involved	Project Lead, Sponsor, Service Lead, Project Team
Inputs	Business Case, Project Plan	Prince2 Process	Directing a Project (DP)
57 Step Description	<p>The delivery of the project and its products will be managed through this step as per the milestones agreed on the project plan. Monitoring progress and reporting will be carried out to the project manager (through the completion of status reporting template) and to the programme manager (through the completion of the progress reporting template).</p> <p>The corporate programme manager will also report into SMT on a regular basis through a projects dashboard providing an overview of all corporate projects and what stage they are on this framework.</p> <p>Risk management processes are also put into place, with the RAID log the main tool to manage risks.</p>		
Outputs	Status Reporting, Progress Reporting, RAID Log		
PMO Templates	PRG_REP_TMP, STS_REP_TMP, RAID_LOG_TMP		

Stage 3 Project Close & Lessons Learned

- All commercial agreements are formally closed
- All invoices paid and budgets closed
- PID and Business Case reviewed to ensure all delivered are complete (*Evaluation Doc*)
- Project Evaluation document created and presented to SMT for approval (**Gateway 4**)
- Lessons learned document created with Project Team (*Lessons Learned Doc*)
- Lessons learned presented to SMT for review

Stage	Three: Project Close & Lessons Learned	Step	Project Closure
OGC Gateway	Gate Four 	Approval	SMT (or equivalent governance function)
Lead	Project Manager	Involved	Project Lead, Sponsor, Service Lead, Project Team
Inputs	Project Go-Live	Prince2 Process	Closing a Project (CP)
59 Step Description	<p>The project has gone live and the closure process will begin. The post implementation period could last from one to six weeks. At the end of this period, the project team will determine whether the project has been implemented as needed and the environment is stable for the business to operate through the completion of the Project Evaluation Document.</p> <p>The Closing a Project stage in Prince2 will commence, where a controlled closure of the project is carried out. The process covers the Project Manager's work to wrap up the project either at its end or at a premature close. Most of the work is to prepare input to the Project Board to obtain its confirmation that the project can close.</p> <p>Therefore, the Project Initiation Document will be presented at the gateway review for SMT for review and determine whether the objectives have been met, which will be Gate Five – the Project Evaluation Document will be used.</p> <p>Other areas to cover in this stage, will be the finalisation of any training, implementation of any changed business processes, and the identification of any recommendations for future work in relation to the project.</p>		
Outputs	Project Evaluation Document		
PMO Templates	PRJ_EVL_TMP		

Stage	Three: Project Close & Lessons Learned	Step	Lessons Learned
OGC Gateway	None	Approval	None
Lead	Project Manager	Involved	Project Lead, Sponsor, Service Lead, Project Team
Inputs	Project Go-Live	Prince2 Process	Closing a Project (CP)
60 Step Description	<p>If the project entails external parties being involved in the delivery of the project, all commercial agreements with them will be reviewed as a result of the project going live. The aim will be to close off any outstanding issues, and agree the final payment terms with the supplier.</p> <p>In addition, for any hosted model, the service level agreement (SLA) will commence, and will need to be monitored on an ongoing basis by the relevant area (IT and/or impacted service area).</p> <p>The project team meet for the last time to review the project and what it achieved against the objectives that were originally stated in the Project Initiation Document. The review is carried out systematically, across the whole project life cycle, identifying areas where things worked well, and where things did not work so well.</p> <p>These will be documented and shared with all involved in the project (Project Board, Project Team and Sponsor). The Lessons Learned Document will be stored in a common document store and managed by the PMO.</p>		
Outputs	Contracts reviewed and closed, Lessons Learned Document		
PMO Templates	LSN_LRN_TMP		

Project Criteria

- Six criteria to evaluate projects against:
 - Budget
 - Number of people impacted
 - Project's impact on the Council
 - Council's reputation
 - Complexity of project
 - Multiple Directorates/Services
- Scores from 1 (low) to 5 (high)
- Projects fall into three bands:
 - Small: score of 1 to 10
 - Medium: score of 11 to 20
 - Large: score of 21 to 30

Project Evaluation Criteria

Score	1	2	3	4	5	Total
Budget	Up to £100k	Between £100k and £250k	Greater than £250k			
No. people impacted	Up to 10 people	Between 10 and 25 people	Greater than 25 people			
Impact on Council Operations	Low – limited impact on service without project	Medium – service impact without project	High – service(s) failure without project			
Council reputation	Low risk of reputational damage	Medium risk of reputational damage	High risk of reputational damage			
Project complexity	Low – no dependencies, generous timescales, non technical	Medium – fixed timescale, dependencies, technical	High – technical, specific skillset, high dependencies, short timescales			
Multiple dirs./services	Single service/single directorate	Multiple service/single directorate	Multiple service/multiple directorate			

Scoring Bands & Project Set Up

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Bands	Project Requirements
Small (1-10)	<p>No dedicated project manager - project overseen by central lead</p> <p>PMO templates available for use and general guidance</p> <p>Governance through the service</p> <p>Planning through service</p>
Medium (11-20)	<p>Part-time service led project manager</p> <p>PMO support and reporting</p> <p>Governance structure in place</p> <p>Project plan developed</p>
Large (21-30)	<p>Dedicated project manager by directorate or Corporate PM</p> <p>Project run through PMO</p> <p>Full governance structures and reporting into central function (transformation)</p> <p>Central reporting of risks and issues</p> <p>Project implementation plan</p>

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AUDIT AND RISK COMMITTEE

30th January 2018

INTERNAL AUDIT UPDATE

Report of the Head of Internal Audit

Strategic Aim:	All	
Exempt Information	No	
Cabinet Member(s) Responsible:	Councillor Oliver Hemsley – Acting Leader and Portfolio Holder for Growth, Trading Services and Resources (except Finance)	
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 Internal Audit update report (Appendix A).
2. That Members approve an amendment to the 2017/18 Audit Plan to defer work on the Barleythorpe/Kings Business Centre to 2018/19 and reallocate these days to support additional work already completed on the Highways Maintenance contract.

1 PURPOSE OF THE REPORT

- 1.1 To update Members on the progress made in delivering the 2017/18 Annual Audit Plan and outcomes from audit assignments completed since the last Committee meeting.

2 BACKGROUND AND MAIN CONSIDERATIONS

Update on Delivery of Internal Audit Plan

- 2.1 The progress made to date in delivering the 2017/18 audit plan is set out in Appendix A. At the time of reporting, thirteen audit assignments have been completed, one report is in draft awaiting management comment and work is underway on five further assignments. All reports will be issued in draft by the end of March 2018.

Implementation of Recommendations

- 2.2 Internal Audit request that officers provide updates on all open audit actions on a monthly basis.
- 2.3 Since the last Committee meeting, ten recommendations have been implemented.
- 2.4 At the date of reporting, there are 23 actions which are overdue for implementation. Of these, 19 actions were due for implementation over three months ago, three of which were categorised as 'High' priority and six as 'Medium' Priority. A number of these are to be addressed as part of the GDPR project and progress has been made on implementation.

Amendment to Audit Plan

- 2.5 In order to support additional work by Internal Audit on the Highways Maintenance contract during the financial year to date, it is proposed that the audit of the Barleythorpe/Kings Business Centre be deferred to 2018/19 and that the five days be reallocated to support this work, which has been a priority for the Council.

3 CONSULTATION

- 3.1 No formal consultation is required.

4 ALTERNATIVE OPTIONS

- 4.1 The Committee is asked to note the report but may wish to receive an earlier update on any limited assurance reports.

5 FINANCIAL IMPLICATIONS

- 5.1 There are no financial implications arising from this report.

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 report and satisfying itself that the conclusions reached are reasonable in light of the work undertaken. 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 latest update report, provided in Appendix A, details the findings of recent Internal Audit work and any weaknesses in the control environment highlighted by these reviews, and provides an overview of the performance of the Internal Audit team and the implementation of actions by management. The Committee plays an important role in the oversight of Internal Audit work.

