Report No: 96/2016
PUBLIC REPORT

AUDIT AND RISK COMMITTEE

26 April 2016

INTERNAL AUDIT ANNUAL REPORT 2015/16

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 review and approve the Annual Internal Audit Report and Assurance Opinion for 2015/16.

1 PURPOSE OF THE REPORT

1.1 To provide the Committee with the Head of Internal Audit's Assurance Opinion for 2015/16 and the Annual Report detailing the basis for this opinion, for review and approval.

2 BACKGROUND AND MAIN CONSIDERATIONS

2.1 Internal Audit Annual Report

The Internal Audit Plan sets out the Annual Assurance Opinion over the Council's system of internal controls based upon the work conducted during 2015/16. A copy of the full report is provided in Appendix A.

2.2 The report details the work of the Internal Audit team during 2015/16 and the findings from the various assignments delivered. An analysis of the assurance opinions provided during the year, compared with 2014/15, highlights an increase in the proportion of Substantial Assurance opinions given. Whilst three reports have been issued with an opinion of Limited Assurance, based upon the actions taken by management to address the findings and the findings from the remaining reviews, the overall annual assurance opinion remains at Sufficient Assurance.

This is consistent with 2014/15.

2.3 The findings of all reports have been presented to the Committee throughout the year. The Committee should note that the following reports have been finalised since the last Committee or are awaiting finalisation (details are provided in Appendix A):

- Creditors (Substantial Assurance)
- Debtors (Substantial Assurance)
- Local Taxation (Substantial Assurance)
- Benefits (Sufficient Assurance)
- Fraud Risk Review (Sufficient Assurance)
- Contract Procedure Rule Compliance (Sufficient Assurance)
- Care Act Implementation (Sufficient Assurance) – issued as draft report
- Better Care Fund Monitoring (Sufficient Assurance) – issued as final draft report

2.4 Performance of the Internal Audit service

2.5 The Annual Report provides details on the performance of the Internal Audit team against the service's performance indicators and the value added during 2015/16. This highlights that the service has successfully delivered against its delivery targets (in relation to days delivered and assignments completed).

2.6 The Head of Internal Audit has undertaken an annual self-assessment against the Public Sector Internal Audit Standards (PSIAS). This has concluded that the team is operating in general conformance with the Standards and a full copy of the assessment is provided in Appendix A.

3 CONSULTATION

3.1 No external consultation is required.

4 ALTERNATIVE OPTIONS

4.1 If Members are not satisfied that the Annual Report reflects the assurances provided during the year then it can provide feedback to the Head of Internal Audit who may consider whether to issue a revised opinion.

5 FINANCIAL IMPLICATIONS

5.1 There are no financial implications 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 satisfying itself that the conclusions reached in the annual audit report are reasonable in light of the work undertaken although the opinion itself remains the responsibility of the Head of Internal Audit. 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 Annual Internal Audit Report and Assurance Opinion for 2015/16 are provided for the Committee's review and approval.

11 BACKGROUND PAPERS

11.1 There are no additional background papers to the report.

12 APPENDICES

12.1 Appendix A: Internal Audit Annual Report 2015/16

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

Appendix A

RUTLAND COUNTY COUNCIL

INTERNAL AUDIT ANNUAL REPORT

2015/16

Date: 26th April 2016

1. Background

1.1 The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to provide an annual Internal Audit opinion and report that can be used by the organisation to inform its governance statement. The Standards specify that the report must contain:

- an Internal Audit opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework (i.e. the control environment);
- a summary of the audit work from which the opinion is derived and any work by other assurance providers upon which reliance is placed; and
- a statement on the extent of conformance with the Standards including progress against the improvement plan resulting from any external assessments.

2. Head of Internal Audit Opinion 2015/16

2.1 This report provides a summary of the work carried out by the Internal Audit service during the financial year 2015/16 and the results of these assignments. Based upon the work undertaken by Internal Audit during the year, the Head of Internal Audit's overall opinion on the Council's system of internal control is that:

Sufficient Assurance can be given that there is generally a sound system of internal control, designed to meet the organisation's objectives and that controls are generally being applied consistently. The level of assurance, therefore, remains at a consistent level from 2014/15.

Controls relating to key financial systems for payroll, debtors, creditors and local taxation which were reviewed during the year were concluded to be at a level of Substantial Assurance.

The overall proportion of audit reports giving Limited Assurance has remained approximately consistent with 2014/15, as shown in Table 1. The proportion of Substantial Assurance reports is higher than in 2014/15.

The implementation of audit recommendations during the year has been strong, with 92% of those actions from 2015/16 audit reports which were agreed and due for implementation being completed during the year.

No systems of controls can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

The basis for this opinion is derived from an assessment of the individual opinions arising from assignments from the risk-based Internal Audit plan that have been undertaken throughout the year. This assessment has taken account

of the relative materiality of these areas and management's progress in addressing any control weaknesses. A summary of Audit Opinions is shown in Table 1:

Table 1 – Summary of Audit Opinions 2015/16:

Area	Substantial	Sufficient	Limited	No
Financial Systems	4	1	0	0
IT	0	0	1	0
Governance & Counter Fraud	0	1	0	0
Customer Facing	0	8	2	0
Total	**4**	**10**	**3**	**0**
Summary with 2014/15 Comparison	**24% (14%)**	**59% (68%)**	**17% (18%)**	**0% (0%)**

3. Review of Audit Coverage

3.1 Audit Opinion on Individual Audits

The Committee is reminded that the following assurance opinions can be assigned:

Table 2 – Assurance Categories:

Level of Assurance	Definition
Substantial	There is a robust framework of controls making it likely that service objectives will be delivered. Controls are applied continuously and consistently with only infrequent minor lapses.
Sufficient	The control framework includes key controls that promote the delivery of service objectives. Controls are applied but there are lapses and/or inconsistencies.
Limited	There is a risk that objectives will not be achieved due to the absence of key internal controls. There have been

Level of Assurance	Definition
	significant and extensive breakdowns in the application of key controls.
No	There is an absence of basic controls resulting in inability to deliver service objectives. Fundamental controls are not being operated or complied with.

Audit reports issued in 2015/16, other than those relating to consultancy support, resulted in the provision of one of the above assurance opinions. All individual reports represented in this Annual Report, with the exception of Better Care Fund Monitoring and Care Act Implementation, are final reports and, as such, the findings have been agreed with management, together with the accompanying action plans.

3.2 Summary of Audit Work

3.2.1 Table 3 details the assurance levels resulting from all audits undertaken in 2015/16 and the date of the Committee meeting at which a summary of the report was presented.

