

# Rutland County Council

Catmose, Oakham, Rutland, LE15 6HP

Telephone 01572 722577 Email [governance@rutland.gov.uk](mailto:governance@rutland.gov.uk)

Ladies and Gentlemen,

A meeting of the **AUDIT AND RISK COMMITTEE** will be held in the Council Chamber, Catmose, Oakham, Rutland, LE15 6HP on **Tuesday, 21<sup>st</sup> March 2023** commencing at 7.00 pm when it is hoped you will be able to attend. The meeting will also be available to view via Zoom at: <https://us06web.zoom.us/j/82996119822>

Yours faithfully

Mark Andrews  
**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/](http://www.rutland.gov.uk/my-council/have-your-say/)

## **A G E N D A**

### **1. WELCOME AND APOLOGIES**

### **2. RECORD OF MEETING**

To confirm the minutes of the Audit and Risk Committee held on 6<sup>th</sup> December 2022 and to receive an update on actions agreed in the minutes of the previous meeting.  
(Pages 5 - 8)

### **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 Rules 93 and 94.

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 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. QUESTIONS WITH NOTICE FROM MEMBERS**

To consider any questions received from Members of the Council in accordance with the provisions of Procedure Rule 95.

**6. NOTICES OF MOTION**

To consider any Notices of Motion from Members submitted under Procedure Rule 97.

**7. STATEMENT OF ACCOUNTS**

To receive a verbal update from Andrew Merry, Head of Finance.

**8. INTERNAL AUDIT UPDATE**

To receive Report No.55/2023 from the Chief Internal Auditor.  
(Pages 9 - 32)

**9. INTERNAL AUDIT PLAN 23-24**

To receive Report No.56/2023 from the Chief Internal Auditor.  
(Pages 33 - 62)

**10. ANY OTHER URGENT BUSINESS**

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

**11. DATE OF NEXT MEETING**

Tuesday, 27<sup>th</sup> June 2023.

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**DISTRIBUTION**

**MEMBERS OF THE AUDIT AND RISK COMMITTEE:**

Councillor A Walters (Chair)

Councillor E Baines (Vice-Chair)

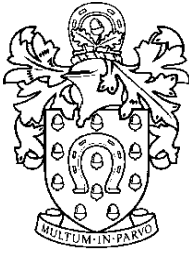
Councillor D Blanksby

Councillor W Cross

Councillor J Fox  
Councillor R Payne

Councillor A MacCartney

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# Rutland County Council

Catmose Oakham Rutland LE15 6HP

Telephone 01572 722577 Email [governance@rutland.gov.uk](mailto:governance@rutland.gov.uk)

Minutes of the **MEETING of the AUDIT AND RISK COMMITTEE** held in the Council Chamber, Catmose, Oakham, LE15 6HP on Tuesday, 6th December, 2022 at 7.00 pm

<b>PRESENT:</b>	Councillor A Walters Councillor A MacCartney	Councillor E Baines
<b>ABSENT:</b>	Councillor D Blanksby Councillor J Fox	Councillor W Cross Councillor R Payne
<b>OFFICERS PRESENT:</b>	Saverio Della Rocca Rachel Ashley-Caunt Paul Harvey Tom Delaney	Strategic Director of Resources S151 Officer Chief Internal Auditor Grant Thornton Governance Manager
<b>IN ATTENDANCE:</b>	Councillor K Payne	Portfolio Holder

## 1 WELCOME AND APOLOGIES

The Chair welcomed everyone to the meeting. Apologies were received from Councillor D Blanksby, W Cross, J Fox and R Payne.

## 2 RECORD OF MEETING

Consideration was given to the minutes of the meetings held on 27 September 2022.

It was moved by Councillor E Baines and seconded by Councillor A MacCartney that the minutes of the 27 September meeting be approved.

### RESOLVED

That the minutes of the meetings held on 27 September 2022 be **APPROVED**.

## 3 DECLARATIONS OF INTEREST

There were no declarations of interest.

## 4 PETITIONS, DEPUTATIONS AND QUESTIONS

No petitions deputations or questions had been received.

## **5 QUESTIONS WITH NOTICE FROM MEMBERS**

No questions with notice from Members had been received.

## **6 NOTICES OF MOTION**

No notices of motion had been received.

## **7 EXTERNAL AUDIT PROGRESS REPORT**

Saverio Della Rocca, Strategic Director of Resources, introduced Paul Harvey of Grant Thornton, the Council's External Auditors. Mr Harvey then provided a verbal update of their work on the Council's accounts for 2021-22.

He explained to members that there was a national issue around infrastructure assets which he hoped would be resolved on 25<sup>th</sup> December when the strategy instrument was published.

He informed Members that he intended to bring the final audit findings report to the next meeting in February.

## **8 REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)**

The committee received a verbal update from Saverio Della Rocca, Strategic Director of Resources, confirming that there had been no use of the RIPA provisions since the last update to the Committee.

## **9 INTERNAL AUDIT UPDATE**

Report No. 192/2022 was introduced by Rachel Ashley-Caunt, Chief Internal Auditor, the report updated the Committee on the progress made in delivering the 2022/23 Annual Audit Plan and outcomes from those audit assignments completed since the last Committee meeting.

There was one amendment to the Audit Plan proposed. Following the decision in October 2022 to defer the re-procurement of the waste contracts to enable consideration of waste infra-structure requirements, this audit work was no longer relevant at this time. As such, it was proposed that the remaining audit days be applied to an audit of Business Continuity Management, given this featured as an amber residual risk on the Council's Strategic Risk Register.

It was also pointed out to Members the first of the Councils rolling risk reviews which was introduced this year which gave assurance around risk management, and it was set out in Appendix B to the report.

Members welcomed the amendment to postpone the audit of the waste contract procurement.

## **RESOLVED**

That the Committee:

- a) **NOTED** the Internal Audit update report (Appendix A).
- b) **APPROVED** the amendment to the Internal Audit Plan 2022/23 to postpone the audit of the waste contract procurement and to allocate the remaining audit days to an audit of Business Continuity Management.

## 10 INTERNAL AUDIT PLAN DEVELOPMENT 2023/24

Report No. 193/2022 was introduced by Rachel Ashley-Caunt, Chief Internal Auditor, the report informed the Committee on the process to be followed in developing the Internal Audit Plan for 2023/24. It also invited the Committee to highlight any areas where assurance was required from the Internal Audit team during the next financial year.

The draft Audit Plan would be presented to the Audit and Risk Committee in March 2023 for final refinement and formal approval.

It was pointed out to Members that planning was an area that was looked at in terms of the internal audit plan coverage. The processes around the handling of minor and major applications, an audit on planning appeals and how communication was dealt with around them. The Chief Internal Auditor was happy to look at other areas in terms of the efficiency and effectiveness of the planning function.

It was suggested by the Strategic Director of Resources that when an audit plan came back, would it be possible to see what audits the Council would likely do in Q1 of next year as he felt some flexibility should be given for a potential new Audit Committee from May to shape the remainder of the plan for the year. The Chief Internal Auditor did confirm that she would have a good idea of timings to what audits to lead with for Q1.

### RESOLVED

That the Committee:

- a) **NOTED** the process to be followed to develop the risk based Audit Plan for 2023/24.
- b) **HIGHLIGHTED** areas for consideration for the 2023/24 for the Audit Plan to the Chair of the Audit and Risk Committee and the Chief Internal Auditor.

## 11 ANY OTHER URGENT BUSINESS

There were no items of urgent business.

## 12 DATE OF THE NEXT MEETING

Monday, 13<sup>th</sup> February 2023

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**The Chair declared the meeting closed at 7.27pm.**

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## AUDIT AND RISK COMMITTEE

21 March 2023

### INTERNAL AUDIT UPDATE

Report of the Chief Internal Auditor

Strategic Aim:	All	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr K Payne, Portfolio Holder for Finance, Governance and Performance, Change and Transformation	
Contact Officer(s):	Rachel Ashley-Caunt, Chief Internal Auditor	Tel: 07799 217378 <a href="mailto:rashley-caunt@rutland.gov.uk">rashley-caunt@rutland.gov.uk</a>
Ward Councillors	N/A	

#### DECISION RECOMMENDATIONS

1. That the Committee notes the Internal Audit update report (Appendix A).

## 1 PURPOSE OF THE REPORT

- 1.1 To update the Committee on the progress made in delivering the 2022/23 Annual Audit Plan and outcomes from audit assignments completed since the last Committee meeting.

