

Rotherham Metropolitan Borough Council

Internal Audit Plan 2015/16

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1. Introduction, Approach and Methodology

Introduction

This document provides details of the Internal Audit annual plan for 2015/16.

Definition of Internal Audit

The UK Public Sector Internal Audit Standards defines Internal Audit as follows:-

“Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

Requirement for Internal Audit

The requirement for Internal Audit is set out in the Accounts and Audit (England) Regulations 2015:

“Accounts and Audit Regulations 2015 – to ensure that an adequate and effective internal audit of the Council’s accounting records and of its system of internal control is undertaken in accordance with the proper practices in relation to internal control.”

Annual Internal Audit Opinion

The overall opinion issued each year by Internal Audit on the adequacy and effectiveness of the control environment is used as a key source of assurance to support the Annual Governance Statement.

S.151 officer responsibility

Internal Audit also has an important role to support the Interim Strategic Director of Resources & Transformation in discharging his statutory responsibilities, which include:-

- S151 Local Government Act 1972 – to ensure the proper administration of financial affairs.
- S114 Local Government Act 1988 – to ensure the Council’s expenditure is lawful.

Changes to audit planning following Corporate Governance Inspection

The Corporate Governance Inspection report stated that the audit function at Rotherham operated ‘within acceptable norms’ but also raised concerns about the overall approach to audit. We have reviewed our approach to audit planning in response to the criticisms and to ensure compliance with the requirements of the UK Public Sector Internal Audit Standards.

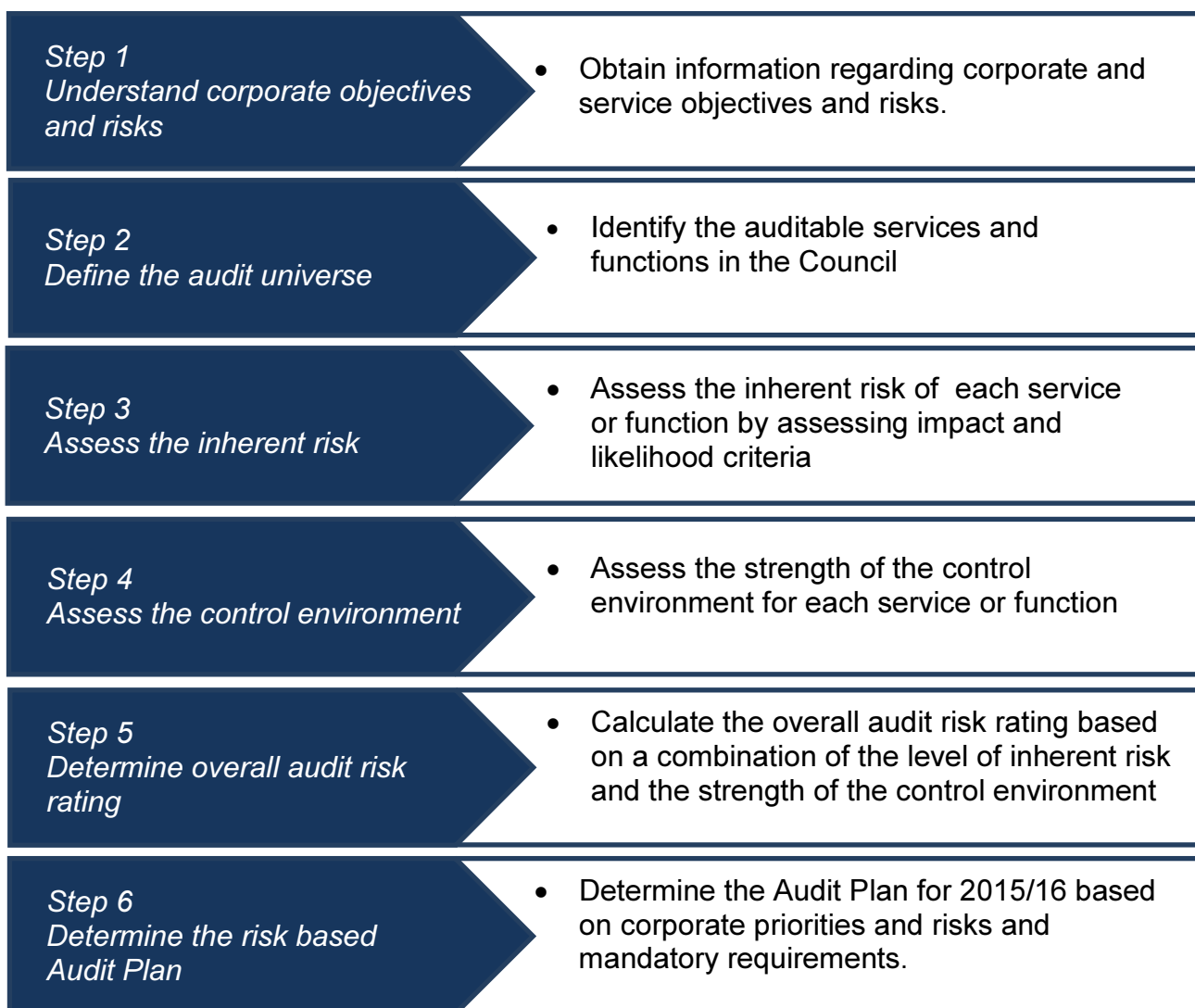
This plan has been prepared after a full refresh of the ‘audit universe’ (i.e. the comprehensive list of all areas potentially subject to audit across the Council) and a thorough risk assessment of the Council’s activities. The process has involved a review of key plans and priorities, analysis of risk registers and discussions with directors and strategic directors.

