

AUDIT AND RISK COMMITTEE

29 January 2019

INTERNAL AUDIT PLANNING 2019/20

Report of the Head of Internal Audit

Strategic Aim:	All	
Exempt Information	No	
Cabinet Member(s) Responsible:	Mr G Brown, Deputy Leader and Portfolio Holder for Planning, Environment, Property and Finance.	
Contact Officer(s):	Rachel Ashley-Caunt, Head of Internal Audit	Tel: 07824 537900 rashley-caunt@rutland.gov.uk
Ward Councillors	N/A	

DECISION RECOMMENDATIONS

1. That Members note the process being followed to develop the risk based Audit Plan for 2019/20.
2. That Members note the initial areas highlighted for potential coverage in the Internal Audit Plan 2019/20 and advise on any areas where the committee seeks assurance from the Internal Audit team during the year ahead.

1 PURPOSE OF THE REPORT

- 1.1 To advise Members on the process being followed to develop the Internal Audit Plan for 2019/20 and the initial areas proposed for inclusion in the Plan, subject to risk assessment and prioritisation. To also invite Members to highlight any areas where they require assurance from the Internal Audit team during the next financial year.

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 Committee.
- 2.2 In order to ensure that the Audit Plan for 2019/20 addresses the Council's key risks

and adds value, the Head of Internal Audit is identifying and prioritising 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
- Seeking input from Senior Management on 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. The number of days to be commissioned will be 310.

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 2019/20 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 March 2019 for final refinement and 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 2019/20 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 2019 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. It has been agreed with the Strategic Director for Resources to have an initial audit plan of 310 rather than 320 days to reflect the move towards a cyclical approach to financial systems work.

5.2 Notwithstanding the reduction in planned days, the Committee may, as in prior years, seek approval of additional days should the need arise.

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 PROTECTION IMPLICATIONS

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

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 2019/20 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 March 2019 for final refinement and formal approval. The Plan will remain open to ongoing to review and amendment throughout the financial year to reflect and respond to changes in risks and emerging issues.

12 BACKGROUND PAPERS

12.1 There are no additional background papers to the report.

13 APPENDICES

13.1 Appendix A: Initial areas identified during Audit Planning 2019/20 to date.

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

Internal Audit Plan 2019/20 – Initial Areas Highlighted

Topic	Assurance provided and reason for inclusion
Corporate / Cross Cutting	
Budget monitoring	To provide assurance over the effective scrutiny and monitoring of budgets across the Council. This is a key financial control and a critical control for the management of key corporate risks.
IR35 – agency workers	To provide assurance over compliance with the revised legislation and the Council's duties in this area. This has been flagged as an area of risk and weakness at other councils in the LGSS client base.
Contract Procedure Rules compliance	To provide assurance over compliance with rules in relation to procurement of goods and services. This is an annual review to provide assurance over value for money and counter fraud and corruption controls.
Compliments and Complaints Management	To provide assurance over effective recording, handling and monitoring of complaints and compliments received. This is an area which has not been covered by Internal Audit in recent years and procedures have been subject to recent review.
Grant verification	To sign off on various annual grants including highways expenditure and troubled families.
Key Financial Systems	Annual testing on key financial controls (Debtors, Creditors, Payroll, Main Accounting, Local Taxation, Benefits). It is intended that a cyclical approach will be adopted to this audit coverage.
Customer services	To provide assurance over practice across selected areas of the Council and Customer Services (CST) – following the introduction of a revised version of customer service standards.
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 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.
Service Specific	
DFGs/aids and adaptations	To provide assurance that processes operate effectively over the application/approval process and achieving value for money. This will also assist in informing the annual grant verification.

Topic	Assurance provided and reason for inclusion
Community Safety and CCTV	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. This is an area which has not been subject to recent audit review and responsibility for the services has changed over the last two years.
Highways	Review of contract arrangements and payment mechanisms further to the previous Highways audit highlighting areas for improvement.
Housing and Homelessness	To provide assurance over implementation of changes in relation to the Homelessness Reduction Act 2018.
Licensing	To provide assurance over processes in place for a sample of licence types, ensuring policies are consistently and effectively applied. This has been highlighted as a potential risk area by management and has not been subject to recent audit review.
S106/CIL	To provide assurance over the processes in place for the administration, collection and spending of CIL/s106 monies.
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.