## 2 BACKGROUND AND MAIN CONSIDERATIONS

### 2.1 Update on Delivery of Internal Audit Plan

- 2.1.1 The progress made to date in delivering the 2022/23 audit plan is set out in Appendix A. At the time of reporting, 100% of the audit plan is either complete or in progress. The outcomes of completed audits are summarised in the report at Appendix A. Also included is the outcome of the second of the rolling reviews of entries on the Strategic Risk Register, which seek to provide assurance over the existence and operation of the controls lists on the risk entries.

### 2.2 Implementation of Recommendations

- 2.2.1 Internal Audit request that officers provide updates on all open audit actions on a

monthly basis.

- 2.2.2 There are 14 actions which are overdue for completion. There is currently one action rated as 'High' priority which has been overdue for implementation by more than three months.

### **3 CONSULTATION**

- 3.1 No formal consultation required.

### **4 ALTERNATIVE OPTIONS**

- 4.1 The Committee is asked to note the report. No alternative options are proposed.

### **5 FINANCIAL IMPLICATIONS**

- 5.1 There are no financial implications directly 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 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 DATA**

- 7.1 A Data Protection Impact Assessment (DPIA) has not been completed because there are no risks/issues to the rights and freedoms of natural persons.

### **8 EQUALITY IMPACT ASSESSMENT**

- 8.1 There are no equality implications

### **9 COMMUNITY SAFETY IMPLICATIONS**

- 9.1 There are no community safety implications

### **10 HEALTH AND WELLBEING IMPLICATIONS**

- 10.1 There are no health and wellbeing implications.

### **11 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

- 11.1 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.

## **12 BACKGROUND PAPERS**

12.1 There are no additional background papers to the report

## **13 APPENDICES**

13.1 Appendix A: Internal Audit Update Report

13.2 Appendix B: Rolling risk review findings

13.3 Appendix C: Implementation of Audit Recommendations

13.4 Appendix D: 'High' priority recommendations overdue by more than three months

13.5 Appendix E: Customer satisfaction statistics

13.6 Appendix F: Limitations and responsibilities

Large Print or Braille Version of this Report is available upon request – Contact 01572 72257

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**Rutland County Council**

**Internal Audit Update**

**March 2023**

## ***Introduction***

- 1.1 Internal audit has been commissioned to provide 360 audit days to deliver the 2022/23 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 2022/23 be delivered?**

Internal Audit is set the objective of delivering at least 90% of the plan to draft report stage by the end of March 2023. At the time of reporting, 100% of assignments are either complete or in progress, and subject to receiving the relevant information from officers in a timely manner, the service remains on track to deliver on its target.

### **2.2 Are audits being delivered to budget?**

Internal Audit is on target to deliver the Audit Plan within the 360 days budget. Any overruns on individual assignments are typically managed within the overall budget.

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

The most recent information available shows that the Internal Audit team are spending 95% 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. Scores given by audit clients during the year to date are shown in Appendix E.

### **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?**

The status of each planned assignment, as at the time of reporting, is provided in Table 1. All assignments planned for the financial year are underway or complete. During the latest period, audit reports have been finalised in relation to **Housing Benefits, Performance Management, Safer Recruitment in Schools** and **Children Missing from Care** – all of which have given assurance opinions of Satisfactory or above. The outcomes of all audits will be included in the Annual Internal Audit Report for 2022/23.

Also completed during the period was the second of the rolling reviews of entries on the Strategic Risk Register. The risk entry selected for review was Risk entry 78: Failure to achieve expectations of customers across key service areas.

Internal Audit has sought assurance and evidence that the controls listed on the risk register are in place and operating effectively for this risk. These controls are the basis upon which the residual risk has been scored and, as such, this review is intended to inform the Audit & Risk Committee's review of the risk register entry. The listed controls were all evidenced as part of the review and there were no recommendations made.

**2.6 Are clients progressing audit recommendations with appropriate urgency?**

Since the last progress report to Audit & Risk Committee, six audit actions have been implemented by officers. At the date of reporting, there are 14 audit actions which remain overdue for implementation – one of the overdue actions is of a 'high priority' rating which has been overdue for less than three months. See Appendix C and Appendix D for further details.

**Table 1: Progressing the annual audit plan**

**KEY**  
Current status of assignments is shown by ●

Assignment	Budget	Actual	Not Started	Planning	Field Work Underway	Field Work Complete	Draft Report	Final Report	Control Environment	Compliance	Org Impact	Comment
<b>Financial systems</b>												
Debtors	15	12				●						
Main accounting	15	15					●					Final draft report with management
Treasury management	12	12					●					Final draft report with management
Housing benefit	15	15						●	<b>Substantial</b>	<b>Good</b>	<b>Minor</b>	
<b>Corporate governance and counter fraud</b>												
Risk management (consultancy support and real time assurances)	16	7							<b>Advisory</b>			
Fraud risk register	15	2			●							
<b>Key corporate controls and policies</b>												
Contract Procedure Rules compliance	10	2			●							
Social care debt recovery	12	12						●	<b>Substantial</b>	<b>Satisfactory</b>	<b>Minor</b>	



Assignment	Budget	Actual	Not Started	Planning	Field Work Underway	Field Work Complete	Draft Report	Final Report	Control Environment	Compliance	Org Impact	Comment
IT asset management	12	8			●							
Performance management	12	12						●	Good	Good	Minor	
Business continuity management	15	10				●						
Corporate Objective: Protecting the vulnerable												
Corporate parenting	15	14						●	Satisfactory	Satisfactory	Minor	
Care Act reforms	15	5							Changes to Care Act implementation date – advisory support only in 2023/24			
Readiness for CQC inspections	12	9				●						
Children missing from care	10	8						●	Good	Satisfactory	Minor	
MiCare services	12	12						●	Good	Good	Minor	
Corporate Objective: Vibrant communities												
Safer recruitment in schools	5	7						●	Audit report issued to school			
Corporate Objective: Delivering sustainable development												
Highways maintenance contract	15	6			●							Fieldwork delayed – awaiting evidence from officers
Waste contract procurement	2	2							Cancelled			




Assignment	Budget	Actual	Not Started	Planning	Field Work Underway	Field Work Complete	Draft Report	Final Report	Control Environment	Compliance	Org Impact	Comment
Corporate Objective: Customer focused services												
Home to school transport	15	15					●					Final draft with management
Taxi licensing	14	14						●	Satisfactory	Good	Moderate	
Other Assurances												
Grant claims	25	20							N/A – certification			
Grants – counter fraud support	5	2							N/A			
Client Support (Committee support, training, client liaison, advice/assistance, follow ups)	35	30										
Internal Audit Management & Development	31	26										
<b>TOTAL</b>	<b>360</b>	<b>277</b>										

## 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
<b>Substantial</b> ●	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.
<b>Good</b> ●	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.
<b>Satisfactory</b> ●	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.
<b>Limited</b> ●	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.
<b>No</b> ●	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

Level		Definition
<b>Major</b>		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.
<b>Moderate</b>		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.
<b>Minor</b>		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
<b>High</b>		Action is imperative to ensure that the objectives for the area under review are met.
<b>Medium</b>		Requires actions to avoid exposure to significant risks in achieving objectives for the area.
<b>Low</b>		Action recommended to enhance control or improve operational efficiency.