3.2.2 All assignments have been delivered in accordance with the agreed Audit Planning Records and provide assurance in relation to the areas included in the specified scope.

Table 3 – Summary of Audit Opinions 2015/16:

Audit Area	Audit Opinion	Committee Date
Financial		
Creditors	Substantial	April 2016
Debtors	Substantial	April 2016
Local Taxation	Substantial	April 2016
Benefits	Sufficient	April 2016
Payroll	Substantial	January 2016
IT		
IT Systems Administration	Limited	January 2016

Audit Area	Audit Opinion	Committee Date
Governance & Fraud Risks		
Fraud Risk Review	Sufficient	April 2016
Service Delivery		
Better Care Fund Monitoring *	Sufficient	April 2016
Care Act Implementation *	Sufficient	April 2016
Recruitment of Interims and Agency Staff	Sufficient	September 2015
Contract Procedure Rules Compliance	Sufficient	April 2016
Capital Allocations Programme Board	Sufficient	September 2015
Kerbside Collections	Sufficient	September 2015
Oakham Enterprise Park	Limited	January 2016
Demand Led Budgets	Sufficient	January 2016
External Care Placements	Limited	January 2016
Public Health Budgets	Sufficient	January 2016

* reports issued as draft and awaiting management responses before finalising.

3.2.2 Outlined in Appendix 1 is a summary of each of the audits that has been completed during the year. The Committee should note that the majority of these findings have previously been reported as part of the defined cycle of update reports provided to the Audit and Risk Committee.

3.2.3 At each Audit and Risk Committee meeting, full copies of any reports issued giving a Limited Assurance opinion are provided to Members. Details of actions taken by management to date to address the findings within these reports are provided in Appendix 1.

3.2.4 The Internal Audit Plan for 2016/17 includes 12 days for further review of all areas receiving Limited Assurance opinions during 2015/16 to provide assurance that actions have been taken and risks are being suitably managed.

3.3 Implementation of Internal Audit Recommendations

3.3.1 Internal Audit follow up on progress made against all recommendations arising from completed assignments to ensure these have been fully and promptly implemented. The Head of Internal Audit provides a summary at each Audit and Risk Committee on progress made and actions outstanding. Table 4 provides details of the implementation of recommendations made during 2015/16.

Table 4 - Implementation of Audit Recommendations 2015/16:

	Category 'High' recs	Category 'Medium' recs	Category 'Low' recs	Total
Agreed and implemented	10	34	17	61 **(72%)**
Not agreed (*risk accepted*)	0	1	4	5 **(6%)**
Agreed and not yet due for implementation	0	8	6	14 **(16%)**
Agreed and due within last 3 months, but not implemented	0	4	0	4 **(5%)**
Agreed and due over 3 months ago, but not implemented	0	0	1	1 **(1%)**
TOTAL	**10**	**47**	**28**	**85**

3.3.2 In addition to those actions which remain outstanding from the 2015/16 audit reports, a further four actions remain outstanding and overdue from 2013/14 and 2014/15 audit reports. A summary of all overdue recommendations is shown in Table 5:

Table 5 - Summary of Overdue Recommendations as at 31st March 2016

		High		Medium		Low	
Audit Title	**Audit year**	**Over 3 months**	**Under 3 months**	**Over 3 months**	**Under 3 months**	**Over 3 months**	**Under 3 months**
IT Service Desk, Asset Register & Licences	13/14	-	-	-	-	1	-
Disaster Recovery & Business Continuity	13/14	-	-	1	-	-	-
Agresso	14/15	1	-	-	-	-	-
Benefits	14/15	1	-	-	-	-	-
Kerbside Collections	15/16	-	-	1	-	-	-
Capital Allocations Programme Board	15/16	-	-	-	4	-	-
Totals		**2**	**-**	**2**	**4**	**1**	**-**

3.3.3 The level of implementation is reported to the Audit and Risk Committee throughout the year. Since April 2015, the Committee has also been provided with further details on the analysis of implementation and any high or medium priority actions which have been overdue for more than 3 months.

3.4 Internal Audit Contribution

3.4.1 It is important that Internal Audit demonstrates its value to the organisation. The service provides assurance to management and members via its programme of work and also offers support and advice to assist the Council in new areas of work.

3.4.2 Delivery of 2015/16 Audit Plan

The Council commissioned 370 days from the Internal Audit Consortium to deliver the 2015/16 Audit Plan.

The team delivered a total of **381** days to Rutland County Council during 2015/16. This involved delivery of the Audit Plan, client liaison, support, reporting, management and attendance at the Audit and Risk Committee.

By 5th April 2016, the team had delivered **100%** of the assignments within the 2015/16 Audit Plan to at least draft report stage. This excludes the review of Digital Broadband, for which it was agreed with senior management and the Chair of the Audit and Risk Committee, that there would be more value in issuing the report during 2016/17 as there has not been an opportunity during 2015/16 to review a number of the key controls such as the milestone to cash process, due to the stage of the project.

3.4.3 Internal Audit Contribution in Wider Areas

Key additional areas of Internal Audit contribution to the Council in 2015/16 are set out in Table 6:

Table 6 – Internal Audit Contribution

Area of Activity	Benefit to the Council
Membership of Governance Group and attendance at meetings.	To provide insight into governance arrangements and independent assurance, and to raise the profile of Internal Audit and governance in the organisation.
Audits of two schools against the Schools Financial Value Standard.	To provide assurance to the S151 Officer and Members on the adequacy and effectiveness of financial management in schools.
Independent verification of claims and ongoing support for the DCLG's Troubled Families Programme.	Assurance over the claims for outcomes achieved and the sharing of good practice on recording and assessing baselines and outcomes for the programme.
Maintaining good working relationships with External Audit so that Internal Audit work can be relied upon for the purposes of assisting them in forming their opinion on the Annual Accounts.	Reduce audit burden, saving costs.

4. Performance Indicators

4.1 Internal Audit maintains several key performance indicators (KPIs) to enable ongoing monitoring by the Welland Internal Audit Board and Committees. Outturns against these indicators in relation to work delivered for Rutland County Council are provided in Table 7:

Table 7 – Internal Audit KPIs 2015/16

Indicator description	Target	Actual
Delivery of the agreed annual Internal Audit Plan – Audit Days	370	381
Delivery of the agreed annual Internal Audit Plan to at least draft report stage by 31st March 2016	90%	95% (100% by 5th April 2016)
Customer Feedback – rating on a scale of 1 to 4 (average) Whereby: 1 = Poor, 2 = Satisfactory, 3 = Good and 4 = Outstanding	3.6	3.3

5. Professional Standards

5.1 The Public Sector Internal Audit Standards (PSIAS) were introduced in April 2013 and are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of Internal Audit across the public sector.