11 BACKGROUND PAPERS

11.1 There are no additional background papers to the report

12 APPENDICES

12.1 Appendix A: Internal Audit Update Report

12.2 Appendix B: Implementation of Audit Recommendations

12.3 Appendix C: 'High' and 'Medium' Priority actions overdue for more than three months

12.4 Appendix D: Customer Satisfaction Statistics

12.5 Appendix E: Limitations and responsibilities

12.6 Appendix F: Copies of consultancy reports issued

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

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RUTLAND COUNTY COUNCIL

INTERNAL AUDIT UPDATE

30th JANUARY 2018

Date: 30th January 2018

Introduction

- 1.1 LGSS provides the internal audit service for Rutland County Council and has been commissioned to provide 370 audit days to deliver the 2017/18 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 Internal Audit service, which it requires to engage in effective scrutiny.

Performance

2.1 Will the Internal Audit Plan for 2017/18 be delivered?

LGSS is set the objective of delivering at least 90% of the Internal Audit plans to draft report stage by the end of March 2018.

At the date of writing, thirteen audit assignments have been completed, one report is at draft report stage and work is underway or complete on five further assignments. As such, at this time 83% of the Plan is either complete or in progress. It is envisaged that all reports will be issued in draft by the end of March.

2.2 Are audits being delivered to budget?

Internal Audit is on target to deliver the Audit Plan within the 370 days budget. Any overruns on individual assignments are managed within the overall budget.

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

The most recent information available (week 40) 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 average scores of 'Good' or 'Outstanding'. See Appendix D 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, seven audit reports (**Business Continuity and Emergency Planning, Affordable Housing, Treasury Management, Waste Contract, Direct Payments, SEND, Benefits and Castle Restoration Project**) have been finalised. The status of each assignment is provided in Table 1. All reports are available to Members via the Intranet.

The work on the Highways Contract audit is complete and Internal Audit has been advising the Council on implementation of actions arising. As soon as the Council has been able to clarify the outstanding issues and respond to the matters highlighted, full details will be reported to the Audit and Risk Committee. In order to support the additional days spent by Internal Audit during the year to date on this review, it is recommended that an amendment to the audit plan be approved to reallocate the consultancy days on the Barleythorpe Business Centre and include a review of the business centre in the 2018/19 audit plan.

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, ten actions arising from audit reports have been implemented.

At the date of reporting, there are 23 actions which are overdue for implementation. Of these, 19 actions were due for implementation over three months ago, three of which were categorised as 'High' priority and six as 'Medium' priority. See Appendix B for further details. All actions which are over three months overdue and 'High' or 'Medium' priority are detailed in Appendix C. It should be noted that all three of the 'High' priority overdue actions and some 'Medium' priority actions relate to actions from the Data Management audit – given the new GDPR (General Data Protection Regulations) legislation which will be introduced in May 2018 it is reasonable that these will now be addressed as part of the GDPR project, to ensure the solutions implemented are 'future proof'. Progress has also been reported on all other overdue actions and Internal Audit will continue to monitor progress.

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	Control Environment	Compliance	Org Impact	Comment
Key Corporate Controls and Policies												
Creditors	14	0		●								
Debtors	14	0	●									Q4
Payroll	15	0		●								
24 Main Accounting	12	1.5			●							
Local Taxation	15	15.3					●					
Benefits	15	15.2						●	Substantial	Good	Minor	
Contract Procedure Rules Compliance	10	2.7			●							
Business Continuity Management and Emergency Plan	15	14.6						●	Good	Good	Minor	
Treasury Management	10	13.5						●	Substantial	Good	Minor	
Corporate Governance and Counter Fraud												
Cyber Security	12	0.2			●							
Risk Management	10	10.7						●	Substantial	Satisfactory	Minor	

Assignment	Budget	Actual	Not Started	Planning	Field Work Underway	Field Work Complete	Draft Report	Final Report	Control Environment	Compliance	Org Impact	Comment
Fraud Risk Register	15	0		●								
Council Tax Fraud and NDR Fraud	15	23.60						●	Substantial	Good	Minor	
Corporate Objective: Sustainable growth												
Waste Contract	18	18.1						●	Satisfactory	Satisfactory	Minor	
Affordable Housing – Monitoring	15	7.6						●	N/A			
Barleythorpe Business Centre	5	0	●									To defer
Corporate Objective: Safeguarding												
Safeguarding Children	15	0		●								
Safer Recruitment	15	9.1				●						
Deputyships and Court of Protection	12	15.3						●	Substantial	Good	Minor	
Direct Payments	15	11.6						●	Good	Substantial	Minor	
Corporate Objective: Sound financial and workforce planning												
Castle Restoration	12	12.9						●	Substantial	Substantial	Minor	
Corporate Objective: Reaching our potential												
SEN (Consultancy)	8	8						●	N/A			
Other Assurances												
Grant Claims	7	5.5						●	N/A			

Assignment	Budget	Actual	Not Started	Planning	Field Work Underway	Field Work Complete	Draft Report	Final Report	Control Environment	Compliance	Org Impact	Comment
Limited Assurance Reports – Follow up	10	0.2			●							
Social Media Review	n/a	n/a						●	N/A			
Client Support (Committee support, training, client liaison, advice/assistance)	33	14.2										
Special Investigations/Consultancy	n/a	29.7										
Consortium Management	33	12.43										
TOTAL	370	241.93										

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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.

Compliance Assurances		
Level	Control environment assurance	Compliance assurance
Substantial ●	There are minimal control weaknesses that present very low risk to the control environment.	The control environment has substantially operated as intended and no, or only minor, errors have been detected.
Good ●	There are minor control weaknesses that present low risk to the control environment.	The control environment has largely operated as intended although some errors have been detected.
Satisfactory ●	There are some control weaknesses that present a medium risk to the control environment.	The control environment has mainly operated as intended although errors have been detected.
Limited ●	There are significant control weaknesses that present a high risk to the control environment.	The control environment has not operated as intended. Significant errors have been detected.
No ●	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.	The control environment has fundamentally broken down and is open to significant error or abuse.

Organisational Impact		Definition
Major	●	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
Moderate	●	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
Minor	●	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

Category of Recommendations

The Auditor prioritises recommendations to give management an indication of their importance and how urgent it is that they be implemented. By implementing recommendations made managers can mitigate risks to the achievement of service objectives for the area(s) covered by the assignment.

Priority	Impact & Timescale
Essential	● Action is imperative to ensure that the objectives for the area under review are met.
Important	● Requires actions to avoid exposure to significant risks in achieving objectives for the area.
Standard	● Action recommended to enhance control or improve operational efficiency.

Appendix B: Implementation of Audit Recommendations

	'High' priority recommendations		'Medium' priority recommendations		'Low' priority recommendations		Total		Directorate
	Number	% of total	Number	% of total	Number	% of total	Number	% of total	
Actions due and implemented since last Committee meeting	1	25%	5	38%	4	25%	10	30%	Places 20% People 20% Resources 60%
Actions due within last 3 months, but <u>not implemented</u>	-	-	2	15%	2	12%	4	12%	Places 100%
Actions due <u>over 3 months</u> ago, but <u>not implemented</u>	3	75%	6	46%	10	63%	19	58%	Places 16% People 16% Resources 68%
Totals	4	100%	13	100%	16	100%	33	100%	

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Appendix C: 'High' and 'Medium' Priority actions overdue for more than three months

Audit Title and Year	Service Area	Outstanding Action	Status Update	Officer Responsible	Original Date
High Priority					
Data Management 2016-17	Resources	Records Management Policy - Accountabilities	The GDPR Project Board are updating the Retention Policy in line with new Regulations which come into force in May 2018. "Information Champions" have been selected from each department to deal with information governance issues within their area.	Director of Resources	31/05/2017
Data Management 2016-17	Resources	Data reviews	As above – to be reviewed under GDPR project.	Director of Resources	31/05/2017
Data Management 2016-17	Resources	Network folders - access	As above – to be reviewed under GDPR project.	Director of Resources	30/06/2017
Medium Priority					
Data Management 2016-17	Resources	Induction and awareness	This is an action for the GDPR Project Board and will be updated in line with the Regulations coming into force in May 2018.	Director of Resources	31/05/2017
Debtors 2016-17	Resources	Resolve the credit payments highlighted	Payment will not be made until CCG account is up to date.	Finance Manager	31/05/2017
Creditors 2016-17	Resources	Recover old outstanding credit balance	Working with service area to resolve.	Finance Manager	30/09/2017
CPR Compliance 2016-17	Resources	Management to ensure compliance with CPRs	Review of CPRs underway and compliance to be reviewed again in current audit.	Director of Resources	30/06/2017