**Appendix B: Rolling risk review findings**


**Risk for Review**


Risk Register ID.	Risk	Owner
78	Failure to achieve expectations of customers across key service areas.	Leadership Team



**Risk Entry Review**

Areas for review	Comment/action
<p><del>No</del> Are the risks/keys controls listed still relevant and reflective of the current circumstances, based on lead officer's understanding?</p>	<p>78.6 – The Council's new website will be launched in January 2023. Consideration could be given to reviewing this key control. 78.7 - MyAccount was launched in July 2021, therefore, the key control is now business as usual. Consideration could be given to reviewing the description of this key control.</p>
<p>Is the risk/key control description / scoring still reflective of the current environment, in the lead officer's opinion?</p>	<p>Yes</p>


**Assurance and Findings**

Key Control Reference	Key Control (from Risk Register entry)	RAG Rating (Red, Amber, Green)	Auditor Comment & Opinion
78.1	Customer KPIs in place across key service areas.	 Green	<p>Findings:</p> <ul style="list-style-type: none"> <li>• The Council has reviewed its performance management framework in-line with the Corporate Strategy which was approved by Council in July 2022. The Corporate Strategy consists of 25 commitments, one being Customer Experience and Digital, with a suit of KPI's underpinning this commitment reported to Cabinet via the performance dashboard quarterly.                         <ul style="list-style-type: none"> <li>○ Performance Report to Cabinet October 2022 – link to the Council's website <a href="#">here</a>.</li> <li>○ Corporate Strategy – link to the Council's website <a href="#">here</a>.</li> </ul> </li> </ul> <p>KPI's for Customer Experience and Digital include, but are not limited to, MyAccount, telephone calls, website accessibility, Council's newsletter – evidence provided and reviewed.</p> <ul style="list-style-type: none"> <li>• A customer service survey was launched in July 2022 (via Survey Monkey). The survey asks questions regarding the service the customer received regardless of department. Closed cases where customers had used MyAccount to contact the Council between April 22 – June 22 were identified and sent a customer satisfaction questionnaire to complete. A total of 114 customers were contacted. The results were analysed with the following summary of the results below:</li> </ul>

			Question	Rating					total	
				Excellent	Good	Average	Poor	Very Poor		Blanks
			Experience when calling the Customer Services Team (including leaving a voicemail)	16 (48%)	11 (32%)	6 (17%)	0 (0%)	1 (3%)	0 (0%)	34 (100%)
			Experience when emailing the Enquiries email address	14 (36%)	13 (33%)	7 (18%)	3 (8%)	2 (5%)	0 (0%)	39 (100%)
			Experience when using MyAccount	12 (30%)	12 (30%)	9 (22%)	4 (10%)	1 (3%)	3 (7%)	41 (100%)
			<p>The survey is planned to be repeated during 23/24 with results forming part of the corporate performance reporting. No specific changes have been implemented as a result of the first survey due to the positive outcome. As part of the review of future surveys responses, action will be taken to improve customer experience – evidence provided and reviewed.</p>							
78.2	External feedback in areas like Better Care Fund/Social Care.	 Green	Findings: <ul style="list-style-type: none"> <li>In 2022 the Council created an Adults Social Care Quality Assurance Team to focus on the development and improvement of the service. Surveys such as, the carers and adult</li> </ul>							

			<p>social care survey were undertaken in January and February 2022. The results of these will be interrogated by the Quality Assurance Team.</p> <ul style="list-style-type: none"> <li>• Personalisation surveys are sent to adult social care service users to gain feedback on the quality of the service provided. The Quality Assurance Team collate findings and feedback is provided to service managers on a monthly basis to ensure that successes are shared and lessons are learnt where needed.</li> <li>• Better Care Fund Plans are approved by the Portfolio Holder for Health, Wellbeing and Adult Care on behalf of the Rutland Health and Wellbeing Board. A summary is presented at the Board which acts as an advisory body to: <ul style="list-style-type: none"> <li>○ Rutland County Council;</li> <li>○ NHS Leicestershire County and Rutland; and</li> <li>○ The East Leicestershire and Rutland Clinical Commissioning Group (GPs).</li> </ul> </li> </ul> <p>The main aim of the Rutland Health and Wellbeing Board is to:</p> <ul style="list-style-type: none"> <li>○ Promote joint working between the NHS, social care, public health and other local services; and</li> <li>○ Improve local democratic accountability (the voice of local people).</li> </ul>
78.3	Customer Service Standards in place.	 Green	<p>Findings:</p> <p>The Council's new website went live on 9 January 2023 – see 78.6 below for more information.</p> <p>The Council's Customer Service Standards have been reviewed and launched as part of the new website rollout. The website provides the Customer Service Standards.</p>
78.4	Complaints, compliments and	 Green	<p>Findings:</p> <p>Compliments, Comments and Complaints (C,C&amp;C) Recording:</p>




	comments recorded and analysed.		<ul style="list-style-type: none"> <li>All C,C&amp;C are logged via an excel spreadsheet and supporting documents related to the C,C&amp;C are stored securely on the Council's network.</li> </ul> <p>C,C &amp; C Reporting:</p> <ul style="list-style-type: none"> <li>An Annual Information Governance Report was presented to the Audit &amp; Risk Committee on 27 September 2022 - <a href="#">Link</a>. Information regarding the following elements of C,C&amp;C was reported to members via this Report: <ul style="list-style-type: none"> <li>The Council's obligations and the legislation;</li> <li>Statistics and commentary for 2021/22;</li> <li>Lessons learned and improvements implemented; and</li> <li>Local Government &amp; Social Care Ombudsman Complaints data;</li> </ul> </li> <li>Quarterly C,C &amp; C performance data is compiled for Children's Social Care by the Information Governance team and is provided to the Director to action with their teams (evidence provided and reviewed). This includes data such as: <ul style="list-style-type: none"> <li>Statistical data broken down into departments; and</li> <li>Lessons learned and improvements implemented.</li> </ul> </li> <li>In quarter 3 it is planned that the same quarterly C,C &amp; C performance data will be rolled out for all Directorates. This will be provided to Directors to discuss with their teams accordingly.</li> </ul>
78.5	Access to Council services available through various channels.	 Green	Findings: <ul style="list-style-type: none"> <li>The Council provides information for customers on the best ways to contact services, this information has been updated and is available on the website.</li> <li>During the Covid 19 pandemic the 'face to face' customer service reception at the Council Office was closed, with access to services via telephone, email, online forms and MyAccount. The 'face to face' reception access channel has been reviewed, with the</li> </ul>

			customers able to access Reception at the Council Offices, however, if they do not have a prior appointment, services are accessed via the telephone or computers (website) situated in Reception.
78.6	Website team in place and new website planned for December.	● Green	Findings:  The Council's new website went live on the 9 January 2023.  In December 2022 the Council launched a 'beta' website which ran alongside the new website to allow for customer feedback and amendments to be made as necessary.
78.7	MyAccount is now launched.	● Green	Findings:  Over 7,000 MyAccount customer accounts have been created since the launch in July 2021 which has exceeded expectations.  The initial implementation was designed to deliver the Green Waste service and transition the c6000 direct debit customers through the MyAccount service.

26

**RAG Rating Indicator Values & Assurances**

● Red	Control is not present or not currently operating.
● Amber	Control is not operating fully or consistently in line with risk register entry.

 Green

Control in place and evidenced as operating as stated.

27

**Appendix C: Implementation of Audit Recommendations**

	High priority recommendations		Medium priority recommendations		Low priority recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Actions due and <b>implemented</b> since last Committee meeting	-	-	4	40%	2	22%	6	<b>30%</b>
Actions due within last 3 months, but <b><u>not implemented</u></b>	-	-	1	10%	2	22%	3	<b>15%</b>
Actions due <b><u>over 3 months</u></b> ago, but <b><u>not implemented</u></b>	1	100%	5	50%	5	56%	11	<b>55%</b>
Totals	1	100%	10	100%	9	100%	20	100%

**Appendix D: 'High' priority audit recommendations overdue by more than three months**

Audit Title and Year	Service Area	Outstanding Action	Status Update	Officer	Original Date	Revised Date (if provided)
Asset Management 2021/22	Places	<p><b>Tenancy schedule</b></p> <p>An up to date record of all properties, current tenants and terms should be consistently maintained. This should enable:</p> <ul style="list-style-type: none"> <li>• Forward planning for tenancies reaching the end of their term;</li> <li>• Budget forecasting of expected income reflecting exact details of current leases/licences and income due;</li> <li>• Consistent information in the case of changes in personnel or planned absence of key officers.</li> </ul> <p>It is acknowledged that manual spreadsheet records introduce an element of risk and a bespoke system for maintained all property records may assist in this, subject to a cost benefit analysis.</p>	<p>A new database is being produced. Officers made the decision to build and implement the compliance module first as that is the one that would have the greatest impact on the requirements to safely manage our assets. The compliance module is having a final review and will be ready to go live and be used by RCC by the end of March 2023. The Estates Module is making good progress with the activity streams and actions needed to manage the data and manage processes but is reliant on the Compliance Module going live before it too is launched.</p> <p>The provider is working well and we expect the Estates Module to go live in early Summer 2023. The small delay in fully implementing the Estates Module is due to one of the workshops to build processes needing to be rescheduled.</p>	Head of Property Services	30/09/2022	July 2023

## **Appendix E: 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 five responses received during the year to date are set out below.