5.2 The objectives of the PSIAS are to:

- Define the nature of internal auditing within the UK public sector;
- Set basic principles for carrying out internal audit in the UK public sector;
- Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations; and
- Establish the basis for the evaluation of internal audit performance and to drive improvement planning.

5.3 A detailed self-assessment against the PSIAS has been completed by the Head of Internal Audit, a copy of which is provided in Appendix 2. The outcome of the assessment was that the Internal Audit service is operating in general **compliance** with the Standards.

Appendix 1: Summary of Internal Audit Work Undertaken for 2015/16

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
Financial Systems			
Creditors	Substantial	To provide assurance that adequate controls exist to mitigate the key risks to the Council of the Creditor payment processes. Including: System access, segregation of duties between key tasks, setting up new suppliers, purchase requisitions, purchase order approval, goods receipting, invoice processing, compliance with policies, BACS/Cheque payments, urgent payments, aged creditor reviews and creditor control account reconciliations.	Sample testing of the purchase invoice process, credit notes, urgent payments, BACS payments, aged creditor reports and reconciliations all provided evidence of efficient, effective procedures and consistent compliance with key controls and Council policy. It was highlighted that 100% of invoices reviewed in sample testing were matched to a purchase order which had been approved on the Agresso system before the invoice date, a notable improvement on previous years. Improvements to the BACS payment process were also identified which have enforced a segregation of duties in the payment process, as recommended in the 2014/15 Creditors Audit report. Audit testing confirmed that detective controls were in place to identify unauthorised, fraudulent or inaccurate changes to supplier data and the preventative controls were being consistently applied. In sample testing, 100% of the changes to existing supplier bank details had been verified and evidenced in accordance with Council procedures. Testing confirmed that all purchase orders must be approved in accordance with the approval limits set on the Agresso system. It was highlighted, however, that four officers held approval limits on the Agresso system which were in excess of the authorisation limits delegated to them in the Financial Procedure Rules. This has since been addressed and there was no evidence that any orders had been approved by these officers in

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
			2015/16 beyond their formally approved authorisation limits. A draft Agresso Disaster Recovery Plan was available for review dated 15th June 2014. This was incomplete and had not been updated to reflect changes in the staffing structure. The new Agresso recovery plan is expected to be developed as part of the Agresso system upgrade in 2016.
Debtors	Substantial	To assess whether the procedures for invoicing, receiving sundry income and collecting debt are adequately controlled and fit for purpose.	Internal Audit testing confirmed that sufficient guidance notes/procedures were in place to ensure the debtors function operated effectively. Sample testing of debtor invoices, credit notes, changes/new additions to customer standing data, debt recovery, cash allocation and reconciliations to the general ledger all demonstrated proficient, effective procedures and consistent compliance with Council policy. Bad debt write offs were also found to be compliant with established policy and delegations. Furthermore, records of all debt recovery actions taken to date – including actions regarding deferred debt agreements and suspense account payments - were easily located and suitably maintained. Two areas for improvement were identified in relation to Agresso user access and exception reporting. A review of users with 'create, update or delete' access to the debtors module within Agresso highlighted a number of segregation of duty conflicts which could potentially expose the Council to the risk of fraudulent activities. The risk of fraudulent activity taking place is however reduced as controls within the Debtors module require changes to invoices to be approved and the 'create, update or delete' access does not give the approval rights. Internal Audit

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
			did not find any instances of misuse of access, non-compliance or fraudulent activity during testing but a recommendation was made to address this potential risk area. It was also noted that there was no practice of formally scrutinising changes to customer standing data. Under existing arrangements, data input onto the debtors system was not regularly reviewed for misapplications or human error. Further assurance could be gained from reviews of exception reports which could be produced directly from the Agresso system.
Local Taxation	Substantial	To provide assurance that the material risks associated with the collection and management of local taxes are sufficiently mitigated. Areas reviewed: System access controls Discounts and exemptions Recovery & enforcement proceedings Refunds & write-offs Performance management (i.e. collection rates)	Based on testing undertaken, the controls in respect of council tax collection and recovery were found to be sound, with well-established processes in place. Sample testing on the application of council tax discounts and exemptions confirmed that all were fully evidenced, accurately calculated and subject to review. Business rates controls were also operating effectively to ensure recovery of monies due. Sample testing of refunds and write-offs for both council tax and business rates debts found that all had been correctly processed and approved. It was highlighted that there was scope to further strengthen arrangements in respect of cases where council tax recovery action has been suspended; including ensuring charging orders are processed by legal services in a timely manner. System access controls could be further strengthened by ensuring that the manual record of system access rights, if retained as a key control, is periodically checked for consistency with the Civica system. Development of the interface and working relationship with the Customer Service Team is ongoing with plans in place

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
			to improve supporting guidance, protocols and feedback mechanisms.
Benefits	Sufficient	To provide assurance that the controls surrounding the processing and payment of benefits are sound. The audit covered the following key control areas: System parameters Processing new claims Quality assurance Review of ongoing benefit BACS payments Reconciliations Identification & recovery of overpayments	Internal Audit found there to be clear and well established procedures for processing of claims and recovery of overpayments. Staff within the Revenues and Benefits Team are highly experienced and knowledgeable. Sample testing provided assurance that claims were complete, supported by appropriate evidence and accurately input onto the benefits system, with only minor immaterial exceptions. All reconciliations were completed in a timely and accurate manner. It was highlighted that arrangements for the management and evidencing of periodic review of ongoing claims could be strengthened and there was scope to improve record keeping in some areas. Lack of separation of duties in relation to the processing of BACS payments was raised in the 2014/15 audit and progress had recently been made in addressing the technical constraints. From February 2016, an appropriate segregation of duties should be enforced for the BACS payments and the implementation of this control is subject to follow up review by Internal Audit.
Payroll	Substantial	To provide assurance over the key internal controls operating to ensure: Payroll payments to employees are accurate, timely and secure and an appropriate audit trail is available;	A full review of user accounts and permissions on the payroll system was underway at the time of testing. Whilst the Internal Audit testing of payroll system user access highlighted examples of temporary Payroll staff for whom access rights had not been revoked, all issues highlighted were promptly addressed by management and the full review should ensure that all permissions remain up-to-date and appropriate.

