



RUTLAND COUNTY COUNCIL
INTERNAL AUDIT UPDATE
OCTOBER 2019

Date: 1st October 2019

Introduction

- 1.1 LGSS provides the internal audit service for Rutland County Council and has been commissioned to provide 360 audit days to deliver the 2019/20 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 2019/20 be delivered?

LGSS is set the objective of delivering at least 90% of the Internal Audit plans to draft report stage by the end of March 2020.

At the time of reporting, 38% of the audit plan is either complete or in progress. The Internal Audit service is on track to ensure that at least 90% of assignments are either in draft or final report stages at 31st March 2020.

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 managed within the overall budget.

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

The most recent information available (week 22) 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 D.

2.5 Based upon recent Internal Audit work, are there any emerging issues that impact on the Internal Audit opinion of the Council's Control Framework?

Since the last committee meeting, one audit assurance report (**IR35 Compliance**) has been finalised and no significant areas of weakness have been identified which would impact upon the Internal Audit opinion. The Internal Audit team has also reviewed and certified use of grant monies and grant claims including the Changing Lives service and use of Highways Maintenance funding. The status of each planned assignment is provided in Table 1.

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

Outstanding audit recommendations form part of the Quarterly Performance Report considered by Cabinet. Since the last Committee meeting, 23 actions arising from audit reports have been implemented.

At the date of reporting, there are 13 open audit actions which are overdue for implementation. Of these, 6 actions were due for implementation over three months ago and were categorised as 'High' or 'Medium' priority. See Appendix C 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
Key Corporate Controls and Policies												
Creditors	13	-										Q4
Payroll	15	-										Q4
Treasury management	14	3.4										
Local taxation	13	-										Q4
Contract Procedure Rules Compliance	10	-										Q4
IR35 compliance	10	10.8										
Corporate Governance and Counter Fraud												
Fraud Risk Register	15	-										Q4
Corporate Objective: Sustainable growth												
Highways contract management	15	1										
Waste management	20	4.1										

Assignment	Budget	Actual	Not Started	Planning	Field Work Underway	Field Work Complete	Draft Report	Final Report	Control Environment	Compliance	Org Impact	Comment
FixMyStreet	12	0.2		●								
Corporate Objective: Safeguarding and Health and Wellbeing												
Schools thematic audit	12	-		●								
Community safety and CCTV	14	-	●									Q3/4
Housing and Homelessness	15	5.6			●							
Disabled facilities grants	14	15					●					
Corporate Objective: Sound financial and workforce planning												
Budgetary control	12	-	●									Q3
CIL/s106 monitoring	17	-	●									Q3/4
Licensing	12	11					●					
Corporate Objective: Reaching our potential												
Customer service standards	15	-	●									Q4
IT Audit – asset management	15	0.5		●								
Complaints and compliments management	15	0.5		●								
Other Assurances												
Grant Claims	15	2.2			●				N/A - certification			

Assignment	Budget	Actual	Not Started	Planning	Field Work Underway	Field Work Complete	Draft Report	Final Report	Control Environment	Compliance	Org Impact	Comment
Client Support (Committee support, training, client liaison, advice/assistance, follow ups)	33	9.7										
Internal Audit Management & Development	33	4.1										
TOTAL	360	68.1										

Notes

At the completion of each assignment the Auditor will report on the level of assurance that can be taken from the work undertaken and the findings of that work. The table below provides an explanation of the various assurance statements that Members might expect to receive.

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

Organisational Impact

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

Category of Recommendations

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

Priority		Impact & Timescale
High		Action is imperative to ensure that the objectives for the area under review are met.
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.