<b>Aspects of Audit Assignments</b>	<b>N/A</b>	<b>Outstanding</b>	<b>Good</b>	<b>Satisfactory</b>	<b>Poor</b>
Design of Assignment	-	1	3	1	-
Communication during Assignments	-	2	3	-	-
Quality of Reporting	-	1	4	-	-
Quality of Recommendations	-	1	4	-	-
<b>Total</b>	<b>-</b>	<b>5</b>	<b>14</b>	<b>1</b>	<b>-</b>

## ***Appendix F: 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 Internal Audit'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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**AUDIT AND RISK COMMITTEE**

21 March 2023

**INTERNAL AUDIT PLAN 2023/24**

**Report of the Chief Internal Auditor**

Strategic Aim:	All	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr K Payne, Portfolio Holder for Finance, Governance and Performance, Change and Transformation	
Contact Officer(s):	Rachel Ashley-Caunt, Chief Internal Auditor	Tel: 07799 217378 <a href="mailto:rashley-caunt@rutland.gov.uk">rashley-caunt@rutland.gov.uk</a>
Ward Councillors	N/A	

**DECISION RECOMMENDATIONS**

That Committee:

1. Approves the proposed audit plan allocations for 2023/24
2. Approves the Internal Audit Charter and Strategy.
3. Delegate authority for the Strategic Director of Resources, in consultation with the Chair of the Audit and Risk Committee, to agree amendments to the plan during the financial year, if required.

**1 PURPOSE OF THE REPORT**

- 1.1 To provide the Committee with a proposed plan of Internal Audit work for the 2023/24 financial year, and the Internal Audit Charter, for formal review and approval.

**2 BACKGROUND AND MAIN CONSIDERATIONS**

**Internal Audit Plan**

- 2.1 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 & Risk Committee.

- 2.2 Appendix A provides details on the process followed to develop the Internal Audit Plan for 2023/24 and a copy of the draft plan is provided in Table 1.
- 2.3 At the December 2022 meeting, members of the Audit and Risk Committee were invited to highlight any areas where assurance from Internal Audit was sought during 2023/24 for inclusion and prioritisation in the development of the Audit Plan.
- 2.4 To ensure that the Internal Audit activities are consistently focused upon the Council's key risks, the plan will remain subject to ongoing review by the Chief Internal Auditor throughout the year and will be subject to regular consultation with senior management. To enable the Internal Audit team to be responsive and amend the planned activities to address any new or emerging risk areas as required, it is recommended that a mechanism be agreed to allow for changes to the Audit Plan between Audit and Risk Committee meetings. Any such amendments could be subject to formal approval by the Strategic Director - Resources and the Chair of the Audit and Risk Committee and would be reported at the subsequent Audit and Risk Committee meeting.

#### Internal Audit Charter and Strategy

- 2.5 The Public Sector Internal Audit Standards (PSIAS), define the Internal Audit charter as 'a formal document that defines the internal audit activity's purpose, authority and responsibility. The Internal Audit charter establishes the Internal Audit activity's position within the organisation, including the nature of the chief audit executive's functional monitoring relationship with the board; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.
- 2.6 The Chief Internal Auditor has undertaken an annual review of the Charter for the new financial year to confirm that this remains fit for purpose and compliant with good practice and the Public Sector Internal Audit Standards. Whilst no amendments have been proposed to the audit approach or strategy, the content of the document has been reviewed to ensure that it aligns with best practice and is presented in a clear format. As part of this review, the assurance opinions and definitions have been refreshed and it is proposed that the assurance rating of 'Satisfactory' be replaced by 'Moderate', in order to clarify the nature of the assurance and that action is required to improve controls in such cases. The organisational risk ratings have been amended from 'Major / Moderate / Minor' to High / Medium / Low'. The definitions have all been refreshed to provide greater clarity and to align with more commonly used risk management terminology. The updated Internal Audit Charter and Strategy is provided as Appendix B.

### **3 CONSULTATION**

- 3.1 The Chief Internal Auditor has consulted with Senior Leadership Team and the Audit & Risk Committee on coverage for the 2023/24 audit plan.

### **4 ALTERNATIVE OPTIONS**

- 4.1 The Committee may consider alternative priorities for inclusion on the plan.

## **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 DATA**

- 7.1 A Data Protection Impact Assessments (DPIA) has not been completed because there are no risks/issues to the rights and freedoms of natural persons.

## **8 EQUALITY IMPACT ASSESSMENT**

- 8.1 There are no equality implications

## **9 COMMUNITY SAFETY IMPLICATIONS**

- 9.1 There are no community safety implications

## **10 HEALTH AND WELLBEING IMPLICATIONS**

- 10.1 There are no health and wellbeing implications.

## **11 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

- 11.1 The Audit Plan for 2023/24 was developed using a risk based approach, with input from senior management and the Audit and Risk Committee. The plan has been agreed with the s151 Officer and Chair of the Audit and Risk Committee pending formal committee approval. The Internal Audit Charter remains consistent with previous years and requires annual Committee approval, in line with the Public Sector Internal Audit Standards.

## **12 BACKGROUND PAPERS**

- 12.1 There are no additional background papers to the report.

## **13 APPENDICES**

- 13.1 Appendix A: Internal Audit plan 2023/24
- 13.2 Appendix B: Internal Audit Charter and Strategy

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**Internal Audit Plan  
2023/24  
Rutland County Council**

**Chief Internal Auditor: Rachel Ashley-Caunt** CPFA

# Internal Audit Plan 2023/24

## 1. Introduction

- 1.1 This report sets out the proposed work of Internal Audit at Rutland County Council for 2023/24 for review and approval by the Audit & Risk Committee.
- 1.2 Internal Audit provides independent assurance designed to add value and support the Council in achieving its priorities and objectives. To deliver this, Rutland County Council commissions 360 days for delivery of the Internal Audit service on an annual basis.
- 1.3 The provision of assurance services is the primary role for Internal Audit in the public sector. This role requires the Chief Internal Auditor to provide an annual Internal Audit opinion based on an objective assessment of the framework of governance, risk management and control.
- 1.4 Internal Audit also provide consultancy services which are advisory in nature and are generally performed at the specific request of the organisation, with the aim of improving governance, risk management and control and contributing to the overall opinion. Any proposed consultancy/advisory work is clearly specified as such on the Audit Plan.
- 1.5 In setting the annual Audit Plan, the Public Sector Internal Audit Standards require:
- The audit plan should be developed taking into account the organisation's risk management framework and based upon a risk assessment process undertaken with senior management and the Audit & Risk Committee;
  - The audit plan should be reviewed and approved by an effective and engaged Audit & Risk Committee to confirm that the plan addresses their assurance requirements for the year ahead; and
  - The Chief Internal Auditor should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value and improve the organisation's operations.

## 2. The Audit Plan

- 2.1 The Audit Plan covers the two key component roles of Internal Audit:
- The provision of an independent and objective opinion to the Section 151 Officer and the Audit & Risk Committee on the degree to which risk management, control and governance support the achievement of Council objectives; and
  - The provision of an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance arrangements. Such assignments are marked as 'advisory support' and will not result in an assurance opinion.
- 2.2 Central to the organisation, is the core delivery of the Council's objectives and corporate plan. The risk-based audits are focused upon providing independent assurance over the controls in place to support delivery of those objectives.
- 2.3 In order to protect the Council in delivering these objectives, it is essential that the Council's key corporate controls and policies are operating effectively to prevent the risk of financial loss, failure to comply with legislation, lack of accountability and reputational damage. These controls and policies cover both financial and non-financial systems and processes. These policies and controls must be complied with by all service areas to secure the Council's ongoing stability and service delivery.