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
		Payments to HMRC are timely and accurate to avoid penalties; Payroll data recorded in the financial system is correct so that the Council's financial accounts are accurate and reliable; and Access to payroll data is appropriately restricted to avoid inappropriate access and potentially exposing the Council to fraudulent activities.	Processes for monthly payroll payments, pension payments and payment to HMRC were found to be adequate and testing confirmed that the payments reviewed were made in a correct and timely manner. Variable and temporary payments were found to be accurate and suitably authorised and both mandatory and voluntary deductions were also tested and confirmed to have been processed correctly. Monthly reconciliations of the Payroll control account are in place. Establishment records are subject to review each time a request to amend a post is received and all changes are subject to review by the Head of Human Resources prior to any amendment on the HR system. Starter testing confirmed adequate procedures to be in place to ensure all appropriate checks are carried out, records are updated and officers are notified. Leavers testing confirmed appropriate HR procedures are in place to identify leavers, update all records and to notify payroll that a final payment needs to be calculated and processed. Testing of the accuracy of payments did not identify any significant issues.
Financial Governance and Transparency	N/A	The purpose of this review was to provide assurance that the mandatory requirements of the Transparency Code are being complied with and that best practice is followed when publishing information on budget setting, budget monitoring and financial	The Council publishes extensive information relating to its budget setting and monitoring, in addition to setting out its funding, statutory and constitutional requirements. The Council transparently sets out its financial plans and the pressures and risks related to those plans. Budget monitoring reports are published quarterly and provide extensive coverage and commentary on financial developments across the Council. All expected sources of information relating to the setting and monitoring of budgets had been published by the Council and

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
		performance. This was a joint benchmarking review which was delivered concurrently to Rutland County Council, Melton Borough Council and East Northamptonshire District Council. The data published by the five Welland authorities, plus an additional five authorities, was reviewed to provide meaningful comparative information.	were found to be easily accessible and up to date. For these reasons, Internal Audit assessed the Council as providing a **High** level of transparency relating to its budget setting and monitoring. The Council demonstrated **Full** compliance with all mandatory elements of the Transparency Code. In addition, Rutland County Council publishes 56% of the voluntary data as recommended by the Code. In the benchmarking exercise, this was found to be the same, or a higher, level of voluntary publication of additional information than seven other Councils in the group of ten. The highest percentage of additional information published across the remainder of the whole group was 67% and included expenditure on procurement cards (which is not applicable to Rutland County Council) and grants to voluntary organisations. All information provided was published on time and was noted as particularly easy to locate on Rutland's website in comparison with other authorities.
Community Care Finance – Deputyships & Court of Protection - Limited Assurance Follow Up	N/A	To assess how far management have implemented agreed actions from the Limited Assurance report issued in 2014/15, and validate this through a review of evidence, as appropriate. To gain assurance that risks associated with the internal control issues are being addressed.	Documented procedure notes for the management and administration of client finances are almost complete. There are now three individuals within the Council that have the knowledge to perform the deputyship role allowing for appropriate cover in case of staff absences. All payments require signatures of two of these officers, which ensures that any payments proposed are subject to a secondary check. A standard electronic indexing system has been developed to enable the retention and retrieval of clients' financial documentation. Each client file holds scanned copies of bank

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
			statements, a cash book recording all income and expenditure and a number of folders containing scanned receipts and/or invoices as evidence to support transactions. Money can be issued from the clients' accounts to carers and care homes to cover the costs of the service users' daily living needs. Such expenditure is of low value and the Council would typically issue cheques up to a maximum of £200 at a time. Home carers are now required to provide an itemisation and copies of receipts to support all service user expenditure, however care homes have not consistently provided a breakdown of spend with copies of receipts/invoices and further work is planned to ensure this takes place and spot checks are carried out. For Deputyship arrangements where a client is able to spend their own money, changes have been made so that clients no longer hold cheque books. These clients now have two bank accounts, one for bills and one for personal spending. The client only has a debit card for the personal spending account (i.e. food / clothes shopping) and a set amount of cash is transferred to this account by standing order on a weekly basis. This change allows to client have independence but controls the amount that is being spent and allows the Council to easily track client expenditure and ensure that all required bills are paid.
IT			

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
ICT Systems Administration	Limited	To provide assurance that the Council has put in place controls to ensure that it has an effective IT 'system administration' function for both the network and the business critical / sensitive applications.	All administrators within the IT team have their own admin accounts and any generic passwords required to access specific systems or routers are stored securely. Adequate back up procedures were found to be in place for all servers and the Council is subject to annual Public Sector Network Code of Connection compliance reviews which include a review of the adequacy of network parameters. New network users must be authorised and sample testing confirmed that these are being set up in a timely manner and with appropriate access rights. A procedure was also in place to notify the IT team of leavers so access could be promptly revoked. Some controls were highlighted which required improvement to ensure the effective administration of the network. In areas, the testing conducted and assurances which could be given were limited due to restrictions in the availability of key information. It was identified that there were no regular reviews conducted of network users to identify any redundant user accounts and Internal Audit could not be provided with a report of all current network user accounts at the time of testing in order to verify the validity of all network access. It should be noted that if a Council leaver was to remain as an active IT user; their network access would be restricted by not having physical access to Council buildings and equipment. Review of remote access users however, did identify three leavers who still had live access to the Council's network resulting in a risk that Council records could be reviewed and altered from remote locations. At the time of testing, the Council did not have an IT Change Management methodology and event logs of actions by network

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
			administrators were not available. Network performance was also not recorded, monitored or reported. Testing of three Council systems determined that System Administrators were aware of their responsibilities and that they had access to assistance from the IT team when required. Processes to request new users were however in some cases informal, despite relating to systems containing some sensitive data. It was noted that System Administrators were not notified of leavers from the Council resulting in a risk that access was not revoked in a timely manner. The access rights to each system were not subject to periodic review and incidences were identified where former staff retained access rights. These were promptly revoked. **Update - all actions arising from this audit report have since been implemented. Including:** • **introduction of a Change Control policy and procedure;** • **the procurement of software to enable audit reports to be produced detailing any changes to the Active Directory;** • **comparison of the HR staff list and the IT directory of users was undertaken to ensure that only current members of staff remain on the network;** • **monthly meetings now take place to identify any machines that have not been on the network for 30 days and any users that have not logged on to the network for 30 days;** • **remote access list was reviewed to ensure all with**

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
			remote access rights are valid employees; • **leavers form has been modified to include a reference to any application access that requires revoking to ensure access to Council systems is suitably removed; and** • **where possible, the performance of the network will be monitored on an ongoing basis.**
Governance and Fraud Risks			
Fraud Risk Review	Sufficient	To provide assurance that the Council is identifying areas vulnerable to fraud and that mitigating actions are being taken to effectively manage the Council's exposure to these risks.	The process followed to develop the fraud risk register included reference to national guidance and trends, was conducted by professionally qualified and experienced senior officers and resulted in the identification and recording of 32 key risks affecting various council services and including frauds which could be committed internally and externally. The process included consultation with the senior management team and each risk was given an 'owner' and the controls operating to mitigate each risk were identified and further actions required to address the risks were recorded. In order to provide assurance over the management of the identified risks, a sample of these have been reviewed to confirm that the stated controls are operating consistently and effectively and that any actions agreed on the register have been implemented. A number of areas of good practice were identified including robust controls to mitigate the risk of recruitment fraud and fraudulent changes to supplier bank account details. It was highlighted that, whilst a number of key fraud risks have been recorded on the fraud risk register and suitable controls