Audit Title and Year	Service Area	Outstanding Action	Status Update	Officer Responsible	Original Date
Digital Broadband 2016-17	Place	Communications Plan	Dec 17 - In Progress - 'Temporary hold on PR & Comms press releases until Phase 3 change process is completed'.	PLACES DIRECTOR (D&E)	22/05/2017
Safeguarding Policies and Procedures and Compliance 2016-17	People	A standard approach for recording strategy discussions or meetings needs to be defined and communicated to all relevant officers	Dec 17 - In Progress - 'Final review of changes required by Senior group'.	Head of Adult Social Care	30/09/2017

Appendix D: Customer Satisfaction

At the completion of each assignment, the Auditor issues a Customer Satisfaction Questionnaire to each client with whom there was a significant engagement during the assignment. The Head of Service and the Line Manager receive a CSQ for all assignments within their areas of responsibility. The standard CSQ asks for the client's opinion of four key aspects of the assignment. The seven responses received in the year to date are set out below.

Aspects of Audit Assignments	N/A	Outstanding	Good	Satisfactory	Poor
Design of Assignment	0	1	6	1	0
Communication during Assignments	0	2	6	0	0
Quality of Reporting	0	3	5	0	0
Quality of Recommendations	0	1	7	0	0
Total	0	7	24	1	0

Appendix E: Limitations and responsibilities

Limitations inherent to the internal auditor's work

Internal Audit undertakes a programme of work agreed by the Council's senior managers and approved by the Audit & Risk Committee subject to the limitations outlined below.

Opinion

Each audit assignment undertaken addresses the control objectives agreed with the relevant, responsible managers. There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of the programme of work; were excluded from the scope of individual internal assignments; or were not brought to the consortium's attention. As a consequence, the Audit & Risk Committee should be aware that the audit opinion for each assignment might have differed if the scope of individual assignments was extended or other relevant matters were brought to the consortium's attention.

Internal control

Internal control systems identified during audit assignments, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making; human error; control processes being deliberately circumvented by employees and others; management overriding controls; and unforeseeable circumstances.

Future periods

The assessment of each audit area is relevant to the time that the audit was completed in. In other words, it is a snapshot of the control environment at that time. This evaluation of effectiveness may not be relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulatory requirements or other factors; or
- the degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management; internal control and governance; and for the prevention or detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

Internal Audit endeavours to plan its work so that there is a reasonable expectation that significant control weaknesses will be detected. If weaknesses are detected additional work is undertaken to identify any consequent fraud or irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and its work should not be relied upon to disclose all fraud or other irregularities that might exist.

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INTERNAL AUDIT REPORT



Affordable Housing (Shared Ownership) Monitoring 2017/18

Issue Date:	14/09/2017	Issued to:	Dave Brown, Director for Place
Author:	Trevor Croote		James Faircliffe, Housing Strategy and Enabling Officer
			Helen Briggs, Chief Executive
			Sav Della Rocca, Assistant Director (Finance) (final report only)
			Cllr G Waller, Chair of Audit & Risk Committee (final report only)
			Cllr O Hemsley, Deputy Leader and Portfolio Holder for Growth, Trading Services and Resources (except Finance)

Affordable Housing (Shared Ownership) Monitoring 2017/18

1. Introduction

Members of the Audit and Risk Committee requested a review of the Council's arrangements for monitoring shared ownership properties to ensure any related conditions or restrictions are complied with when the dwellings are re-sold. Initial discussions with management determined that the Council does not undertake any proactive monitoring of this nature and it was therefore agreed that the review would be undertaken as a consultancy exercise to determine what, if any, monitoring is undertaken by neighbouring councils. This information would be used to identify any common or good practice monitoring procedures that the Council may wish to adopt.

The review also examined any complaints and compliance issues raised over the last 18 months to consider the adequacy of the Council's response and inform an assessment of the level of risk.

2. Summary of findings

Affordable Housing is defined in the National Planning Policy Framework as Social rented, affordable rented and intermediate housing (including shared ownership), provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices.

The Council's Planning Policy team works with partners to build affordable homes, through making effective use of the planning system and through partnership working with developers and housing associations (Registered Providers). Requirements for affordable housing are set out in the Council's Core Strategy and related policies, including the Housing and Homelessness Strategy. These currently require 30% affordable housing to be provided on sites of 11 or more homes, subject to viability. Specific requirements are assessed as part of the development control process and included in a legally binding 'section 106' agreement, stating which units will be affordable, the type of affordable housing and how occupiers will be selected (e.g. through application of the local connection requirements in the Housing Allocation Policy).

As well as conditions imposed by the Council in section 106 agreements, affordable housing developments provided by Registered Providers are generally subject to capital grant conditions imposed by the Homes and Communities Agency (HCA), together with associated regulations. For example, some rural shared ownership schemes restrict the level of equity that can be purchased to 80% for developments on rural exception sites and schemes delivered in settlements with a population of 3,000 or less. Some schemes provide for the repurchase of the property by the Registered Provider once the share purchased exceeds 80% and the shared owner wishes to sell. Restrictions on both the maximum equity and the sale of shared ownership properties are aimed at retaining affordable housing in rural areas in perpetuity.

When a new development is started in Rutland the Development Monitoring Inspector monitors progress on site and the Housing Strategy and Enabling Officer tracks the completion of individual dwellings on a spreadsheet to ensure compliance with the agreed conditions. Progress against targets is also monitored and reported through the Housing Services Review meeting (which includes the Portfolio Holder), the corporate performance monitoring system and quarterly performance reports to Cabinet.

Due to limited resources, the Council currently focuses its efforts on the initial development stage to ensure that schemes are compliant with planning requirements at the outset. There is no proactive monitoring of resales to ensure ongoing compliance with the relevant conditions; reliance is placed on Registered Providers and solicitors acting on behalf of vendors and purchasers to identify and comply with the relevant requirements at the resale stage. This is a strategic decision based on management's assessment of the relative risk and associated control framework. Most affordable housing in the county is provided by Registered Providers which are subject to close government scrutiny and regulation via the HCA.

In March 2016 the Council received an email and letter from the Chairman of North Luffenham Parish Council seeking assurances regarding the 'affordable housing status' of a shared ownership property in the area that was being marketed for resale. The property in question was part of a development on land originally provided by the Parish Council and a number of assurances were sought regarding ongoing compliance with the conditions in the section 106 agreement, including confirmation that the local connection criteria and specified equity percentage had been properly applied. After making enquiries with Spire Homes, officers were able to provide the necessary assurances. However, as a result of this case questions were raised about whether the adoption of a more proactive approach to monitoring ongoing compliance would be beneficial, particularly in cases where the Parish Council has a direct interest in the development.

Internal audit requested information on all cases over the past 18 months where questions or complaints had been raised in respect of shared ownership affordable housing. This was done to consider the adequacy of the Council's arrangements for responding to such enquiries and to inform an assessment of the potential scale of the issue and level of risk involved.

Other than the North Luffenham case referred to above, officers provided information to indicate that a further five enquiries had been received over the 18 month period. Specifically:

- three cases requesting documentation, information or advice;
- one request from a Registered Provider seeking Council approval to disregard the local connection criteria (having tried but failed to identify suitable local applicants) in respect of a proposed resale of a shared ownership property in Cottesmore; and
- one request from a solicitor acting on behalf of a Registered Provider seeking confirmation of compliance with a section 106 agreement related to properties in Exton.

One of these cases remains ongoing but, based on Internal Audit's review of the relevant correspondence, all were dealt with and resolved in an appropriate manner and none involved formal enforcement action. The number and type of cases identified provides an indication that the scale of the issue and associated risks are unlikely to be significant, although it is not possible to provide a definitive assessment based solely on data related to enquiries and complaints.

