

Report 73/2015 Appendix A

# **Internal Audit Plan 2015 / 2016**

**RUTLAND COUNTY COUNCIL**

**Head of Internal Audit**

## INTERNAL AUDIT PLAN 2015/16

### 1. Introduction

- 1.1 This report sets out the proposed Internal Audit Plan for 2015/16 for approval by the Audit & Risk Committee.
- 1.2 In August 2014, LGSS was commissioned to manage the Welland Internal Audit Consortium. As part of this role, LGSS has been given responsibility for developing the Audit Plans for 2015/16. This has provided an opportunity to 'refresh' the approach to Audit Planning and ensure that the Plans are of optimum value to the Council and provide Members with the necessary assurances to exercise their roles and responsibilities.
- 1.3 In setting the Annual Audit Plan, the Public Sector Internal Audit Standards require:
- The Audit Plan should be developed reflecting the Council's key risks as identified through consultation with senior management and the Audit Committee; and
  - The Audit Plan should be reviewed and approved by an effective and engaged Audit Committee to confirm that the plan addresses their assurance requirements for the year ahead.

### 2. The Audit Plan

- 2.1 The Audit Plan is designed to support the provision of an annual Head of Internal Audit Opinion. The basis for forming this opinion is as follows:
- An assessment of the design and operation of the underpinning Governance, Assurance and Risk Frameworks and supporting processes; and
  - An assessment of the range of individual opinions arising from the risk based assignments, which will be reported throughout the year.

#### Planning Process

- 2.2 During February 2015, Individual meetings have been held with the Council's Senior Management Team to identify the key potential risk areas for audit coverage.
- 2.3 Members of the Audit & Risk Committee were provided with an opportunity to raise any areas where they require assurance during 2015/16 at the January 2015 Committee meeting.
- 2.4 Internal Audit also draw upon an "audit universe" (a list of potential areas for Internal Audit review) to highlight a list of further potential audit review areas for consideration.

- 2.5 The process has also incorporated consideration of potential audits which can be undertaken by drawing upon similar emerging themes from the Councils within the Welland Internal Audit Consortium.
- 2.6 The Audit Plan covers the two key component roles of Internal Audit:
- The provision of an independent and objective opinion to the Section 151 Officer/ and the Governance and Audit Committee on the degree to which risk management, control and governance support the achievement of Council objectives;
  - The provision of an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance arrangements.
- 2.7 Following this consultation, a Draft Internal Audit Plan has been compiled. The Draft Internal Audit Plan is provided in Appendix A.
- 2.8 Also provided as Appendix B, is a schedule of other potential areas for audit coverage. These have been considered in discussions with Senior Management but have been assessed as lower risk or of lower value at this time. The Audit Plan will be subject to ongoing review during the year to ensure it continues to address the key risks to the Council, however, any changes would be subject to formal approval. The additional potential audits within Appendix B will be considered where any other assignments within the plan are deferred or amended. Members could also consider whether any of these assignments should be incorporated within the draft Plan in place of any of the planned assignments.

**Appendix A**  
**Draft Internal Audit Plan 2015/16**

Assurance Area	Audit Assignment and Potential Coverage	Proposed days
Finance	<b>Key Financial Controls</b> Annual review of the Council's key financial controls.	55
	<b>Financial Governance / Transparency</b> This review can be conducted at multiple Councils across the Welland consortium to compare approaches to transparency around the budget setting and budget monitoring processes and compliance with the Transparency Code.	7
Counter Fraud	<b>Fraud Risk Review</b> In 2014/15 the Council has put together a fraud risk register. The review will select a sample of areas from the register and assess whether controls noted are working as intended. This will include controls over supplier account maintenance which were further developed following a fraud in 2014/15.	15
Service Delivery	<b>Better Care Fund (BCF) Monitoring</b> The BCF pooled fund comes into effect from 1 <sup>st</sup> April 2015. Each BCF project needs to demonstrate its impact against BCF targets and show how much has been spent. This review will focus on a sample of schemes and verify reported performance and spend.	15
	<b>Data Retention and Disposal</b> To review procedures in place for data management and disposal, including IT specific controls and procedures. Work is currently underway within the Council to improve these areas and a review in 2015/16 will provide assurance over the robustness of these arrangements once complete.	15
	<b>Recruitment of Interims and Agency staff</b> The Council has agreed a revised procedure for recruitment of Interims and Agency staff to ensure that all employment regulations are complied with and value for money is achieved. The review will consider how these procedures are being applied.	15
	<b>Contract Procedure Rules (CPR) compliance</b> In 2013/14 the Council updated its CPR's. New procurement rules are also likely to come into force early in the new year which will require CPR's to be updated again. This review will assess how officers are complying with these procedures but also identify any practical difficulties in applying the rules to inform future revisions.	15
	<b>Capital Allocations Programme Board</b> To review the Terms of Reference for this group and whether funding is allocated to schools in accordance with this. To provide assurance over the decision making processes and the approach adopted for academies. This is a priority area for 2015/16 and facing additional pressures due to new primary schools and increased places.	20

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Assurance Area	Audit Assignment and Potential Coverage	Proposed days
	<b>Digital Broadband</b> To deliver support to this project and provide assurance over the billing arrangements and quality assurance processes.	15
	<b>Kerbside Collections</b> To review compliance with TEEP (technically, environmentally and economically practicable) requirements following EU ruling, to provide assurance that procedures would withstand challenge. This audit is planned at other Councils within the Consortium and will share best practice.	15
	<b>Demand Led Budgets</b> To review procedures in place for managing and monitoring demand led budgets in the Council's People Directorate.	20
	<b>External Placements (Care Packages)</b> To review the Council's procedures around 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.	15
	<b>Care Act Implementation</b> To review the implementation and embedding of the revised policies and procedures following the introduction of the Care Act in April 2015. This could include consistent application of revised eligibility criteria, newly introduced eligibility criteria for carers, staff training effectiveness etc.	20
	<b>Public Health Budgets</b> To review budget arrangements in place for the use of Rutland Public Health funding.	15
	<b>Limited Assurance Reports</b> There were a number of audits in 2014/15 which 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.	15
ICT	IT Audit Plan to be developed in consultation with Head of IT and specialist LGSS IT Auditor.	30
Client Support	Committee attendance and preparation, client liaison, follow up of audit actions, committee training, audit planning, annual Head of Internal Audit reporting, Annual Governance Statement/National Fraud Initiative support and advice and assistance.	34
Welland Internal Audit Management	Management of the Welland Internal Audit Consortium.	34
	<b>Total days commissioned</b>	<b>370</b>

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## Appendix B

## Other Potential Audit Areas for Consideration

Audit Assignment and Potential Coverage
<b>Oakham Enterprise Park</b> To review the leasing and rent review arrangements in place and provide assurance as to compliance with best practice and whether these are being accounted for correctly.
<b>New Expenses Policy</b> Following a review of the expenses policy further to a tax review by KPMG and acceptance by HMRC of the Council's P11D dispensation, a new policy will be in place for 2015/16. This review will assess compliance with the P11D dispensation and the new policy.
<b>Data Quality</b> To provide assurance over the data quality procedures in place for the Council's performance data.
<b>Community Infrastructure Levy / s.106 Agreements</b> To review processes in place to maximise income potential from s.106 / CIL agreements for the Council. However, it is understood that this audit assignment would not be of utmost value until the end of 2015/16 and can be reviewed in depth as part of the 2016/17 Audit Plan.