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
			and innovative further actions have been identified, the register has not been subject to regular review to confirm that these remain complete and up-to-date and that actions have been implemented. The Register is on the Audit and Risk Committee forward plan for formal, annual review in April 2016 but, in order to maximise the value of the fraud risk register, this should be subject to more regular management review and updates to reflect any new and emerging risks/national trends. It was noted that some of the actions recorded on the fraud risk register were yet to be implemented and some further areas for improvement to ensure the existing controls are fit for purpose have been highlighted during audit testing.
Service Delivery			
Better Care Fund (BCF) Monitoring	Sufficient * Issued as Final Draft report	To provide assurance that the Council's overall governance arrangements for managing the Better Care Fund (BCF) programme are sound and to verify the reported performance and spend for a sample of projects.	Testing confirmed that there were clearly established governance structures, roles and responsibilities for management and control of the BCF programme. A formally approved plan was in place together with detailed business cases for each project and a comprehensive pooled budget (section 75) agreement. Overall performance metrics had been clearly specified and RAG (Red/Amber/Green) rated performance 'dashboards' provided an informative picture of overall progress and performance at programme level. There was potential to further strengthen the existing governance arrangements by incorporating a more detailed timeline and milestones for the overall programme and individual projects together with regular monitoring and reporting of key risks. Arrangements for the management of individual projects were

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
			generally sound. Each scheme had a nominated lead officer and progress and performance was being reported on a monthly basis. Testing of a sample of projects identified some inconsistencies between the outcomes and metrics in the original project documentation and the project 'highlight' reports. Financial management arrangements were clearly set out in the section 75 agreement and costs and forecasts are regularly reported to the partnership board. Testing confirmed that reported costs were consistent with the underlying records although arrangements for verifying costs incurred by East Leicestershire and Rutland Clinical Commissioning Group (EL&R CCG) have not yet been formalised.
Care Act Implementation	Sufficient * Issued as Draft Report	To review the implementation and embedding of the revised policies and procedures following the introduction of the Care Act in April 2015.	Council policies and procedures for adult social care have been reviewed and updated to ensure compliance with the Care Act. They have been designed well and the Council has processes in place to ensure that up to date information and guidance is available to staff and the public. Generally, Internal Audit review and testing confirmed Care Act compliant processes to be fully embedded into day to day operations, including personalisation of assessments, service user eligibility and ensuring continuity of care when an individual moves between areas. Some areas were highlighted where audit trails and documentary evidence could be strengthened to ensure consistency, particularly in relation to needs assessments and care and support plans. Providing refresher training to staff on Care Act compliant procedures was also highlighted as an area for improvement as well as setting out clear timescales,

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
			milestones and activities on how the Council intends to shape the market place for adult social care.
Recruitment of Interims and Agency Staff	Sufficient	To review how the Council's revised procedures for recruitment of Interims and Agency staff were being applied to ensure that all employment regulations were complied with and value for money is achieved. Included review of: Policies and procedures; Recruitment approvals; Pre-recruitment checks; Interim/Agency Staff records; and Management reporting.	The Council's Senior Management Team (SMT) had agreed standard protocols and processes for recruiting interims and agency staff to ensure that all appropriate checks have been undertaken. Internal Audit sample testing highlighted, however, that these processes had not been consistently applied. Whilst line managers were able to provide reasonable justification for recruiting interim staff, the Council was unable to demonstrate a suitable audit trail to confirm this. The introduction of a formal 'Approval to Recruit' form would ensure that justification is documented, clear accountability can be evidenced and the Council is provided with sufficient data to carry out a root cause analysis to determine why temporary agency cover is required. For recruitment to permanent posts, the Council policy requires the Chief Executive to approve all posts before advertising. It is noted that there is a different employment relationship between the Council and interim/agency staff compared to substantive posts. The Council uses software (Agresso HR) for recording agency/interim worker details, however testing highlighted potential scope to further develop this system into a database for recording and retaining all correspondence and documentation in a secure central location.
Contract Procedure Rules Compliance	Sufficient	The audit focused on compliance with CPRs across all departments and specifically	The current Contract Procedure Rules (CPRs), guidance, tools and templates were confirmed as all available and accessible from a single intranet page and training on the revised rules was

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
		contracts let since the implementation of the 2015 regulations. Review of contract management arrangements focused on the Resources Directorate only as other directorates had been subject to recent audit of contract management arrangements. The audit did not review whether Contract Procedure rules/related guidance notes and documentation were fit for purpose as work was already ongoing in this area led by the Team Manager (Procurement & Contract Management) and supported by a governance sub-group.	provided to key officers in July 2015. The Council publishes its departmental contract registers on a quarterly basis listing all contracts over £5,000. However, comparison of the contract registers with the published list of expenditure over £500 indicated that the contract registers may be incomplete. Moreover, testing of contracts selected from both sources identified non-compliance with certain aspects of contract procedure rules in each case, which ranged from basic poor record keeping to non-compliance with advertising requirements. It should be noted that in all non-exempt cases there was evidence of some form of competition and no evidence of fraud or corruption was identified. The Council must ensure, however, that these procedures are consistently applied to minimise the risk of challenge on the fair and transparent procurement of goods and services. An audit on wider compliance with CPRs has been included in the draft Internal Audit Plan for 2016/17 to provide assurance over this risk. Review of compliance with the contract management aspects of contract procedure rules within the Resources directorate found full compliance with all requirements.
Kerbside Collections (TEEP Compliance)	Sufficient	Internal Audit has reviewed controls in respect of the following key risks: the methodology applied in assessing compliance with the new TEEP regulations is flawed or not sufficiently robust to avoid challenge; and evidence and	The Council had undertaken an assessment of its current waste collection methodology and concluded that the existing comingled collection system was compliant with the regulations. The Council's initial assessment was conducted prior to the publication of detailed guidance and was developed based on officers' interpretation of the regulations. The assessment was reviewed and considered to be rational and proportionate and