Based on discussions and correspondence with neighbouring councils (see appendix 1), two undertake proactive monitoring, two adopt a solely reactive approach, one applies no conditions or restrictions to shared ownership dwellings and one did not fully respond to Internal Audit's enquiries. The two councils that undertake proactive monitoring do so by inclusion of specific conditions and covenants in the related section 106 agreement and/or property deeds requiring the Council to be formally notified of any proposed resales. This enables the Council to seek formal assurances and evidence of ongoing compliance with any relevant conditions prior to approving the resale.

It has been suggested that a similar approach could be applied to relevant properties and developments in Rutland in the future. The adoption of a system that requires the Council to be notified of all proposed resales, together with written assurances and evidence of compliance with the relevant affordable housing conditions, would provide a more robust basis for ensuring the sustainability of affordable housing in the County. Such a system would also enable the Council to share information on proposed resales with Parish Councils in relevant cases and provide evidence to support any future enforcement action, if necessary. Officers have indicated that such a system could work well and would not be too onerous from a resource perspective but would require consultation with some of the more active Registered Providers to see how it linked to the standard HCA lease and lenders' requirements (**see recommendation 1**).

3. Action Plan

The Action Plan at appendix 2 includes a recommendation to address the findings identified by this review. If accepted and implemented, this should positively improve the control environment and aid the Council in effectively managing its risks.

4. Limitations to the scope of the audit

This is a consultancy review and an opinion is therefore not provided on the effectiveness of the Council's arrangements. The Auditor's work does not provide any guarantee against material errors, loss or fraud. It does not provide absolute assurance that material error, loss or fraud does not exist.

BENCHMARKING

Council	Response
<p>Local Authority 1</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">87</p>	<ul style="list-style-type: none"> • The Council has a ‘nomination agreement’ attached to all ‘shared ownership’ and ‘shared equity’ properties. • The nomination agreement includes local connection criteria and sometimes age criteria. • Section 106 agreements require the Council to be notified of all potential purchases of shared ownership/shared equity dwellings on first sale and any subsequent resales. • The developer/Registered Provider/owner is required to demonstrate compliance with the nomination agreement both on first sale and on resale. • The Council must approve the sale of all shared ownership and shared equity properties on first sales. • The Council must approve the subsequent resales of all shared equity properties. • A clause is placed in the deeds of shared equity properties requiring compliance with the nomination agreement on resale which must be demonstrated and a letter obtained from the Council agreeing to the resale. • Similar requirements are specified in the deeds of affordable properties sold at 80% of OMV (not shared). • Registered Providers are also required to inform the Council of any additional percentage purchases and if the applicant staircases out or reaches the maximum share (80% for rural exception sites). • Most re-sales are notified to the Council but officers monitor what properties are coming up for sale and if any are identified that have not been notified the Council contacts the agents, owner and Registered Provider (if applicable). • Placing the nomination and sale requirements in the deeds (shared equity and 80% OMV properties) is easier to monitor than relying on the s106 agreement alone and has not proved too onerous.
<p>Local Authority 2</p>	<ul style="list-style-type: none"> • No proactive monitoring of ongoing compliance with conditions at the resale stage. • Monitoring is focused on the initial development/delivery stage. • Reliance is placed on Registered Providers partners to ensure ongoing compliance as the Council does not have sufficient resources to undertake proactive monitoring but will respond to queries or complaints.

Council	Response
Local Authority 3	<ul style="list-style-type: none"> • Conditions vary from development to development but are specified in the relevant s106 agreement and/or property deeds and lease agreements. • Reliance is placed on Registered Providers and solicitors identifying the relevant conditions and notifying the Council of proposed resales. • For shared ownership dwellings the s106 agreement requires the registered provider to notify the Council of the resale. The Council will then seek evidence and assurances of compliance with the relevant conditions. • Affordable properties sold below market value include a covenant in the deeds requiring the Council to be notified of the sale. The Council seeks confirmation of compliance with the relevant conditions (e.g. local connection) before approving the sale.
Local Authority 4	<ul style="list-style-type: none"> • No pro active monitoring of shared-ownership beyond the initial sale. • Reliance is placed on the detail included in the S106 agreement and the lease. • These requirements should be picked up by the solicitors acting for the seller and/or purchaser. • The Council frequently receive requests from Registered Providers involved with resales to ask for approval of a purchaser who does not quite meet the local connection criteria. The Council takes a fairly strict line and ask for the property to be advertised on its own Choice Based Lettings system and ask for details of how long it has been up for sale. • The Council has occasionally relaxed the local connection requirement when the purchaser lives in a neighbouring village / local Authority. • The Council has never relaxed staircasing restrictions as this is considered a fundamental principle.
Local Authority 5	<ul style="list-style-type: none"> • The Council has not delivered any rural exception schemes and do not apply a local connection criteria to any of the new affordable housing which is delivered in the area. • There are some designated protected areas within this LA area and at the request of Registered Providers we are willing to ask HCA to remove the designation and the restriction on staircasing on those affordable homes. • We ask Registered Providers to enter into Nomination Agreements for rented housing only and not for shared ownership housing as we are content that this is allocated via referrals from the Help To Buy agents.
Local Authority 6	<ul style="list-style-type: none"> • The Housing Strategy Team does not undertake any monitoring but believes some monitoring is undertaken by the Councils s106 Monitoring Officer. Followed up but no further response received.

Appendix 2

ACTION PLAN

Rec No.	ISSUE	RECOMMENDATION	Management Comments	Priority	Officer Responsible	Due date
1	<p>The Council does not currently undertake any proactive monitoring of ongoing compliance with affordable housing conditions when shared ownership dwellings are resold. Whilst no evidence has been identified of a significant incidence or risk of non-compliance, the implementation of basic monitoring controls would provide greater assurance over the sustainability of affordable housing in the County and provide evidence to support any future enforcement action.</p> <p>Such controls would also allow the Council to share information on proposed resales with Parish Councils and enable consideration of any local marketing of the property.</p>	<p>Consider the inclusion of an additional clause in future section 106 agreements requiring the Council to be notified of the proposed resale of shared ownership properties together with the provision of evidence and assurances confirming compliance with relevant conditions.</p>	<p>Agreed. Consideration will require legal input on changes to 106s and consultation with Registered Providers.</p>	<p>● Standard</p>	<p>Housing Strategy and Enabling Officer</p>	<p>31 March 2018</p>

INTERNAL AUDIT CONSULTANCY REPORT



SEND Personal Budgets/Direct Payments Review

Issue Date:	10 th January 2018	Issued to:	Bernadette Caffrey – Head of Early Intervention, SEND and Inclusion
Author:	Ellie Clarke – Senior Auditor		Kevin Quinn – Service Manager for Early Intervention, SEND and Inclusion
			Tim O’Neill – Director for People

SEND PERSONAL BUDGET/ DIRECT PAYMENTS (2017/18)

5. Introduction

A recent Ofsted and CQC (Care Quality Commission) area inspection of the SEND service, assessed Rutland's effectiveness in implementing the disability and special educational needs reforms as set out in the Children and Families Act. The outcomes of this inspection were positive overall, and one area which was identified as needing development was around Personal Budgets. As such, Internal Audit has carried out a consultancy style review of the personal budgets arrangements currently in place and has sought to develop ideas on best practice within this area in order to increase the uptake of and monitor effectively, personal budgets and direct payments within the SEND service.

6. Summary of findings

Any parent or young person can request a personal budget for SEND if their child has an education, health and care (EHC) plan. As a part of the EHC plan, a personal budget will detail the amount of money which is required to meet the outcomes of the plan. It is designed in order to give families both the choice and control on how the provision in the EHC plan is delivered in a way which best meets their individual need.