In line with the UKPSIAS, this plan should enable Internal Audit to maximise the value and assurance it provides the Council’s Executive / Commissioners, while ensuring it fulfils its statutory obligation to review and report on the Council’s internal control environment.

It should be noted that this is an iterative plan that will be kept under review on an ongoing basis. Any significant changes to it will be reported to the Audit Committee for consideration and approval.

Approach

A summary of our approach to the development of the Audit Plan for 2015/16 is set out below.



Methodology

The internal audit service will be delivered in accordance with the Internal Audit Charter. The Internal Audit Charter has recently been revised in accordance with the UKPSIAS. A summary of our approach to undertaking the risk assessment and preparing the internal audit plan is set out below. The internal audit plan is focussed on the achievement of the Council's key objectives and priorities and the risks that may hinder the Council from meeting these.

Step 1 – Understand corporate objectives and risks

Approach

We have undertaken a review of the Council's risk registers, draft corporate improvement plan, minutes of Council, Cabinet, Scrutiny and other Council Committees. We have reviewed the findings from recent external reviews, including the Corporate Governance Inspection, Professor Jay, and OFSTED reports. We have held meetings with all of the Council's Strategic Directors and Service Directors. We have consulted with the Council's Responsible Finance Officer and Monitoring Officer regarding their statutory governance responsibilities. We have also used sector knowledge to gain a wider understanding and perspective on risk.

Step 2 – Define the audit universe

Approach

We have identified the auditable services and functions within the Council through analysis of the Council's revenue and capital budgets and through examination of the organisational structure and service plans. Some services and functions have been grouped together to make for a more efficient audit approach.

Step 3 – Assess the inherent risk

Approach

This is a function of the estimated impact and likelihood of risk occurring for each auditable unit within the audit universe. It has been determined by:

- Mapping the entries on the risk registers to Council services and functions in the audit universe
- Our cumulative audit knowledge and experience of the Council and the findings of external reports
- Discussions with Strategic Directors, Service Directors and statutory officers.
- Assessment of financial materiality through analysis of revenue budgets and the current 3 year capital programme and
- Consideration of susceptibility of an auditable area to fraud or corruption

The scoring is from 1 to 5 where 1 is very low inherent risk and 5 is very high inherent risk.

Impact Rating	Likelihood Rating				
	5	4	3	2	1
5	5	5	4	4	4
4	5	5	4	4	3
3	4	4	3	3	2
2	4	3	3	2	2
1	3	3	2	2	1

Step 4 – Assess the control environment

Approach

This is an assessment of the adequacy of the management control arrangements in a service or function.

It has been determined by:

- Review of previous audit work undertaken
- Findings from other providers of assurance e.g. external audit, OFSTED
- Discussion with service directors, M3 managers and statutory officers about their views of the control environment.

The scoring is from 1 to 5 where 1 indicates a very good control environment and 5 indicates a very poor control environment.

Step 5 – Determine overall audit risk rating

Approach

This is an arithmetical multiplication of inherent risk and control risk to provide an overall risk rating. It is this rating that is used to determine priorities for the Audit Plan. Scores over 16 are deemed to be red risks, over 9 are amber and under 9 are green respectively.