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
		information used as part of the assessment is unclear, inaccurate or insufficiently robust to support the overall conclusion.	covered all key aspects of the TEEP requirements. The assessment could have been strengthened further with the inclusion of more evidence regarding the quality of recycled materials and ensuring a full and detailed audit trail to all supporting information and data.
Oakham Enterprise Park	Limited	Assurance was sought from the Audit review that lease agreements are commercially viable, subject to a robust tenancy application process and that income due from tenants is suitably recovered.	Since opening for business, the demand for this site has exceeded expectations with existing local businesses and new businesses to Rutland requiring units. The pace of change has been such that the systems underpinning its operation have been developed alongside ongoing activity. The Council recognises that robust systems need to be put in place and in this context, the Director requested a review. Internal Audit recognised that the Council had taken positive steps to improve the controls over the tenancy application process for prospective tenants. Tenants' credit, trade reference, age (to ensure they are over 18 and thus legally entitled to hold a lease) and citizenship checks had recently been introduced and any new lease agreements are now independently reviewed by an Estates Surveyor to ensure they are accurate and commercially viable prior to them being forwarded to Legal Services. A review of a sample of ten units highlighted that controls over the administration of tenancy applications and pre-tenancy checks were found to be limited in places and not fully embedded. Credit checks, trade reference checks and identification verification did not take place for all tenants within

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
			the audit sample and 50% of tenants did not complete a tenancy application form. Lease agreements were available for 90% of the sample and included key areas such as rent charged, details of any break clauses, length of term, renewal rights, service charges, repair obligations and subletting arrangements. However rent review arrangements and rent deposit information were inconsistently documented and lacking suitable audit trails. In addition, lease agreements could not be located for one tenant, who occupied two units. Tenants were found to be invoiced accurately and timely in accordance with the terms agreed in the lease and market rental values. Rental income was being recovered in a structured, timely manner and payments plans had been put into place where required. However, on occasions it was noted that cash payments had been received directly at the OEP site rather than through customer services. This handling of cash and an insufficient audit trail could potentially expose the Council to an increased risk of fraud and should be avoided in future. This was promptly addressed and rent is only accepted by cheque or BACS with most tenants now paying by standing order. **Update – All actions due for implementation have been completed. Only one low risk recommendation due 31st March 2016 remains open.** **Completed actions include:**

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
			- **Cash payments for rent have now ceased.** - **Lease agreements are independently reviewed by the Estates Surveyor prior to signing to ensure there are no errors and they are commercially viable.** - **Copies of all Heads of Terms are saved in the appropriate unit folder on the shared network for reference and ID verification is now in place for all tenants. A copy of official photo ID is taken, scanned and saved electronically.** - **A signed lease agreement is on file for all currently let units within the Oakham Enterprise Park.** - **All leases are accompanied by a rent deposit deed prepared by Legal Services and rent reviews are explicitly detailed within the lease template.** - **A commercial tenancy selection policy has been agreed and documented.** - **Training on fraud, bribery and money laundering has been arranged by Corporate Services and is scheduled for 11th May 2016. This will be attended by a number of staff from OEP and Property Services.**
Demand Led Budgets	Sufficient	To provide assurance that appropriate controls are in place to ensure that the Council is doing all it reasonably can to control, monitor and predict demand led social care	Based upon a review of 20 areas of expenditure, there was a high level of compliance with the Council's established budget monitoring procedures. There were clear communication channels in place to highlight emerging pressures. Quarterly finance reports were submitted to Cabinet and provided appropriate commentary on emerging issues related to demand

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
		expenditure, whilst balancing the risks and resources required. The key risks upon which the audit was focussed related to failure to control demand led social care expenditure and failure to monitor and predict demand led social care expenditure.	led budgets. Commitment records were in place for a number of the services examined. The Council was also developing processes to ensure correlation between the services provided, commitment records and budgets. A review of financial reports published by five larger authorities was carried out to identify any notable good practice in the area of demand led expenditure budget setting and forecasting; this review did not identify any best practice which has not already been considered by the Council. The audit review also identified a number of areas in which further improvements could be made to improve the reliability of demand led budget setting and expenditure forecasting. There were some inaccuracies within expenditure commitment records, particularly in Adult Social Care, whereby the forecast expenditure was not consistent with the latest approved care package. Furthermore, there was scope to improve the budget setting process by adopting a 'zero based' approach. It was acknowledged that management had already initiated actions to address some of these issues.
External Care Placements	Limited	To review the Council's procedures for purchasing external social care placements. To provide assurance over the processes in place to ensure value for money is achieved, and subject to ongoing assessment, and that contract management is robust.	At the time of audit, a Head of Commissioning had been appointed and tasked with developing a strategic approach to all commissioning activity within the department. This work was in the early stages of development with plans in place to establish a project group and appropriate governance arrangements. An Individual Placements policy had been drafted at the time of review but was yet to be finalised, formally adopted and fully implemented. The draft policy included a requirement for specialist procurement input into the commissioning process

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
		Audit testing focused on the following areas: SEN; Disabled children residential care; Learning disability residential care; and Older people residential care.	which, if implemented, would help to ensure value for money and provide additional safeguards through separation of duties. Evidence to demonstrate the achievement of value for money (VFM) needed to be better documented in most cases and sample testing found a majority of placements were not supported by a valid signed contract. The approach to contract management also needed to be clarified and strengthened, particularly in relation to out-of-county and educational placements. It was highlighted that there were well established processes in place for dealing with any safeguarding concerns in external placements. Testing identified, however, that the processes for undertaking checks at the pre-contract stage could be improved to ensure all checks are consistently evidenced. **Update – the Deputy Director (People) is due to provide details on progress made in addressing the findings at the Audit and Risk Committee meeting in April 2016.**
Public Health Budgets	Sufficient	The key risks upon which the audit was focussed related to failure to achieve public health outcomes and deliver value for money for Rutland, and failure to demonstrate that the public health budget is being spent in accordance with grant terms and conditions.	The audit highlighted a number of examples of good governance. Contracts for provision of Public Health services were entered into only on approval of RCC. A Public Health Steering Group was in place, attended by representatives of RCC and the LCC Public Health department, and LCC Public Health representatives attended RCC People Directorate Departmental Management Team (DMT) meetings. Appropriate contract and performance management frameworks were found to be in place. Sample testing of 20 Public Health transactions confirmed that in 19 cases the expenditure was in accordance

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
			with the Public Health grant terms and conditions. The remaining case was discussed with officers and resolved. The audit review also identified a number of areas in which further improvements could be made to ensure that future commissioning activity meets the needs of Rutland. Furthermore, there was scope to further improve accountability by obtaining assurances that the amounts paid to the LCC Public Health department reflect the level of support received by RCC.
Safe Driving at Work – Limited Assurance Follow Up	N/A	To assess how far management have implemented agreed actions from the Limited Assurance report issued in 2014/15, and validate this through a review of evidence, as appropriate. To gain assurance that risks associated with the internal control issues are being addressed.	Proposed safety standards for driving and riding at work were presented to the Joint Safety Committee (JSC) with a view to incorporation into the corporate Health & Safety policy framework. At the time of Internal Audit's follow-up the safety standards had not yet been formally adopted and were not easily accessible on the intranet. A corporate safe driving procedure was approved by Senior Management Team (SMT) in July 2015 and JSC in October 2015. It has been decided not to adopt the procedure as a formal corporate policy but to incorporate it into section 17 (Health & Safety) of the staff Code of Conduct with a cross reference to the safety standards referred to above. The procedure is due to be finalised and a separate section of the intranet has been created ready to go 'live' when the procedure is launched. The procedure will be presented at two policy briefings for Managers – 14th May and 17th May. An all staff email will be sent after the manager briefings and an article put in One Council.