A personal budget can be set up in a number of ways. One way for a young person or family to use their budget is through the receipt of direct payments. A direct payment is where the money is given directly to the family for them to manage on their own in order to meet their assessed needs as laid out in the EHC plan in the way that they see as the most effective way for them. Direct payments are made in lieu of direct provision of some or all of the service, meeting the assessed need of either the child or the family or both. The Council may make direct payments to the following individuals:

- Persons with Parental Responsibility for a disabled children (as defined by the Children Act 1989);
- Some disabled young people aged 16-17 years, following a Mental Capacity Assessment, who meet the threshold for a service.

Currently, the Council only has one fully established personal budget within the EHC Plans, however the inspection process determined that the Council does, in fact, have 61 young people and families who receive direct payments, through the Aiming High service, but it is not currently recorded as a Personal Budget.

It is vital to develop service user understanding so that they are aware of the options available to them in terms of personal budgets and direct payments, as well as ensuring that the requirements of the service users are fully understood from the outset.

Currently, the only full personal budget through an EHC Plan, that is in place and working effectively was established due to the proactive nature of the parent who knew that they had the rights to request a personal budget, rather than through Council promotion. If the Council is to encourage uptake of Direct Payments within the EHC Plan process then more has to be done to promote the uptake of personal budgets as an option. As such, Internal Audit has developed a proposed guidance sheet, attached in appendix 2, which could act as a fact sheet to young people and parents around the options available to them. As the Local Offer details the services and support available to children with a special educational need and /or disability, this would act as a logical place to hold this information and this is an approach adopted by some other county councils reviewed. Given that the Council currently does very

little to encourage the use of personal budget, this site and the guidance document would act as a good basis for widening the knowledge base of a child young person or a parent /carer, who have the right to request a personal budget if they so choose. As a further way to encourage uptake to those already with an EHC Plan, , Internal Audit recommends that this document is used as part of the annual EHCP review which is undertaken with each child or young person and their family. Whilst informal conversations with the SEND case workers or social workers is also a good way to encourage the uptake of Direct Payments/Personal Budget, the use of a document gives a clear outline of the benefits of taking up this choice.

Currently, there is no monitoring process in place for personal budgets within the SEND service. As there is currently only one service user which has a full personal budget, this is monitored in an informal way, through their ENC Plan with officers simply knowing the costs needed and can monitor on an ad hoc basis. Given that the SEND Service currently has 220 children and young people with an EHC Plan, with an average of 20 new children and young people each year, a more rigid monitoring process would have to come into place if further direct payments were to be introduced. This will also re-emphasise the importance of appropriately assessing the needs of individuals as the EHC plans will act as the main document against which the use of direct payments will be assessed to ensure they are meeting the needs and achieving the outcomes for a child or young person. This is a lesson that has been learnt by other county councils where direct payments have been rolled out, as without a clear and unambiguous EHC plan in place, monitoring use and querying suspected misuse of monies can be challenging.

Whilst personal budgets/Direct Payments are new to families with an EHC Plan, other parts of the Early Intervention, SEND and Inclusion service currently work much more frequently with direct payments. The Aiming High programme, for example, works entirely through direct payments and has in place a contract which details the information which will be required from the service user. This is a contract which can be adopted within the EHC Plan process and given to service users. A benchmarking review which was carried out by Internal Audit identified the following as good practice for the monitoring of SEND direct payments:

- The direct payment should be monitored every three months within the first year of the provision. If the service user is managing their direct payment appropriately then monitoring may be reduced to annually after the first annual review.
- The service user should be contacted requesting bank statements and any supporting evidence or documents.
- The service user should understand all additional information which must be provided in order to undertake effective monitoring. This should include:
 - Time sheets and receipts for and cheque payments made to carers;
 - Supporting invoices for all other cheque payments;
 - Cash and card payments must be supported by receipts
 - All of the above should be readily available for the Council's monitoring purposes at any point whilst the service user is in receipt of Direct Payments.
- If the officer cannot gather monitoring information, a reminder letter should be sent to the service user and there should be a clear escalation route in place.
- At the end of the 3 months/at year-end, an audit of the Direct Payment account should be undertaken and any underspends should be recovered. This review should determine that the funds have been spent in line with the individuals assessed needs
- In order to avoid debt to providers, officers should liaise with service users, their agents or support organisations and keep the team leader informed.
- Any suspected fraud should be reported to Internal Audit as well as being flagged to senior management and recorded appropriately.

Given that these processes are already in place elsewhere in People's services, it may be beneficial to explore opportunities to share resources and consolidate direct payment monitoring across the Directorate, if possible.

Part of the scope of this review was to establish the parameters of what SEND Direct Payments can cover. However, from a review of both national legislation and policies of other Councils, it was established that there are no real defined rules for what can be included. Anything which is detailed in EHC plans can be paid for through a Direct Payment. In lieu of formal parameters, Internal Audit have conducted a review of what issues have repeatedly emerged at other LGSS authorities, which will help secure best practice of the administration of Direct Payments:

Breakdown of Costing:

One of the main issues across other LGSS sites is that there is not sufficient breakdown of costings in EHC Plans. This would make it easier to challenge any inappropriate spends.

The use of such broad categories of expenditure, without providing detail of specific costs that may be covered, should be challenged when Direct Payments are set up. An EHC plan detailing information on how the direct payments are being spent, including a clear breakdown of costings, provides more certainty for service users and allows monitoring officers to pick up errors more easily and to challenge inappropriate expenditure. EHC plans should not just detail an overview of the spend, such as 'live in carer' or 'formal carer to support', but should have a break-down of what specifically the Direct Payment is being spent on, including a rate per hour and number of hours worked per week. This will give officers monitoring the payment the opportunity to fully understand where money should be being spent, meaning any errors can easily be picked up.

The importance of the breakdown of costing should also be emphasised when requesting monitoring information from Service Users. It has been found that, often at other local authorities, there is basic information and bank statements provided to the Council to enable some monitoring to take place. However, due to a lack of Service User understanding, often this information has not been enough to enable adequate monitoring. Ensuring that all payments made, regardless of method or aspect of care being paid for, are recorded appropriately and have accompanying receipts or invoices is vital to ensure accurate monitoring.

Evidence of agreement:

A further issue which has been identified throughout the course of the previous audits of Direct Payments across LGSS is ensuring that EHC plans and all supporting documents are signed by the service user and the appropriate social worker or case officer. This will give a good assurance that service users have seen and have agreed to spend their direct payments on what has been detailed. This would make it easier to challenge any potentially inappropriate expenditure. The agreement should also detail who will be managing the Direct Payment, which is particularly important within the SEND service as it is less likely to be the service user (unless the child is 16 or 17 and has the cognitive ability to do so) and so it needs to be made clear who will be in charge of the Direct Payments so that the Council can gather monitoring information from the correct person.

Suspected fraud or misuse of Direct Payments

Given the nature of Direct Payments, there should be clear processes in place for the reporting of suspected fraud or potential misuse of fraud. Instilling a confidence in case officers and monitoring officers to raise questions when they have suspicions around the use of a Direct Payment will help to ensure that the Council is aware of all issues from early on. A formal policy document should be drafted which should cover the following steps in the event of a suspected fraud or misuse of a payment:

- Reporting of suspected fraud to Internal Audit;
- Initial investigation work should be undertaken by the officer monitoring the payment. All receipts should be requested and a full reconciliation should be undertaken;
- An escalation process which dictates who officers should raise their concerns to;
- Additional monitoring which should be undertaken for accounts where there has been a suspicion of fraud; and
- Guidance around warning signs such as high levels of cash and cheque payments.

7. Action Plan

The Action Plan at appendix 1 includes two recommendations to address the findings identified by this review. If accepted and implemented, these should positively improve the control environment and aid the Council in effectively managing its risks.

8. Limitations to the scope of the audit

This is a consultancy review and an opinion is therefore not provided on the effectiveness of the Council's arrangements. The Auditor's work does not provide any guarantee against material errors, loss or fraud. It does not provide absolute assurance that material error, loss or fraud does not exist.