Step 6 – Derive Risk Based Internal Audit Plan

Approach

The risk rating (red, amber, green) is used to determine the overall frequency of audit activity over a 3 year cycle.

Resourcing of Audit Plan

The level of available resources for the internal audit service for 1 April 2015 to 31 March 2016 is 1,405 days. This number is based on an establishment of 8.4 FTE.

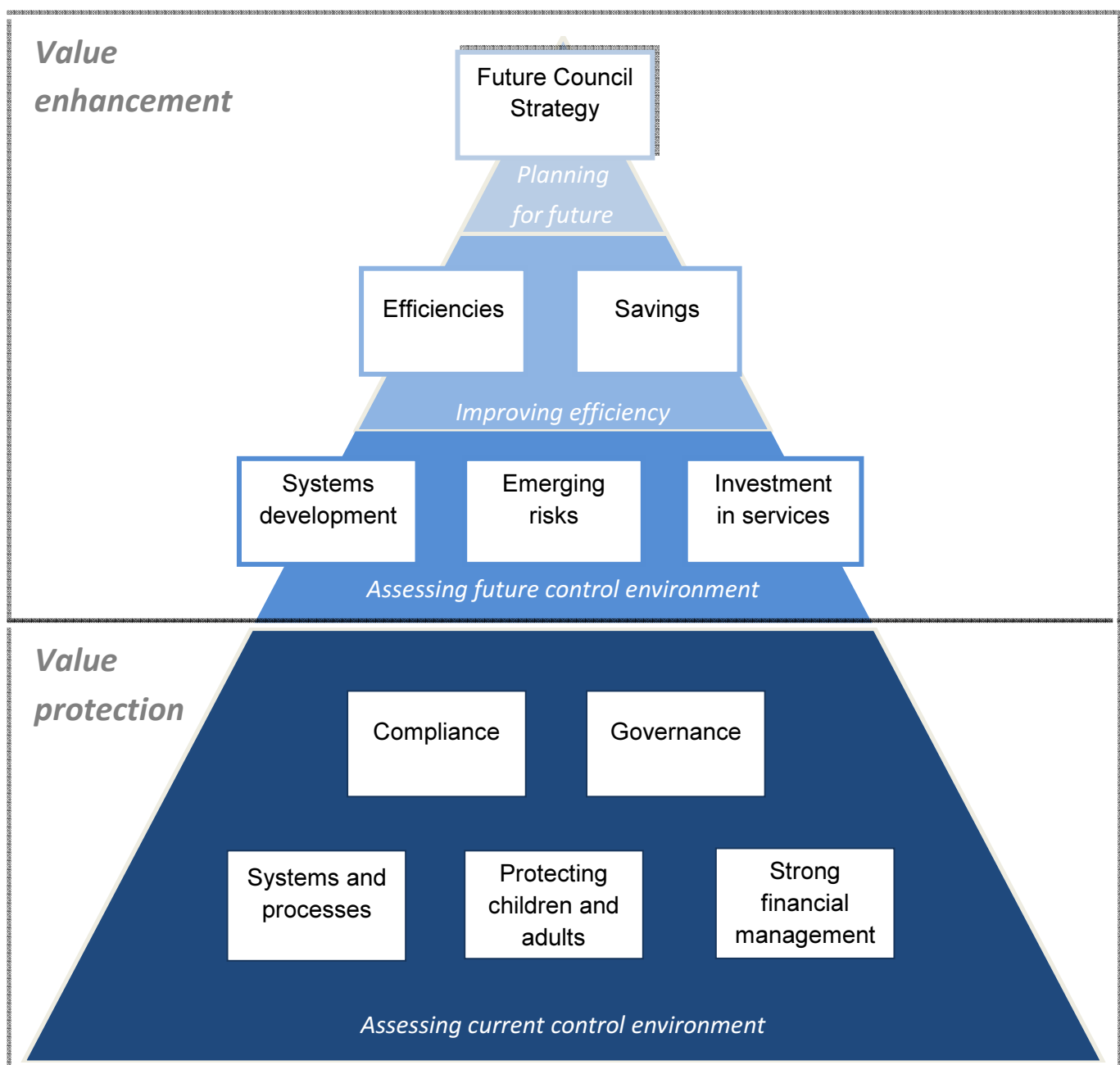
We have targeted available resources to those areas we have deemed to be high risk following our risk-based assessment of the Council's 'Audit Universe'. However, in doing so, we have adopted a high risk threshold for including work within our Plan, with some areas of with high income or expenditure levels not scheduled to be covered in the year unless, for any reasons, the risk in these areas escalates, in which case they would be re-considered for coverage.