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
			The need for driver training has been considered with the associated costs being balanced against risks. Management have concluded that driver training is only required in a small number of cases where service users are being transported. A driving at work risk assessment is to be provided to line managers for completion to identify drivers who regularly transport service users and appropriate training will be organised commensurate with risk.

Appendix 2: Self-Assessment against the Public Sector Internal Audit Standards (PSIAS) April 2016

Standard	Ref	Conformance with Standard	Yes	Partial	No	Evidence
1000 – Purpose, Authority & Responsibility	1010	Recognition of the Definition of Internal Auditing, the Code of Ethics and the Standards in the Internal Audit Charter	✓			The Internal Audit Charter reflects the mandatory nature of the relevant Standards.
1100 – Independence and Objectivity	1100	Organisational Independence	✓			Head of Internal Audit reports directly to the Audit Committee and has unfettered access to the Chief Executive, Chair of the Audit Committee and Section 151 Officer.
	1111	Direct Interaction with the Board	✓			Head of Internal Audit reports directly to the Audit Committee.
	1120	Individual Objectivity	✓			All members of the Internal Audit team are required to complete a Declaration of Interest form at the start of the financial year and any conflicts of interest are avoided in work allocations.
	1130	Impairment to Independence or Objectivity	✓			Approval sought from Audit Committees before undertaking any significant consulting services not already included in Audit Plans.
1200 – Proficiency and Professional Care	1210	Proficiency	✓			Head of Internal Audit is CCAB qualified and all Audit Managers hold professional qualifications and are suitably experienced for the role. Trainees and Auditors are undertaking training including final stages IIA exams.
	1220	Due Professional Care	✓			Experienced Audit staff exercise due professional care when planning and undertaking assignments. Scope of assignment is clarified within detailed audit planning record and the limitations to the scope and assurance provided are documented within audit planning records, audit reports and progress reports.

Standard	Ref	Conformance with Standard	Yes	Partial	No	Evidence
						All audit planning records are approved by the Head of Internal Audit before work commences.
	1230	Continuing Professional Development	✓			Staff attendance at training and development opportunities. All Audit Managers must satisfy professional body CPD requirements.
1300 – Quality Assurance & Improvement Programme	1310	Requirements of the Quality Assurance and Improvement Programme	✓			External assessment completed in 2013 and annual internal self-assessment conducted by Head of Internal Audit, which is included in the Annual Report.
	1311	Internal Assessments	✓			Ongoing monitoring of performance at monthly individual supervision meetings, team meetings and post audit completion discussions. Customer Satisfaction Questionnaires (CSQs) requested from clients for each assignment and responses summarised for Audit Committees. Head of Internal Audit meets with senior management on regular basis and seeks feedback on value of the Internal Audit service and areas for development.
	1312	External Assessments	✓			External assessment conducted in 2013 by independent, professional company to assess against compliance with PSIAS. No further external assessment due until 2018.
	1320	Reporting on Quality Assurance and Improvement Programme	✓			The outcome of the external assessment and progress against the resulting improvement plan were reported to the Welland Board (where all Welland S151 officers are members) and to Audit Committees. All actions from the improvement plan were signed off by the Welland Board. Annual self-assessment against PSIAS included

Standard	Ref	Conformance with Standard	Yes	Partial	No	Evidence
						within Head of Internal Audit's Annual Report – to be presented to the Welland Board and Audit Committees.
	1321	Use of 'Conforms with the International Standards for the Professional Practice of Internal Auditing'	✓			Based upon completion of improvement plan and ongoing assessment and quality assurance processes, results support compliance with Standards and Code of Ethics.
	1322	Disclosure of Non-conformance	✓			Instances of non-conformance identified in 2013 were reported to the Board and Committees following the external assessment. Progress against the improvement plan to address all areas of non-conformance was reported to Committees and management until all actions were signed off.
2000 – Managing the Internal Audit Activity	2010	Planning	✓			Process for development of risk based audit plans was presented to each Audit Committee for approval. Plans were developed with input from senior management and Committee members. Audit planning process is documented in Internal Audit Charter.
	2020	Communication and Approval	✓			Any changes to the approved Audit Plans during the financial year are communicated to the Audit Committee and subject to agreed approval mechanisms in accordance with the delegated decision making arrangements.
	2030	Resource Management	✓			Resources reviewed on an ongoing basis to ensure these are appropriate, sufficient and effectively deployed. Team includes four professionally qualified, experienced Audit Mangers. Any concerns on adverse impact on provision of the audit opinion would be raised by the Head of Internal Audit in Annual Report.

Standard	Ref	Conformance with Standard	Yes	Partial	No	Evidence
	2040	Policies and Procedures	✓			Audit manual, charter and practice notes revised as part of improvement plan to ensure compliance with Standards.
	2050	Coordination	✓			Other sources of assurance are considered and reviewed as part of the Audit Planning process to avoid any duplication with other assurance providers.
	2060	Reporting to Senior Management and the Board	✓			The Head of Internal Audit attends meetings with senior management and Audit Committees on a regular basis. Progress reports are presented at every Audit Committee meeting and details of assurance levels are provided with focus upon those of Limited Assurance opinions. The content of the progress reports was reviewed during 2015 and the Audit & Risk Committee now receives a detailed breakdown of the implementation of audit actions and full details of all actions which have been overdue for more than three months and classed as 'high' or 'medium' priority. The Committee also now receives the full Executive Summary of all audit reports finalised during the period and full audit reports for any assignments receiving a rating of Limited or No Assurance.
2100 – Nature of Work	2110	Governance	✓			Audit team provides independent advice on drafting of governance related policies and attends governance groups, where applicable. Audit findings on risks and controls are presented to the Audit Committee and senior management with recommendations on areas for improvement. As appropriate, the Internal Audit team contributes to