Appendix 1

ACTION PLAN

Rec No.	ISSUE	RECOMMENDATION	Management Comments	Priority	Officer Responsible	Due date
1	<p>There is currently limited promotion of Direct Payments within the EHC planning process.</p> <p>Currently, only one service user with an EHCP is working with a fully costed personal budget and receiving direct payments in this way. In order to increase this method of delivery of the provision of services, knowledge around the area must be increased as much as possible.</p>	<p>Internal Audit have attached a personal budget/direct payment fact sheet which will act as a source of information for service users. This document should be adapted as necessary to best reflect the service needs and then incorporated into the Council's local offer on the external internet page.</p> <p>This document should also be used by SEND case officers during the annual review of EHC plans to further explain the options available to service users.</p>	<p>The national and regional guidance on PB for parents is been researched so that we gather best practice.</p> <p>Once this is agreed locally for Rutland, it will be published on the Local Offer site and given to Case Officers to include in the information pack to parents.</p> <p>Officers with the RPCV will deliver a workshop for parents to introduce PBs - their purpose and conditions of use.</p>	<p>● Standard</p>	<p>Lesley Hawkes</p> <p>Lesley Hawkes</p> <p>Lesley Hawkes</p>	<p>By end of February 2018</p> <p>March 2018</p> <p>By end of June 2018</p>

Rec No.	ISSUE	RECOMMENDATION	Management Comments	Priority	Officer Responsible	Due date
2	As the EHC part of the service is new to providing Direct Payments, there is currently no formal monitoring process in place. Given that, until now, there has only been one Personal Budget in place, having an ad hoc process in place has not been considered an issue, however moving forward, a more widely used service will require wider monitoring.	<p>A formal monitoring process should be established which will act as a guidance document to officers for how to review Direct Payments.</p> <p>Opportunities to share good practice and potentially centralise direct payment monitoring across the People Directorate should be explored.</p>	<p>Agree and publish the Rutland Statement of our offer for children with disabilities in Rutland and our eligibility criteria for services.</p> <p>Trial use of monitoring and tracking of payments in CWD once additional capacity identified post BSR</p> <p>Trial use of payment Cards with Adult services</p>	<p>● Important</p>	<p>B Caffrey</p> <p>Kevin Quinn</p> <p>Lesley Hawkes</p>	<p>March 2018</p> <p>March 2018</p> <p>May 2018</p>

PERSONAL BUDGET/DIRECT PAYMENT FACT SHEET FOR SERVICE USERS

What is a Personal Budget?

A Personal Budget for children and young people with SEND is money identified to fund support and services identified in a child's **Education, Health and Care plan (EHC plan)** for a child or young person with special educational needs. It can include funds from Education, Health and Social Care interventions and services.

Parents or the young person must always be involved in planning the Personal Budget as part of their assessment and review process.

Sometimes the local authority, school or college will look after the Personal Budget for the parents or young person. This is called an *Arrangement* or a *Notional Budget*.

Who can have a Personal Budget?

Parents of a child with an EHC plan, or a young person who has an EHC plan, can ask for a Personal Budget. You can also ask for a Personal Budget if your child has been assessed as needing an EHC plan, but this has not yet been finalised. However you do not have to have a Personal Budget.

A young person with an EHC plan can ask for their own Personal Budget after the end of the school year in which they become 16.

Sometimes the local authority may not agree to a Personal Budget. If that happens, the local authority should tell you why.

What is a Direct Payment?

Sometimes the parents or the young person may manage all or part of the Personal Budget themselves. The money to do this will come from a **Direct Payment**.

A Direct Payment is an alternative to receiving a service directly provided by or arranged by the Local Authority or Health service.

A Direct Payment gives you more choice, control and flexibility in arranging and purchasing services that meet your child's needs.

As a parent you can manage the Direct Payment on your child's behalf. Sometimes someone else will manage the Personal Budget for the parents or young person. This is called a *Third Party Arrangement*.

Sometimes the parent or young person will have a mixture of some or all of these arrangements.

What is the difference between a Personal Budget and a Direct Payment?

A Personal Budget shows you what money there is to make some of the provision specified in an EHC plan, and who provides it. The parent or young person does not actually manage the funds directly.

With a Direct Payment the parent or young person is given the money for some services and manages the funds themselves. The parent or young person is responsible for buying the service and paying for it.

A Personal Budget can include a Direct Payment if it is agreed that this is the best way to manage part of the Personal Budget.

Direct payments can be used for special educational provision only if the school or college agree.

How is it decided how much money I get?

To receive Direct Payments you will have had an assessment and agreement that your child meets the eligibility criteria. How much you get will depend on what has been set out in the EHC plan. So it will vary from one person to another.

If the local authority has agreed to make a Direct Payment it must be enough to pay for the service or services specified in the EHC plan.

What can a Personal Budget be used for?

A Personal Budget can be used only to meet the needs and outcomes as set out in your EHC plan. It can be used for:

- Providing assistance with personal care by employing your own care workers/ personal assistants.
- Contracting with an agency.
- Buying equipment agreed and identified through the assessment.
- Assistance to purchase short breaks (respite).
- Assistance with essential domestic care tasks, which are essential to meet the assessed needs of the child and is evidenced in your overall care plan.
- Assistance to access facilities or activities to promote social inclusion.
- Assistance with initial start-up costs, such as advertising.
- It is accepted that no two children or family are the same and as such the above list is not exhaustive. Government guidance to Social Care services states that “by exploring innovative and creative options, people should be encouraged to identify alternatives that meet their needs more effectively”. So don’t be afraid to suggest to your Social Worker or Case Officer ways that Direct Payments could be better used to meet your child’s needs.
- To support your child’s independence and preparing them for adulthood.

A personal budget cannot be used:

- To buy permanent residential care.
- To purchase any residential care (excluding specialist activity holidays)
- To purchase overnight short break respite outside of the family home without the express permission of your Social Care Team/Unit.
- To buy services owned by any Local Authority.
- To buy health-related services or equipment that should be provided by the NHS, unless a health personalised budget is in place to facilitate this.
- To make major adaptations to your home that would come under the Disabled Facilities Grant.
- To employ a partner or a close relative who lives in the same household unless Social Care Services are satisfied that someone's needs could not be met any other way.
- Section 79D of the 1989 Children Act states that anyone caring for a child under the age of 8 for over two hours a day for payment in their own home has to be registered with Ofsted as a childminder.

A Personal Budget does not cover payment for a place at the school or college, or the general provision for children or young people, including those who need **SEN Support**. It can also include support that is managed by the school or college – but only if the Head teacher or Principal agree.

You can find out more about what can be included in a Personal Budget in Sections 9.110 to 9.118 of the **SEND Code of Practice***.

Do I need to contribute towards the Direct Payment?

No, the Local Authority does not financially assess parents/carers before agreeing Direct Payments and services, it is determined by the child's needs set out in the EHC Plan. You may choose to purchase additional services or top up your Direct Payment to purchase a more expensive service than your direct payment allows if you wish.

My Direct Payment isn't enough to purchase what I need - What can I do?

You need to speak to your Social Worker/Case Officer and discuss whether a reassessment of your child's needs is appropriate. This may then result in an increase in the personal budget or you may be able to contribute to the cost if you wish to arrange additional services beyond that within the EHC plan.

How long does my Direct Payment last?

Unless otherwise stated your Direct Payment will be for twelve months.

What happens if I don't spend my Direct Payment within the twelve months?



Rutland
County Council

If you don't spend the Direct Payment within the allocated twelve months we will either readjust your next allocation to reflect this or reclaim the unspent money.

How will my Direct Payment be paid?

If the Direct Payment is less than £3000 a year this will normally be paid as an annual lump sum. If the Direct Payment is in excess of £3000 a year it will normally be paid in monthly instalments. Each individual plan will be looked at in isolation to put together a suitable payment schedule.

Category of Recommendations

The Auditor prioritises recommendations to give management an indication of their importance and how urgent it is that they be implemented. By implementing recommendations made managers can mitigate risks to the achievement of service objectives for the area(s) covered by the assignment.

Priority	Impact & Timescale
Essential ●	Action is imperative to ensure that the objectives for the area under review are met.
Important ●	Requires actions to avoid exposure to significant risks in achieving objectives for the area.
Standard ●	Action recommended to enhance control or improve operational efficiency.