2.4 Further protecting and underpinning the Council's ongoing delivery of its objectives are robust counter fraud controls and good governance. Without these, the Council would be exposed to the risk of fraud and corruption (both internally and externally), uninformed or non-transparent decision making, loss of accountability and direction, poor risk management and failure to embed and demonstrate ethical behaviours and values.

2.5 As such, the Audit Plan is designed to deliver independent, objective assurance on each of these areas – which are vital to the successful delivery of the Council's objectives and services.

### **Value for money**

2.6 In addition to assurance over governance, risk management and controls, the Audit Plan should also provide assurance over the Council's delivery of value for money. Assurance over value for money is embedded within each audit assignment.

2.7 Some of the corporate level audits will provide specific assurances in relation to the value for money requirements – the audit of procurement compliance, for example, will seek assurance over the effective procurement of supplies and services.

### **Fraud risks**

2.8 In the scoping of every audit assignment, consideration is given to any fraud risks associated with the processes under review. These are specifically considered for any relevant audit coverage.

2.9 In addition, the Internal Audit team also support with pro-active counter fraud work and are available to provide ad-hoc advice and assistance should any concerns be raised. The Council's whistleblowing policy provides Internal Audit as a point of contact for raising concerns and, should any investigation work be required, the team includes officers with the skillset and experience to deliver fact finding investigation work.

## **3. Planning process**

2.10 In order to ensure that the Audit Plan for 2023/24 addresses the Council's key risks and adds value, the Chief Internal Auditor has identified and prioritised the areas for coverage by:

- Reviewing the Council's Risk Registers and Corporate Plan;
- Considering the sources of assurance listed against each of the Council's risk entries, which may reduce the added value of an Internal Audit review and where work could be aligned with other assurance providers;
- Horizon scanning for changes in legislation/regulations and emerging risks for the year ahead;
- Identifying any areas of the Audit Universe (a list of potential areas for audit review across the Council) which have not been subject to Internal Audit review during the last four years;
- Considering latest performance reporting for areas of under performance;
- Paper on the planning process for 2023/24 to Audit & Risk Committee in December 2022 to consult the Committee on any areas where assurance was specifically sought; and

- Meeting with members of Senior Leadership Team to discuss key risks and emerging risk areas for the year ahead and any areas where Internal Audit support would be beneficial either in an assurance or consultancy role.

2.11 The process has also incorporated consideration of potential audits which can be undertaken by drawing upon similar emerging themes from all councils with whom North Northamptonshire Council's Internal Audit team works.

2.12 Following this consultation and review, a draft Internal Audit Plan has been compiled and is provided in Table 1.

2.13 In order to ensure the Audit Plan addresses the Council's key risks and that the service is able to respond to any in year changes to the organisation's business, risks, operations, programs or systems, it is vital that the content of the Plan be subject to ongoing review throughout the financial year. To enable the service to be responsive and ensure all audit resources are used effectively and add maximum value, it is recommended that arrangements be agreed to allow changes to the Plan to be made between Audit & Risk Committee meetings, involving consultation between the Chief Internal Auditor, the S151 Officer and Chair of the Audit & Risk Committee.

### **Resources**

2.14 The audit assignments are delivered by a team of audit staff including a mix of highly regarded professional qualifications (including CIPFA, ACCA and IIA) and extensive experience in the public and private sector. Absences and resource gaps/vacancies can be filled by the wider team, providing the resilience and stability of the delegated service.

2.15 Efforts are constantly made to ensure all clients benefit from the delegated arrangement and this work with multiple local authorities. This includes achieving efficiencies in delivering assignments, sharing of knowledge and experience and opportunities to deliver cross-cutting reviews.

2.16 Every year, all members of the team complete a declaration form to ensure and maintain independence and objectivity in conducting all assignments. As such, the Chief Internal Auditor can confirm the service's independence. The delegated service model also enables the Chief Internal Auditor to allocate audits to various officers over time, to avoid risks associated with over familiarity.

2.17 On an annual basis, the Chief Internal Auditor completes a self-assessment of the Internal Audit service against the Public Sector Internal Audit Standards. In doing so, the Chief Internal Auditor must consider whether the resource base and mix is adequate and would highlight to the S151 officer and Audit & Risk Committee if there were any concerns that the resources in place could not provide the required coverage to inform the annual Assurance Opinion.



**Table 1: Draft Internal Audit Plan 2023/24**

Assurance Areas	Internal Audit Assignments (including assurance sought)	Risk ref / source	Audit days	Initial timing
Corporate governance and counter fraud	<b>Risk management:</b> To provide support on maintenance of the Council's risk registers and quarterly testing on a sample of controls within the registers to inform real time assurances to the committee on the assumptions underpinning the risk scoring.	Internal Audit assurance on risk management	18	Q1-4
	<b>Ethical governance (advisory support):</b> To support the Monitoring Officer in embedding ethical governance arrangements, including support with training/review of policies/awareness campaigns.	Internal Audit assurance on governance	10	As req'd
	<b>Contract Procedure Rule compliance:</b> To provide annual assurance over compliance with the Council's procurement rules across the organisation. To review a sample of procurements for evidence of compliance and strengthening of controls following previous audit recommendations.	SR79	8	Q4
Key corporate controls and policies	<b>Financial Systems</b> <ul style="list-style-type: none"> <li>• Creditors</li> <li>• Payroll</li> <li>• Local taxation</li> </ul>	Internal Audit assurance on internal controls	45	Q3/4
	<b>Information governance:</b> To provide assurance over compliance with the General Data Protection Regulation (GDPR) requirements and data protection legislation. To focus upon the key areas of secure data handling/ processing; responding to data breaches; and data retention/disposal.	Resources 04	15	Q2
	<b>Cyber security:</b> To provide independent assurance over delivery of the cyber security action plan and the control environment in place to support the prevention and detection of cyber attacks on the Council's network.	SR03	15	
	<b>Budgetary control:</b> To provide assurance over the Council's budget monitoring arrangements, including delivery of savings plans.	SR74	10	Q3

41

Assurance Areas	Internal Audit Assignments (including assurance sought)	Risk ref / source	Audit days	Initial timing
Other Assurances	Grant claim verification - Changing Lives, Pot Hole Grant, Bus Service Operator Grant etc.	Grant requirements	17	As req'd
Corporate Objective: Protecting the vulnerable	<b>Quality assurance in Children's Social Care and Early Years:</b> Looking at quality assurance processes and how the service learns from these. Linking to any specific, related findings from the latest Ofsted review.	SR05	12	Q1
	<b>Early years providers:</b> Assurances over the Council's processes and procedures for ensuring early years providers are invoicing appropriately and transparently; and that claims for two and three year old funding are accurate and compliant with provider agreements/terms.	N/A	15	Q2
	<b>Continuing health care funding:</b> To provide assurance that appropriate controls are in place to ensure the completeness and accuracy of the invoicing process to clinical commissioning groups (CCGs). To include sample testing of jointly funded care packages and a review of current systems and processes involved in the recharging/invoicing process, to ensure full and timely recovery of monies due.	SR05	15	Q3
	<b>Adult social care data quality:</b> To provide assurance over the quality of data being generated and reported in respect of adult social care. This is expected to inform the work of Care Quality Commission inspections.	SR05	12	Q2
	<b>Fostering:</b> To provide assurance over the controls operating in this area under the independent fostering panel, and evidence of strengthened controls since 2017 audit.	SR04	12	Q3
	<b>Adult safeguarding:</b> To provide assurance over arrangements for handling safeguarding concerns efficiently and effectively, both in the community and with registered providers. Seeking assurance on the embedding / promotion of safeguarding awareness, including links with Adult Safeguarding Board and health services.	SR05	12	Q1
Corporate Objective: Vibrant communities	<b>Private sector housing enforcement:</b> To provide assurance over compliance with enforcement policies and latest regulations in relation to private sector housing – including latest Housing Health and Safety Rating System requirements for damp and mould.	SR73	12	Q3
	<b>Special educational needs and disabilities (SEND):</b> To provide assurances over the delivery of SEND services in light of the Green Paper and any regulator feedback.	SR76	12	Q4
Corporate Objective: Delivering sustainable development	<b>Local plan development:</b> To provide assurance over the delivery of the Local Plan project, including compliance with Regulation 18 of the Town and Country Planning (Local Planning) Regulations 2012.	SR07	15	TBC
	<b>Highways maintenance contract procurement:</b> To provide assurance over the procurement of the new contract for highways maintenance. This is a key contract for the Council and one of its highest value areas of	SR79	12	Q3

