

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.