AUDIT AND RISK COMMITTEE

30 January 2018

INTERNAL AUDIT PLANNING 2018/19

Report of the Head of Internal Audit

Strategic Aim:	All	
Exempt Information	No	
Cabinet Member(s) Responsible:	Councillor Oliver Hemsley – Acting Leader and Portfolio Holder for Growth, Trading Services and Resources (except Finance)	
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 2018/19.
2. That Members note the initial areas highlighted for potential coverage in the Internal Audit Plan 2018/19 and advise on any areas where the committee seeks assurance from the Internal Audit team during the year ahead.
3. To delegate authority to the Assistant Director (Finance) in consultation with the Chair of the Committee to approve the Initial Audit Plan for 2018/19.

1 PURPOSE OF THE REPORT

- 1.1 To advise Members on the process being followed to develop the Internal Audit Plan for 2018/19 and the initial areas proposed for inclusion in the Plan, subject to risk assessment and prioritisation. The report also invites Members to highlight any areas where they require assurance from the Internal Audit team during the next financial year.

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 2018/19 addresses the Council's key risks and adds value, the Head of Internal Audit has identified and prioritised 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 five 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
- Meeting 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.

2.5 Members of the Audit and Risk Committee are invited to raise any areas where assurance from Internal Audit is sought during 2018/19 for inclusion and prioritisation in the development of the Audit Plan.

2.6 The draft Audit Plan will be presented to the Audit and Risk Committee in April 2018 for formal approval. The Plan will then 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 2018/19 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 2018 and these can be included in the audit planning process.

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 2018/19 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 draft Audit Plan will be presented to the Committee in April 2018 for formal approval. The Plan will remain open to ongoing 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 additional background papers to the report

12 APPENDICES

12.1 Appendix A: Initial areas identified during Audit Planning 2018/19 to date

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

Internal Audit Plan 2018/19 – Initial Areas Highlighted

Topic	Assurance provided and reason for inclusion
Corporate / Cross Cutting	
Contract Procedure Rules (CPR) compliance	To provide assurance over compliance with the Council's procurement rules across the organisation. To review a sample of spend for evidence of compliance. Also to provide consultancy advice on the review of the procurement rules.
Financial Systems	All financial systems to be subject to annual review. Payroll system is now provided by Hoople Ltd and, as such, assurance will specifically be sought over the new processes.
'Limited' audits follow up	Where any audits completed in 2017/18 result in 'Limited' assurance opinions, action plans will be agreed to resolve issues raised. This review will report on the updated status of those action plans. <i>Note – no limited assurance reports issued to date.</i>
GDPR compliance	To provide assurance over the Council's compliance with the new data protection legislation and embedding of new controls and procedures. This will be an audit featuring on a number of audit plans across the partnership enabling good practice solutions and lessons learnt to be shared.
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 expenditure and recover VAT.
Risk based verification	New risk based approach has been implemented for verification checks on housing benefit claims. To provide assurance over compliance with relevant requirements and effective implementation of revised approach.
Revenues debtors	To review the new approaches being adopted in recovery of revenues debts to reduce use of bailiffs and provide assurance over effectiveness of the new processes. This may include benchmarking against other comparator authorities.
Commercial investments	To review the new Commercial Investment policy and, if any such transactions occur during the year, to provide assurance over compliance with the policy requirements in practice.
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.
Counter Fraud	
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

Topic	Assurance provided and reason for inclusion
	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	
External Placements	To re-visit the commissioning and contract management of external placements in People services, following a limited assurance Internal Audit report in 2015/16.
Safeguarding Children (consultancy support)	To provide consultancy support to the Council on the embedding of actions ahead of future inspections and to provide support with staff training on 'audit' processes.
Financial risks in Social Care	<p>To provide assurance over the management of financial risks in relation to social care services and what the Council is doing to pro-actively manage these risks. This may include some comparisons with techniques adopted at other local authorities, for example, to make best use of data held.</p> <p>This is a key financial risk area for the Council and this would be a targeted review of this area of budgetary control.</p>
Public Health Contract Management	<p>To provide assurance over the management of public health contracts where Leicestershire County Council (LCC) is the lead commissioner.</p> <p>An issue with one contract has been highlighted during 2017/18 and assurance is sought that LCC is managing the contracts effectively on the Council's behalf.</p>
Community Safety and CCTV	<p>To provide assurance over compliance with regulations on use of CCTV and management of the Council's Community Safety services – including joint working, initiatives and management information.</p> <p>No previous audit coverage and no independent sources of assurance. Responsibility for the services has recently changed which presents a good opportunity to review these.</p>
Homelessness	<p>To review the Council's homelessness strategy and provide assurance over compliance with the strategy including the handling of homelessness applications and maximising value for money from temporary accommodation.</p> <p>No audit coverage in last five years. Area is high on national agenda and no sources of independent assurance available.</p>
King Business Centre	To provide assurance over the controls in place, and ensure lessons learnt from the OEP audit in relation to tenancy applications and lease

Topic	Assurance provided and reason for inclusion
	agreements have been suitably acted upon.
Safer Recruitment in Schools – follow up	To provide assurance over the checks conducted on those working in schools.
Public Protection services	To provide assurance over the governance of the contract for provision of these services and to select a sample of services (such as food hygiene, licensing) to review compliance in further depth.
Playground inspections	To provide assurance over regulatory compliance and compare frequency of inspections with those at comparable authorities to identify best practice.
Car parking	To provide assurance over cash handling arrangements and fixed penalty notices. No previous audit coverage.
Registration Services	<p>To provide assurance over the management of the registration service, including controls over the register of 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>
Green Waste charging	To review the introduction of green waste charging and controls operating over the processing of payments. This is a new area and early audit review would be of value.
Highways Winter Maintenance	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.
Land Charges	To provide assurance over arrangements to review fees and charges and to ensure maximise efficient and effective delivery of the service.
IT	
IT Policies and Procedures	To review new and revised IT policies to ensure all key policies are in place, fit for purpose, communicated and compliant with good practice.

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AUDIT AND RISK COMMITTEE

30 January 2018

ACCOUNTS CLOSURE PLANNING 2017/18

Report of the Director for Resources

Strategic Aim:	Sound financial and workforce planning	
Exempt Information	No	
Cabinet Member(s) Responsible:	Councillor Oliver Hemsley – Acting Leader and Portfolio Holder for Growth, Trading Services and Resources (except Finance)	
Contact Officer(s):	Saverio Della Rocca, Assistant Director (Finance)	01572 758159 sdrocca@rutland.gov.uk
	Andrew Merry, Finance Manager - Technical	01572 758152 amerry@rutland.gov.uk
Ward Councillors	N/A	

DECISION RECOMMENDATIONS

That the Committee notes the contents of the report including the following key changes that impact the Statement of Accounts for 2017/18:

- Early Closure 2017/18;
- Changes to the Code of Practice.

1 PURPOSE OF THE REPORT

1.1 To inform the Committee of the emerging changes that will have an impact on the production of the Statement of Accounts (SOA) for 2017/18 and how the Council are planning on meeting the new requirements.

2 BACKGROUND AND MAIN CONSIDERATIONS

2.1 Early Closure 2017/18

2.1.1 The Accounts and Audit Regulations 2015 require local authorities to approve and publish the accounts by 31 May and 31 July respectively (previously 30 June and 30 September) effective from the accounts for the year 2017/18. A detailed

timetable has been produced and all key staff have been fully briefed on the requirements. Work has already begun on the SOA with some key information being requested early:

- Asset Valuations – Already received documentation. This has been reviewed and queries raised with the supplier.
- Bad Debt Provision – Been calculated as at 31/12/2017 and will be monitored closely for any changes.
- The Finance Team have already started looking at what transactions will need to be moved between financial years (accruals)
- Work on developments to the finance system to automate processes e.g. automatic reversal of accruals.

2.1.2 The Finance Team does not expect any issues in meeting this requirement. In anticipation of the changes to the regulations, the Council did close down the SOA earlier in 2016/17 and would have been in a position to publish the draft SOA by early June and with some minor changes the May deadline is achievable.