Standard	Ref	Conformance with Standard	Yes	Partial	No	Evidence
						the development of the Annual Governance Statement. IT Governance reviews included in rolling IT Audit plan.
	2120	Risk Management	✓			Internal Audit refer to the organisation's risk registers during Annual Planning exercises and provide training to committee members on risk management and the 'three lines of defence' to support effective review. Risks relating to the organisation's governance, operations and information systems, as well as fraud risks, form part of individual audit assignments, as stated in the audit planning records and audit reports. The Internal Audit planning process for 2016/17 included review of risk management systems and procedures and as stated in the PSIAS 'Internal Audit gather the information to support this assessment during multiple engagements The results of these engagements, when viewed together, provide an understanding of the organisation's risk management processes and their effectiveness'. As such, the outcome of the various risk based assignments within the Audit Plans provide an understanding of the effectiveness of the Council's risk management procedures which can be raised with senior management and the Committee. Auditors are alert to other significant risks when undertaking any consulting engagements and give

Standard	Ref	Conformance with Standard	Yes	Partial	No	Evidence
						advice and make recommendations but it is the responsibility of management to implement these actions.
	2130	Control	✓			In accordance with the risk based approach to Internal Audit assignments, the adequacy and effectiveness of controls are evaluated and reported upon on each audit assignment. The audit report template clearly provides an assurance rating for both design and compliance for each control.
2200 – Engagement Planning	2201	Planning Considerations	✓			An audit planning record is issued and subject to formal approval for all audits. This outlines the scope, objectives, timescales, resource allocations, access requirements and limitations to scope for the assignment. This is reviewed and approved by the Head of Internal Audit before issuing to the client. Any consultancy engagement is also subject to documented, agreed scope, objectives and respective responsibilities of the auditor and the client.
	2210	Engagement Objectives	✓			Audit planning records are agreed for each engagement following preliminary discussions on risks with the audit clients and with input and review from Head of Internal Audit. Value for money considerations are included in the scope as appropriate.
	2220	Engagement Scope	✓			Detailed audit planning records are provided for all assignments establish the objectives, resources and access to systems, records, personnel and premises, as appropriate.
	2230	Engagement Resource Allocation	✓			Audit planning records state the number of audit days allocated to the assignment and the Audit Manager

Standard	Ref	Conformance with Standard	Yes	Partial	No	Evidence
						should agree a scope which is achievable within the resource available. The Head of Internal Audit reviews and approves all audit planning records before issuing to clients to ensure scope is appropriate and consistent with resource allocation.
2300 – Performing the Engagement	2310	Identifying Information	✓			Audit Managers ensure that sufficient, reliable and relevant information is used for audit assignments. File reviews conducted by Head of Internal Audit to confirm quality of evidence and basis for conclusions.
	2320	Analysis and Evaluation	✓			Reviews of electronic working papers conducted by Head of Internal Audit to confirm quality of evidence and basis for conclusions. Clearance meetings held with clients to discuss findings and basis for conclusions and provide opportunity to confirm accuracy of findings.
	2330	Documenting Information	✓			Retention of evidence to support conclusions and engagement results is saved on the audit software and network folders, where access is limited to Audit staff. Any hard copy evidence is scanned onto the network and software and destroyed via confidential waste. Practice note states 'Rutland County Council is the Consortium's employing body and the Consortium operates in line with the Council's Document Retention Policy'.
	2340	Engagement Supervision	✓			Monthly supervision meetings held with each member of Audit team to discuss progress made with each assignment, any issues encountered, workload and priorities for the month ahead.

Standard	Ref	Conformance with Standard	Yes	Partial	No	Evidence
						All audit reports are reviewed by the Head of Internal Audit and evidence is retained on file. All working papers are reviewed by the Head of Internal Audit (unless completed by an Auditor and fully reviewed by Audit Manager). Evidence of the review is held on the audit software with full audit trail.
2400 – Communicating Results	2410	Criteria for Communicating	✓			Internal Audit reports state the objectives, scope, conclusions, recommendations and agreed action plans.
	2420	Quality of Communications	✓			Head of Internal Audit review of reports ensures these are accurate, objective, clear, concise, constructive, complete and timely.
	2421	Errors and Omissions	✓			No incidents recalled of any significant errors or omissions in reports. Any such incidents would be suitably escalated for resolution.
	2430	Use of 'Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing'	✓			Based upon completion of the improvement plan arising from the external assessment and the internal self-assessment, results support this statement.
	2431	Engagement Disclosure of Non-conformance	✓			Not applicable.
	2440	Disseminating Results	✓			The final reports issued on all assignments are provided to all individuals named on the circulation list, approved at the commencement of the audit. Any circulation to parties in addition to those listed on the audit planning record will be agreed with the Head of Internal Audit and senior management. Copies of all finalised audit reports are available to

Standard	Ref	Conformance with Standard	Yes	Partial	No	Evidence
						Committee members by requesting from the Head of Internal Audit or Section 151 Officer. Copies are provided to the Chair of the Audit Committee where agreed with the specific committee. The progress reports presented at each committee meeting include the outcome of each assignment, in relation to the assurance rating and the key matters arising.
	2450	Overall Opinions	✓			The Head of Internal Audit provides an annual Internal Audit opinion which can be used to inform the Council's governance statement. This report includes an opinion, a summary of work that supports that opinion and a statement on conformance with PSIAS.
	2500	Monitoring Progress	✓			There is an established process in place at each of the councils within the Consortium for the follow-up of progress made by management in implementing the agreed actions arising from audit reports. Internal Audit monitor and report to the Committee on the progress made. The content of the progress reports was reviewed during 2015 and the Audit & Risk Committee now receives a detailed breakdown of the implementation of audit actions and full details of all actions which have been overdue for more than three months and classed as 'high' or 'medium' priority. The Committee also now receives the full Executive Summary of all audit reports finalised during the period and full audit reports for any assignments

Standard	Ref	Conformance with Standard	Yes	Partial	No	Evidence
						receiving a rating of Limited or No Assurance.
	2600	Communicating the Acceptance of Risks	✓			Where an identified risk is accepted by management this is reflected in the audit report. Where the risk is subsequently accepted because the agreed action is no longer feasible this would be discussed with senior management and details and context would be reported to the Committee. If the Head of Internal Audit had concerns about the level of risk accepted by management this would be reported to the Committee.

Conclusion

Based upon the self-assessment completed by the Head of Internal Audit on 4th April 2016, the Welland Internal Audit Consortium is operating in general conformance with the Public Sector Internal Audit Standards (PSIAS).