Assurance Areas	Internal Audit Assignments (including assurance sought)	Risk ref / source	Audit days	Initial timing
	spend.			
<b>Corporate Objective: Customer focussed services</b>	<b>Transformation (advisory support):</b> To engage with the Council's Transformation programme and provide ad hoc advisory work on targeted areas where processes/controls are being reviewed and amended, with the intention of giving assurance that the Council is not being exposed to wider risks.	SR73 SR74	15	Q1 – Q4
	<b>Commissioning of leisure services:</b> To provide assurance over processes followed to inform decision making on leisure provision. To include assurance over processes for assessing need / public consultation; conducting a full and compliant procurement process; and providing for suitably informed options appraisals.	Management request	12	Q1
<b>Support to Rutland County Council</b>	Including support and reporting to Audit & Standards Committee, management support and engagement, ad-hoc advice and assistance, annual Internal Audit report, follow ups on audit recommendations and partnership working with external auditors.		35	
<b>Management &amp; development of Internal Audit</b>	Development and management of Internal Audit service in line with the Public Sector Internal Audit Standards, including annual standards assessment, continuous improvement, internal audit charter and manual, management, training and development of the team and performance reporting.		31	
<b>Total days</b>			360	

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**Internal Audit**  
**Charter and Strategy**

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## Executive summary

The Internal Audit Charter defines the purpose, authority and responsibility of Rutland County Council's Internal Audit service. It establishes the scope of the Internal Audit service and outlines how the service complies with statutory requirements, ethical and professional standards.

The key principles of Rutland County Council's Internal Audit service are as follows:

- Internal Audit provides an Annual Internal Audit Opinion based on an objective and comprehensive assessment of the Council's framework of governance, risk management and control.
- Internal Audit provides advice and consultancy services with the aim of adding value and improving organisational governance, risk management and control.
- All Council activities fall within the scope of Internal Audit, and the Internal Audit service has a complete right of access to all records and property held by Rutland County Council and to all officers of the Council.
- Internal Audit operates in compliance with Public Sector Internal Audit Standards (PSIAS) and the Chartered Institute of Internal Auditors' Code of Ethics.
- Internal Audit is independent and may report directly to the Chief Executive and the Chair of the Audit and Risk Committee. Regular reporting on audit activity is provided to the Section 151 Officer, Corporate Management Team and the Audit and Risk Committee.
- Internal Audit team consists of qualified and part-qualified professionals in assurance and accounting. The service is committed to professional development and continuous quality assurance and improvement.
- Internal Audit staff have a professional duty to operate in an ethical way, be honest and professional and demonstrate integrity at all times.
- The Internal Audit Charter is regularly reviewed and approved annually by the Audit and Risk Committee and senior management.

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**1 Purpose, Mission Statement and Definition****Purpose of the Charter and Strategy**

- 1.1 The purpose of this Internal Audit Charter is to define Internal Audit's purpose, authority and responsibility. It establishes Internal Audit activity's position within the Council and reporting lines; authorises access to records, personnel and physical property relevant to the performance of audit work; and defines the scope of Internal Audit activities. The Charter and Strategy should enable Internal Audit to deliver a modern and effective service that:
- Meets the requirements of the Public Sector Internal Audit Standards (PSIAS) and the Accounts and Audit Regulations;
  - Ensures effective audit coverage and a mechanism to provide independent and objective overall assurance in particular to Councillors and management;
  - Provides an independent Annual Opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control environment;
  - Identifies the highest risk areas of the Council and allocates available Internal Audit resources accordingly;
  - Adds value and supports senior management in providing effective control and identifying opportunities for improving value for money; and
  - Supports the Section 151 officer in maintaining prudent financial stewardship for the Council.

**Internal Audit Mission Statement**

- 1.2 The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

**Definition of Internal Audit**

- 1.3 Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

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## 2 Context

2.1 The Council's Internal Audit service is delegated to North Northamptonshire Council. The delegated service is led by North Northamptonshire Council's Chief Internal Auditor, who fulfils the role of the Chief Audit Executive.

2.2 The core governance context for Internal Audit is summarised as follows:

- **The Accounts and Audit Regulations (2015)** set out that:

A relevant authority must ensure that it has a sound system of internal control which—

(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;

(b) ensures that the financial and operational management of the authority is effective; and

(c) includes effective arrangements for the management of risk.

And that:

A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

A relevant authority must, each financial year—

conduct a review of the effectiveness of the system of internal control required by regulation 3; and prepare an annual governance statement.

- **The Public Sector Internal Audit Standards (PSIAS)** issued in 2017 include:

The need for risk-based plans to be developed for Internal Audit and to receive input from management and the 'Board' (usually discharged by the Council's Audit and Risk Committee).

The work of Internal Audit therefore derives directly from these responsibilities, including:

PSIAS 2010 - "The Chief Audit Executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals."

PSIAS 2450 – "The Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisations framework of governance, risk management and control".



2.3 The definitions applied to the PSIAS terminology throughout this document are provided in Table 1.

Table 1: Definitions

<b>Terminology</b>	<b>Definition for Rutland County Council</b>
'Board', as per PSIAS	The Audit and Risk Committee
'Chief Audit Executive', as per PSIAS	The Chief Internal Auditor
'Senior management'	Corporate Management Team
'Assurance services'	An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for the Council. Areas for assurance include financial controls, performance, policy compliance, system security and due diligence.
'Consultancy services'	Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation's governance, risk management and control processes without the Internal Auditor assuming management responsibility. Such examples would include advice, facilitation and training.

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### 3 Strategy

- 3.1 Internal Audit will provide the public, Councillors and Council officers with confidence that Council operations are properly governed and controlled, risks are effectively managed and service delivery meets customer need. Where confidence is not possible the service will ensure that the implications and risks are understood to ensure proportionate action is taken. Internal Audit will be responsive to the Council's needs and the risks to which the Council is exposed.
- 3.2 Internal Audit is not responsible for the control systems it audits. Responsibility for effective internal control rests with the management of the Council. Directors and Service Leads are responsible for ensuring that internal control arrangements are sufficient to address the risks facing their services and achieve approved objectives / policy.
- 3.3 Internal Audit will provide a robust, high quality audit service that delivers honest, evidenced assurance, by:
- **Providing assurance**  
There is value in providing assurance to senior managers and Members that the arrangements they put in place are working effectively, and in helping managers to improve the systems and processes for which they are responsible.
  - **Balancing independent support and challenge**  
Avoiding a tone which blames, but being resolute in challenging for the wider benefit of the Council and residents.
  - **Focusing on what is important**  
Deploying its resources where there is most value aligned to the corporate objectives and priorities, the processes to facilitate these and the key risks to their achievement, whilst ensuring sufficient assurance to support the Annual Governance Statement.
  - **Being flexible and responsive to the needs of the Council**  
The Annual Plan will be reviewed quarterly enabling Audit resources to be redeployed as new risks emerge, with the agreement of senior management and the board.
  - **Being outward looking and forward focused**  
The service will be aware of national and local developments and their potential impact on the Council's governance, risk management and control arrangements. The Chief Internal Auditor leads on the internal audit provision for five local authorities, thereby providing opportunities to share good practice, lessons learned and emerging risks.
  - **Having impact**  
Delivering work which has support from management and leads to sustained change.
  - **Strengthening the governance of the Council**  
Being ambassadors for, and encouraging the Council towards, best practice in order to maximise the chances of achieving its objectives, including the provision of consultancy and advice.
  - **Enjoying a positive relationship with, and being welcomed, by the 'top table'**  
Identifying and sharing organisational issues and themes that are recognised and taken on board. Working constructively with management to support new developments.