Ongoing revision of Audit Plan

It is important to note that this Plan has been produced based on our understanding of the Council's risks and priorities at a point in time in April 2015. The Corporate Improvement Plan has not yet been finalised. It is therefore possible that the shape and focus of the Plan may need to change again in the near future. We will review our risk assessment on an ongoing basis and formally report any significant alterations to the content of the Audit Plan back to Audit Committee on a quarterly basis.

Value of Internal Audit

Internal Audit activity can be broadly split into two categories, namely value protection and value enhancement.



Value Protection refers to the assurance we provide on the Council's internal control and governance arrangements. This includes our work on assessing the management of the key risks currently facing the Council. For 2015/16, our programme of work will be significantly influenced by the Council's previous failings in Children's Services and the wider governance failures as referenced in the CGI report. Value Protection also includes mandatory work on fundamental financial systems that helps the s.151 officer to fulfil his statutory responsibilities for proper financial administration and control.

Value Enhancement refers to our work on supporting the continuous improvement with regard to its corporate and service performance, delivering savings and more efficient ways of working as part of Council's Medium Term Financial Planning and, providing assurance on new significant change projects and systems developments, and helping with providing assurance on future plans and strategies.

Given the urgent need for the Council to secure major improvements in certain core services and develop its corporate capacity and future governance arrangements, the primary focus of our work in 2015/16 will be directed more towards the Value Protection category.

Basis of our annual audit opinion for 2015/16

Internal audit work will be performed in accordance with the UK Public Sector Internal Audit Standards (UKPSIAS) and Local Government Application Note (LGAN).

Our annual internal audit opinion will be based on the internal audits we have completed over the year and the control objectives agreed for each individual internal audit. Progress against our Plan will be reported to the Audit Committee on a quarterly basis during the year,

In producing this Plan, we have considered carefully the level of audit coverage required to be able to form an evidenced annual internal audit opinion. There are a number of risks to the delivery of this Plan:

- Following its recent failings and the subsequent appointment of Commissioners, the Council is embarking on the most fundamental and wide ranging change programme of its 40+ year history. This means that an assessment of risk now might be very different to one later in the year. Accordingly, we will continually revisit our risk assessment during the year.
- Following the publication of the Jay Report and CGI Report, there has been a substantial increase in 'responsive' demand for Internal Audit work i.e. requests for support from management such as in the investigation of irregularities. Audit work undertaken includes investigations into the Risky Business files, the Key Players Group minutes, Home to School Transport, Taxi Licensing and a financial administration of children's personal monies at a Children's Home. We will need to manage the 'responsive audit' demand to ensure that we are focusing on areas of key significant risks and not undertaking functions that are properly the role and responsibility of either line management or the enabling / support functions such as Human Resources, Legal Services or Finance.
- The scale of change in audit approach, in particular the areas that require audit input, will be challenging for the Internal Audit team. We will invest in training and development to support colleagues through this and commission additional external

specialist support where appropriate to do so.

Internal sources of assurance

In developing our internal audit risk assessment and plan we have taken into account other sources of internal assurance and have considered the extent to which reliance can be placed upon these other sources. These include the Council's Performance and Quality team. It is pleasing to note that in some areas these arrangements have been significantly strengthened recently, for example the creation of a specific quality audit function in Children's Social Care. We will work with the other providers of assurance to maximise our effectiveness and avoid duplication of effort.

