AUDIT AND RISK COMMITTEE

26 January 2016

INTERNAL AUDIT PLAN 2016/17

Report of the Head of Internal Audit

Strategic Aim:	All	
Exempt Information	No	
Cabinet Member(s) Responsible:	Councillor Terry King – Portfolio holder for Places (Development and Economy) and Resources	
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 2016/17.
2. That Members note the initial areas highlighted for potential coverage in the Internal Audit Plan 2016/17 (listed in Appendix A) and advise on any areas where the committee seeks assurance from the Internal Audit team during 2016/17.

1 PURPOSE OF THE REPORT

1.1 To advise Members on the process being followed to develop the Internal Audit Plan for 2016/17 and the initial areas proposed for inclusion in the Plan, subject to further 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 2016/17 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 four 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
- Meetings 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. A list of areas highlighted during the planning process to date has been provided in Appendix A.

2.4   Members of the Audit and Risk Committee are invited to raise any areas where assurance from Internal Audit is sought during 2016/17 for inclusion and prioritisation in the development of the Audit Plan.   As the full list in Appendix A is unlikely to be covered in 2016/17 the Committee is also asked to identify those areas which they believe should be a priority for this year. A reserve list of topics will be maintained and presented with the draft Audit Plan.

2.5   The draft Audit Plan will be presented to the Audit and Risk Committee on 26th April 2016 for final refinement and formal approval.

3   CONSULTATION

3.1   No external consultation is required but, as noted above, senior management have been involved in developing audit proposals. The Audit and Risk Committee are being consulted as part this process.

4   ALTERNATIVE OPTIONS

4.1   This report is for noting only but when the Audit Plan is formally presented in April Members will be able to approve the plan or approve it with amendments.

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 conclusions reached in the annual audit report are reasonable in light of the work undertaken. It is also responsible for gaining assurance that the internal audit

service 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 2016/17 is being developed using a risk based approach, with input from Senior Management and the Audit Committee. The potential areas for coverage highlighted during the planning process to date will be refined and prioritised based on associated risk and potential value added by an Internal Audit review at this time. The draft Audit Plan will be presented to the Audit and Risk Committee in April 2016 for final refinement and formal approval.

11   BACKGROUND PAPERS

11.1   There are no additional background papers to the report.

12   APPENDICES

12.1   Appendix A: Internal Audit Plan 2016/17 – Initial Areas Highlighted

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

Appendix A: Internal Audit Plan 2016/17 – Initial Areas Highlighted

Topic	Assurance provided and reason for inclusion
Corporate / Cross Cutting	
Data Retention and Disposal	To provide assurance over the Council's procedures and controls to ensure data is held and disposed of in a secure manner and in compliance with the Data Protection Act. This audit was deferred from the 2015/16 Audit Plan.
Contract Procedure Rules (CPR) compliance	To provide assurance over compliance with the Council's procurement rules across the organisation. To review a sample of procurements for evidence of compliance. The full Procurement audit in 2015/16 has identified some areas for improvement to ensure consistent compliance with the new rules and it is key that these are fully embedded and enforced.
Agresso upgrade	To provide consultancy support during design phase, to ensure controls are suitably enforced in new system, changes to access rights are appropriate and identify potential flaws before sign off. This is a high risk area and audit involvement upfront is a key control in ensuring new systems are fit for purpose.
Agresso System Administration	To provide assurance over the administration of the Agresso system following the upgrade. Will also follow up on issues highlighted by Limited Assurance report on Agresso issued in 2014/15. This poses a risk due to the changes in responsibility (transferring from IT to Finance) and in the upgrade process.
Financial Systems	All financial systems to be reviewed in full following the Agresso upgrade.
'Limited' audits follow up	There have been a number of audits in 2015/16 which have resulted in 'Limited' opinions. In all cases action plans were agreed to resolve issues raised. This review will report on the updated status of those action plans.
Absence Management	To provide assurance over procedures for managing absence and compliance with these across the Council. Given the changes proposed to the sick policy, it would be of value to ensure these have been suitably communicated and applied and levels of sickness are reducing/stable.
Customer Services	To provide assurance over performance of customer services and compliance with good practice, including complaints management. Would take place in Q4 of 2016/17 to allow for changes in staffing.

Topic	Assurance provided and reason for inclusion
Counter Fraud	
Council Tax/NDR Fraud	To provide assurance over controls in place to prevent and detect Council Tax and NDR fraud, including pro-active measures and recovery. An area of ongoing fraud nationally.
Blue Badges	To provide assurance over controls in place to prevent and detect fraudulent abuse of blue badges.
	Area of ongoing fraud nationally. Responsibility for this area has recently transferred from People to Resources.
Service Specific	
Safeguarding (Children and Adults)	To provide assurance that controls are being exercised consistently and in accordance with Council procedures, including case audits and escalation processes.
	Possible follow up of actions arising from Ofsted report and Peer Review.
LiquidLogic	To provide assurance over the new system including its administration and a post implementation review of the project.
Taxi Licensing	To provide assurance that licences are granted to applicants that satisfy the relevant conditions and in accordance with Council policy and procedures.
	An audit was performed in 2013/14 which resulted in Limited Assurance over the controls in place. There has also been an update to legislation since the last audit.
S106 Agreements	To provide assurance over the controls in place for collection of income, legal agreements, monitoring of existing agreements and clawbacks.
	This area has not been subject to Internal Audit review in the last four years.
Highway Maintenance Contract	To provide assurance over the effective management of this key, high value contract. Potential to undertake an open book review.
	Contract in place since 2013 and valued at £3m per year.
Development Control	To provide assurance over compliance with statutory requirements, regulations and best practice, timely collection of fee income and that planning applications are suitably processed and evaluated.
	This area has not been subject to audit review in the last four years and may benefit from a review to identify areas for improvements/efficiencies.

Topic	Assurance provided and reason for inclusion
Total Transport Project	To provide embedded assurance over the project reviewing transport arrangements. The project will include a review of value for money and ensuring transport provision is fair and transparent. Internal Audit support has been requested to provide independent challenge and advice to the project board.
Registration Services	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. No Internal Audit review has been conducted in this area. The service has recently moved from People services to Places.
Digital Broadband	To continue to provide embedded assurance support to the Digital Rutland programme and provide assurance over the project management arrangements and milestone to cash process. A key project for the Council where learning and good practice from other authorities involved in the national roll-out can be shared by the Internal Audit team.
Impact of Early Help	To provide assurance over the arrangements in place to demonstrate the value of the preventative work delivered by the Early Help services. This has been subject to recent work by the service and there may be value in sharing of guidance and good practice.
Fostering service	To provide assurance over the controls in place to support the robust management of the Council's fostering service including payments to foster carers and quality service provision. No Internal Audit review in the last five years.
Special Educational Needs Placements	To provide assurance over the arrangements with the health service for education health and care plans to support the provision of appropriate and effective placements and support for health needs. To provide assurance over the effectiveness and value achieved by these care plans. Highlighted as an area for a review of efficiency and effectiveness.
Deprivation of Liberty safeguards (DoLS)	Subject to discussions with Leicestershire County Council (providers of the service), to seek assurance over the effective management of the DOLs service. No Internal Audit review in last five years.

Topic	Assurance provided and reason for inclusion
IT	
IT Asset Management	To provide assurance over the Council's management of its IT assets, including maintaining full and accurate records, recovering assets from leavers and monitoring use of software licenses. An audit was performed in 2014/15 and resulted in Limited Assurance. The new Head of IT has advised that a great deal of work has been undertaken to address this. A further audit would provide assurance that these new processes are embedded and operating effectively.
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.