3.4 The Internal Audit Service maintains an ongoing and comprehensive understanding of:

- Local government / public sector issues;
- The Council and its community; and
- Professional Audit and Corporate Governance standards.

3.5 All staff within the Internal Audit service hold a relevant professional qualification, part qualification or are actively studying towards a relevant qualification. All participate in continuing professional development, both in relation to specific audit skills e.g. contract audit, and softer skills e.g. communication skills.

3.6 The mandatory core principles for the Professional Practice of Internal Auditing underpin the way in which the service is delivered and are embedded in ways of working, as detailed in this Charter. The principles ensure Internal Audit:

- Demonstrates integrity;
- Demonstrates competence and due professional care;
- Is objective and free from undue influence (independent);
- Aligns with the strategies, objectives, and risks of the organisation;
- Is appropriately positioned and adequately resourced;
- Demonstrates quality and continuous improvement;
- Communicates effectively;
- Provides risk-based assurance;
- Is insightful, proactive, and future-focused; and
- Promotes organisational improvement.

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**4 Authority**

- 4.1 In accordance with the PSIAS, the Chief Internal Auditor has full responsibility for the operation and delivery of the Internal Audit function including the production and execution of the audit plan and subsequent audit activities. The annual audit plan will be agreed in consultation with relevant officers, the Audit and Risk Committee, and the senior management team.
- 4.2 Internal Audit's remit extends across the entire control environment of the Council.
- 4.3 Internal Audit has unrestricted access to all Council and partner records and information (whether manual or computerised systems), officers, cash, stores and other property, it considers necessary to fulfil its responsibilities. Internal Audit may enter Council property and has unrestricted access to all locations and officers without prior notice if necessary.
- 4.4 All Council contracts and partnerships should contain similar provision for Internal Audit to access records pertaining to the Council's business held by contractors or partners.
- 4.5 All Council employees are required to assist the Internal Audit service in fulfilling its roles and responsibilities.
- 4.6 The Audit and Risk Committee (as the Board) shall be informed of any restriction unduly placed on the scope of Internal Audit's activities which in the opinion of the Chief Internal Auditor prevents the proper discharge of Internal Audit functions.
- 4.7 The Chief Internal Auditor and individual audit staff are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.
- 4.8 To provide for independence, the day to day management of the Internal Audit Service is undertaken by the Chief Internal Auditor who reports to the Audit and Risk Committee. This accords with the Public Sector Internal Audit Standards which requires the Chief Internal Auditor to report to the very top of the organisation.
- 4.9 The Chief Internal Auditor has direct and unrestricted access to the Council's Chief Executive, Section 151 Officer, Directors, External Auditor and Audit and Risk Committee at their discretion, including private meetings with the Chair of the Audit and Risk Committee.

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**5 Ethics, independence & Objectivity**

- 5.1 Independence is essential to the effectiveness of the Internal Audit service; as such, it will remain free from interference in all regards. This shall include, but not be limited to, matters of audit selection, scope, procedure, frequency, timing or report content.
- 5.2 Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. They will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.
- 5.3 The Chief Internal Auditor's role includes providing Risk Management support. Responsibility for implementing risk management activity is retained by the relevant officers at the Council, and the role of Internal Audit is to provide independent advice and support for this process rather than to undertake risk management activity directly or influence risk scoring. Internal Audit reviews of risk management focus on actual risk management activity undertaken by management, not the support of the Internal Audit team, thus avoiding potential conflicts of interest. This ensures that there is no impairment to Internal Audit's independence and objectivity, as well as ensuring that Internal Auditors have a high degree of familiarity with the principles of risk management within the organisation to inform their assurance work.
- 5.4 The Internal Audit service also supports with corporate counter fraud activity for the Council. Internal Audit would often be best placed to lead on investigating whistleblowing referrals relating to fraud and corruption or financial impropriety.
- 5.5 In addition to the ethical requirements of the various professional bodies, each auditor is required to sign an annual declaration of interest to ensure that the allocation of audit work avoids conflict of interest and declare any potential conflict of interest on allocation of an audit. Any potential impairments to independence or objectivity will be declared prior to accepting any work and managed by the Chief Internal Auditor.
- 5.6 Internal Auditors also sign acceptance of the Internal Auditor's Code of Ethics on an annual basis.
- 5.7 Internal Auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, 'approve' procedures, install systems, prepare records, or engage in any other activity that may impair the Internal Auditor's judgment. Where auditors have previously been involved in any of these activities or consultancy work they will be prohibited from auditing those areas for at least two years. Where appropriate, audits are rotated within the team to avoid over-familiarity and complacency.
- 5.8 The Chief Internal Auditor will confirm to the Audit and Risk Committee, at least annually, the organisational independence of the Internal Audit service.

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**6 How the service will be delivered****Audit Planning**

6.1 The audit plan guides the work of the service during the year. The planning principles are:

- Focusing assurance work on the most important issues, the key obligations, outcomes and objectives, critical business processes and projects, and principal risks; pitching coverage therefore at both strategic and key operational aspects;
- Maintaining up to date awareness of the impact of the external and internal environment on control arrangements;
- Using a risk assessment methodology to determine priorities for audit coverage based as far as possible on management's view of risk in conjunction with other intelligence sources e.g. corporate risk register;
- Taking account of dialogue and consultation with key stakeholders to ensure an appropriate balance of assurance needs, but recognising in a resource constrained environment there will be situations when not all needs can be met which is where risk management is key;
- Being flexible so that the plan evolves through the year in response to emerging risks and issues;
- Providing for the delivery of key commitments, such as any work that can be delivered in support of the external auditor thus reducing the external audit fee, and to deliver governance and counter fraud responsibilities; and
- Including provision for responding to requests for assistance with special investigations, consultancy and other forms of advice.

6.2 The number of available audit days to the Internal Audit Service will be reviewed to be sufficient to enable the audit service to deliver the risk based plan in accordance with professional standards.

6.3 In order to deliver the annual Audit Plan at the required quality and professionalism, Internal Audit strive to ensure that the team has the required mix of skills and experience. The use of external experts e.g. IT auditors compared to employing or developing these expensive resources in house is constantly under review to ensure that the service delivers a high quality product at best value for money. Future recruitment will take into account the expertise and skills required to fill any gaps within the current service.

6.4 The breadth of coverage within the plan necessitates a wide range of high quality audit skills. The types of audit work undertaken include:

- Risk based system audit
- Compliance audit
- IT audit
- Data protection audit
- Procurement and contract management audit
- Project and programme audits
- Fraud/investigation work
- Consultancy and advice

6.5 Internal Audit may procure external audit resource to enhance the service provision, as necessary.

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**Internal Audit Annual Opinion**

6.6 Each year the Chief Internal Auditor will provide a publicly reported opinion on the effectiveness of governance, risk and control, which also informs the Annual Governance Statement. This will be supported by reliable and relevant evidence gathered through all work undertaken by Internal Audit during the year and any other sources of assurance that the Chief Internal Auditor can place reliance upon.

**Conduct of work**

6.7 The principles of how the Internal Audit work is conducted are:

- Focusing on what is important to the Council and in the ultimate interests of the public;
- Ensuring that risks identified in planning are followed through into audit work;
- Agreeing the scope, objectives and any limitations of audit coverage at the outset of every assignment, which will be documented in an audit planning record. This record will be approved by the relevant Director, and will set out the risks which will be covered within the audit fieldwork;
- Ensuring that the right skills and suitable approaches are in place for individual assignments;
- Applying an informed, unbiased approach to sample selection and audit testing;
- Striving continuously to foster buy-in and engagement with the audit process;
- Ensuring findings and facts reported are accurate and informed by a wide evidence base, including requesting information from other stakeholders, where appropriate;
- Informing management of key findings at the earliest, appropriate opportunity;
- Suggesting actions to address findings which are pragmatic and proportionate to risk, tailored for the best result and taking into account the culture, constraints and the cost of controls;
- Focusing, as a rule, on ensuring compliance with existing/expected processes and systems and reducing bureaucracy rather than introducing additional, unnecessary layers of control;
- Being resolute in challenging; taking account of views, escalating issues and holding position when appropriate;
- Driving the audit process by agreeing, and delivering to, deadlines and escalating non-response promptly in order to complete assignments; and
- Maintaining high standards of behaviour at all times and operating in line with the Council's Code of Conduct and Equality and Diversity policies.