2.2 Changes to the Code of Practice on Local Authority Accounting 2017/18

2.2.1 The Code of Practice on Local Authority Accounting (The Code) is reviewed annually by CIPFA. As a result of this review CIPFA have made a number of minor changes to The Code for 2017/18. These are listed below with a commentary on whether they impact the Council

Code Change	RCC Impact	Progress
Amendments to section 2.2 for the Community Infrastructure Levy to clarify the treatment of revenue costs and any charges received before the commencement date of the development.	Finance Team will review all CIL income and ensure any receipts are treated in line with The Code Requirements	Reviewed all receipts received by RCC and none have been before the commencement date.
Amendment to section 3.1 to introduce key reporting principles for the Narrative Report.	Narrative Report will be reviewed to ensure it is compliant with the key reporting principles.	A review of the Narrative Report has been undertaken and the Council do cover the key principles
Updates to section 3.4 covering the presentation of financial statements to clarify the reporting requirements for accounting policies and going concern reporting	Finance Team to review the accounts and they are already compliant with this.	Finance Team have reviewed the accounts and they are already compliant with this.
Following the amendments in the Update to the 2016/17	Finance Team to review changes and ensure all	Only minor changes to these sections and the

Code Change	RCC Impact	Progress
Code, changes to sections 4.2 (Lease and Lease Type Arrangements), and 7.4 (Financial Instruments – Disclosure and Presentation Requirements)	information is in accordance with The Code	changes will be reviewed as part of producing the SOA

3 CONSULTATION

3.1 Formal external consultation is not required for any decisions being sought in this report

4 ALTERNATIVE OPTIONS

4.1 The Council could choose not to apply relevant accounting practice, however, in doing so the Council would be in breach of the Code of Practice and could potentially have the accounts qualified by the external auditors.

5 FINANCIAL IMPLICATIONS

5.1 There are no financial implications.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

6.1 The Council must adhere to the code of practice setting out the proper accounting practices required by section 21(2) of the Local Government Act 2003.

6.2 The Audit and Risk committee are responsible for ensuring that the Council meets statutory reporting deadlines.

7 EQUALITY IMPACT ASSESSMENT

7.1 An Equality Impact Assessment (EqIA) has not been completed because the report does not represent the introduction of a new policy or service or a change / review to an existing policy or service.

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 To ensure the Committee is aware of plans in place to ensure effective and timely closure of accounts.

11 BACKGROUND PAPERS

11.1 There are no background papers.

12 APPENDICES

12.1 No appendices.

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

AUDIT AND RISK COMMITTEE

30 January 2018

FRAUD RISK REGISTER

Report of the Director for Resources

Strategic Aim:	All	
Exempt Information	Appendix A of this report contains exempt information and is not for publication in accordance with Part 1 of Schedule 12A of the Local Government Act 1972.	
Cabinet Member(s) Responsible:	Councillor Oliver Hemsley – Acting Leader and Portfolio Holder for Growth, Trading Services and Resources (except Finance)	
Contact Officer(s):	Debbie Mogg, Director for Resources	01572 758358 dmogg@rutland.gov.uk
	Saverio Della Rocca, Assistant Director (Finance)	01572 758159 sdrocca@rutland.gov.uk
Ward Councillors	N/A	

DECISION RECOMMENDATIONS

That the Audit and Risk Committee:

1. Notes the report and attached Fraud Risk Register at Appendix A, which provides an update on the Council's management of fraud risk.
2. Highlights any Fraud risks it wishes to be covered as part of a planned Internal Audit review due in 18/19.

1 PURPOSE OF THE REPORT

- 1.1 To present an update on the Council's Fraud Risk Register.

2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 In order to deliver good governance the Council must ensure that effective counter fraud arrangements are in place and operating appropriately. The Council has developed a Counter Fraud strategy, which has been communicated to and is reviewed by the Audit and Risk Committee. The Strategy involves the Council assessing those areas most vulnerable to the risk of fraud and ensuring the appropriate measures are in place to protect the Council and its assets.

- 2.2 Internal Audit are advising on a refresh of the Counter Fraud Strategy to ensure it reflects current best practice. This is likely to be presented to the Audit and Risk committee in April.
- 2.3 A Fraud Risk Register (attached at Appendix A) was developed in 2015. The Register contains a list of areas where officers believe the Council is susceptible to fraud and, in turn, has enabled the Council to focus on suitable controls to mitigate any risks associated with fraud. The contents of the Register have been reviewed with relevant teams/managers.
- 2.4 No new risks have been added. Minor amendments have been made to some controls and actions to ensure they are up to date.
- 2.5 The indicative Audit plan for 18/19 includes a deep dive into a sample of fraud risks. The Committee may wish to highlight areas or particular risks they wish to be considered.

3 THE RISK REGISTER

- 3.1 The Risk Register is now generated by our new Risk Management system and the summary report headings are as follows:

ID	Risk Location Owner/Manager	Causes	Consequences	Inherent to Residual	Update and review dates	Control Title & Owner	Action Title Owner Due Date
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- 3.2 ID – The Reference number for the risk.
- 3.3 Risk Location Owner/Manager – The name of the risk and the business area that owns the risk.
- 3.4 Causes – What could cause this risk to happen
- 3.5 Consequences – What is the likely effect of this risk, should it happen
- 3.6 Inherent to Residual – Diagram showing the effect of established controls and actions on the risk. It shows the direction of travel from Inherent Risk (i.e. the likelihood/impact of the risk without taking any controls or actions into consideration) to Residual Risk (the likelihood/impact of the risk taking controls and actions in place into consideration).
- 3.7 Update and review dates – This shows the dates when the risk was last reviewed. The update date (if it is shown) will be when the risk was added to the system. This column also shows when the risk is next due to be reviewed.
- 3.8 Control title and owner – Shows all of the controls associated with the risk and also a colour code for the ‘effectiveness’ of the control:
- Green – Excellent
 - Amber – Good
 - Red – Unsatisfactory
 - Grey – Unknown (not yet assessed)

3.9 Action Title – This column shows any outstanding actions for the risk, who owns the action and when it is currently estimated that it will be completed.

4 RISK ASSESSMENT

4.1 Each risk is assessed based on its impact and likelihood; these scores then reflect where the risk sits within the risk matrix:

IMPACT	Most Severe 4	30					
	Major 3	13,21	34,43	17			
	Moderate 2	25	16,18,20, 35,37,39, 45,46,47	14,15,19, 23,24,27, 28,33,36, 38,40,42, 44	26		
	Minor 1		22,29,41	31,32			
		Extremely Unlikely 1	Unlikely 2	Low 3	More Likely than Not 4	Very Likely 5	Extremely Likely 6
		LIKELIHOOD					

5 CONSULTATION

5.1 Lead officers for each fraud risk have been consulted as part of this Risk Register update.

6 ALTERNATIVE OPTIONS

6.1 This report provides an opportunity for the Audit and Risk Committee to review the Register therefore there are no alternative options.

7 FINANCIAL IMPLICATIONS

7.1 There are no direct financial implications arising as a result of this report.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

8.1 The Council operates through a governance framework; this framework brings together an underlying set of legislative requirement, governance principles and management processes. The Register is part of the Council's approach to good governance and demonstrates compliance with the principles of such.

9 EQUALITY IMPACT ASSESSMENT

9.1 An Equality Impact Assessment (EqIA) has been completed as this report provides an update for the Audit and Risk Committee and does not have an equality impact.

10 COMMUNITY SAFETY IMPLICATIONS

10.1 Not applicable for the reasons set out above.

11 HEALTH AND WELLBEING IMPLICATIONS

11.1 Not applicable for the reasons set out above.

12 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

12.1 The Register is an integral tool in the Council's approach to countering fraudulent activities; the Audit and Risk Committee are asked to note the developments.

13 BACKGROUND PAPERS

13.1 There are no additional background papers to the Report.

14 APPENDICES

14.1 Appendix A – Fraud Risk Register – exempt for publication.

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

Exempt Appendix – Appendix A is marked as “Not For Publication” because it contains exempt information as defined in paragraph 7 of Part 1 of Schedule 12A of the Local Government Act 1972, namely the information relates to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

By virtue of paragraph(s) 7 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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