**Reporting**

6.8 The reports produced by the service are its key output. The reporting principles are:

- Providing balanced evidence-based reports which recognise both good practice and areas of weakness;
- Reporting in a timely, clear and professional manner;
- Ensuring that reports clearly set out assurance opinions on the objectives/risks identified in planning work;
- Always seeking management's response to reports so that the final report includes a commitment to action;
- Sharing outcomes with senior management and Members, identifying key themes and potential future risks so that audit work has impact at the highest levels; and

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- Sharing learning with the wider organisation with a view to encouraging best practice across the Council.
- 6.9 A written report will be prepared and issued following the conclusion of each Internal Audit engagement, including follow up audits; unless in the opinion of the Chief Internal Auditor a written report is unnecessary.
- 6.10 Each report will:
- provide an evidenced opinion on the adequacy of the governance, risk and control processes;
  - identify inadequately addressed risks and non-effective control processes;
  - detail agreed actions including explanation for any corrective action that will not be implemented;
  - provide management's response and timescale for corrective action;
  - provide management's explanations for any risks that will not be addressed; and
  - Identify individuals responsible for implementing agreed actions.
- 6.11 Each draft audit report will be issued to the lead officer and Service Lead for initial comments, responses to recommendations and agreement of accuracy. A final draft will be issued to the Director for agreement and sign off. Alternative reporting arrangements can be agreed to incorporate specific officers and/or additional senior management leads, as appropriate, where agreed in the scoping of the audit and audit planning record.
- 6.12 Senior Management shall ensure that agreed corrective actions are introduced.
- 6.13 Periodic summary reports are issued to the Audit and Risk Committee. In consultation with the Audit and Risk Committee Chair, senior management from the respective service area may be invited to attend the Audit and Risk Committee meeting in respect of any reports receiving an opinion of Limited Assurance or below.
- 6.14 To assist the reader in easily identifying the areas that are well managed and the significance of areas of concern, actions, objectives and overall assurance opinions are categorised using three key elements as summarised below (and set out in detail at Annex A):
- 1) Assess and test the **control environment**;
  - 2) Test **compliance** with those control systems; and
  - 3) Assess the **organisational impact** of the matters arising.



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**Actions / Recommendations**

6.15 Recommendations made by Internal Audit are categorised dependent on the associated risk. The definitions are as provided in Annex B. For each recommendation made, a management response is sought, and an agreed action plan is finalised within the audit report. This must include owners and dates for implementation.

**Follow up**

6.16 All actions are followed up in accordance with the agreed action implementation dates. Further follow ups are undertaken as required. Management are asked to provide evidence when a High or Medium category action has been fully implemented.

**Quality assurance**

6.17 The Internal Audit function is bound by the following standards:

- Institute of Internal Auditor's International Code of Ethics;
- Seven Principles of Public Life (Nolan Principles);
- UK Public Sector Internal Audit Standards (PSIAS);
- Professional standards and Code of Ethics required by auditor's respective professional bodies;
- Internal Audit Strategy, Charter and Audit Manual; and
- All relevant legislation.

6.18 The Chief Internal Auditor maintains an appropriate Quality Assurance Framework and reports on this annually. The framework includes:

- An audit manual - documenting ways of working and expected standards
- Staff supervision and review arrangements
- Customer feedback arrangements
- Quality standards and performance measures, including:
  - Proportion of audit plan completed
  - Productive/direct time as a % of total time
  - Customer satisfaction levels
- Annual internal review
- Periodic external reviews

6.19 The completion of every assignment shall be monitored against:

- end to end time
- days taken to complete
- time between key audit stages e.g. draft issue to final report issue
- customer satisfaction

6.20 The Audit and Risk Committee, senior management and the Section 151 Officer receive regular updates on audits completed, the assurance opinions and actions implemented. Weak and limited opinion reports and key actions not implemented are discussed in more detail as appropriate with management, the Section 151 Officer and / or the Audit and Risk Committee.

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6.21 Internal Audit is subject to a Quality Assurance and Improvement Programme that covers all aspects of its activity. This consists of:

- ongoing performance monitoring;
- an annual self-assessment of the service and its compliance with the UK Public Sector Internal Audit Standards (PSIAS);
- an external assessment at least once every five years by a suitably qualified, independent assessor;
- a programme of Continuous Professional Development (CPD) for all staff to ensure that auditors maintain and enhance their knowledge, skills and audit competencies;
- the Chief Internal Auditor holding a professional qualification (current Chief Internal Auditor is a member of CIPFA) and being suitably experienced; and
- encouraging, and where appropriate acting upon, customer feedback.

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**7 Audit and Risk Committee oversight**

- 7.1 The Chief Internal Auditor will provide regular progress reports to the Audit and Risk Committee to advise on the delivery of the audit plan, the outcomes of each Internal Audit engagement, and any significant risk exposures and control issues identified during audit work.
- 7.2 The Chief Internal Auditor will also provide an annual report giving an opinion on the overall adequacy and effectiveness of the control environment which will be timed to support the Council's Annual Governance Statement. In addition, the Audit and Risk Committee will:
- approve any significant consulting activity not already included in the audit plan and which might affect the level of assurance work undertaken;
  - approve, but not direct, changes to the audit plan;
  - be informed of results from the quality assurance and improvement programme; and
  - be informed of any instances of non-conformance with the Public Sector Internal Audit Standards.

**8 Counter fraud and associated issues**

- 8.1 The Chief Internal Auditor will ensure that all work is undertaken in accordance with, and all staff are conversant with, the Council's Counter Fraud policies and culture, including:
- Anti-Fraud and Corruption strategy
  - Bribery Act policy statement
  - Whistleblowing policy
  - Anti-Money Laundering Policy
- 8.2 All Internal Audit staff will be alert to the possibility of fraud during assignments, but auditors are not responsible for identifying fraud.

**Annex A**
**Internal control assessment**

<b>Control Environment Assurance</b>	
<b>Level</b>	<b>Definitions</b>
Substantial	There is a sound system of internal control to support delivery of the objectives.
Good	There is generally a sound system of internal control, with some gaps which pose a low risk to delivery of the objectives.
Moderate	There are gaps in the internal control framework which pose a medium risk to delivery of the objectives.
Limited	There are gaps in the internal control framework which pose a high risk to delivery of the objectives.
No	Internal Audit is unable to provide any assurance that a suitable internal control framework has been designed.

<b>Compliance Assurance</b>	
<b>Level</b>	<b>Definitions</b>
Substantial	The control environment is operating as intended with no exceptions noted which pose risk to delivery of the objectives.
Good	The control environment is generally operating as intended with some exceptions which pose a low risk to delivery of the objectives.
Moderate	Controls are not consistently operating as intended, which poses a medium risk to the delivery of the objectives.
Limited	Key controls are not consistently operating as intended, which poses a high risk to the delivery of the objectives.
No	Internal Audit is unable to provide any assurance that controls have been effectively applied in practice.

<b>Organisational Impact</b>	
<b>Level</b>	<b>Definitions</b>
High	The weaknesses identified during the review have left the Council open to a high level of risk. If the risk materialises it would have a high impact upon the organisation as a whole.
Medium	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a medium impact upon the organisation as a whole.
Low	The weaknesses identified during the review have left the Council open to low risk. This may have a low impact on the organisation as a whole.

**Audit recommendation categories**

<b>Category</b>	<b>Definition</b>
High	Requires actions to avoid exposure to substantial risks in achieving objectives for the area.
Medium	Requires actions to avoid exposure to significant risks in achieving objectives for the area.
Low	Action recommended to enhance control or improve operational efficiency.

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