External sources of assurance

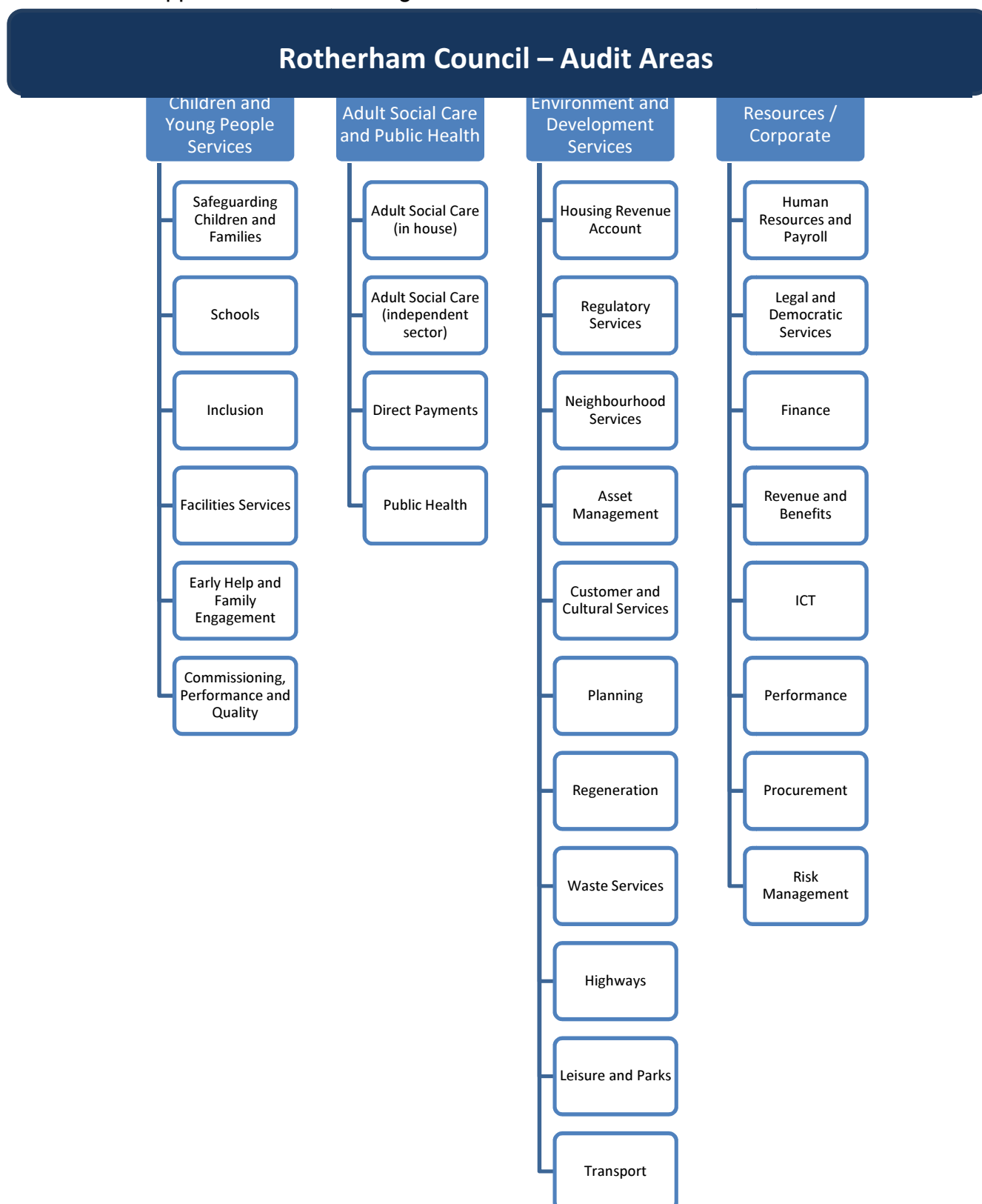
In developing our internal audit risk assessment and plan we have taken into account sources of external assurance and have considered the extent to which reliance can be placed upon these other sources.

The main other sources of assurance for Rotherham Metropolitan Borough Council are as follows:

- External inspections such as those undertaken by OFSTED and the Care Quality Commission.
- External audit (KPMG)

2. Audit universe

The diagram below represents the high level auditable units within the audit universe of Rotherham Metropolitan Borough Council. These units form the basis of the internal audit plan. This may change during the year as the Council continues to develop and changes its structure and approach to the challenges it faces



3. Risk assessment

Risk assessment results

Each auditable unit has been assessed for inherent risk and the strength of the control environment. The results are summarised in the table below.

Ref	Auditable Unit	Inherent Risk	Control Environment	Overall Risk Score	Overall Risk RAG
<i>Children and Young People Services</i>					
1	Safeguarding Children and Families *	5	5	25	●
2	Schools	4	3	12	●
3	Inclusion	4	3	12	●
4	Facilities Services	3	2	6	●
5	Early Help and Family Engagement	5	3	15	●
6	Commissioning, Performance and Quality	5	4	20	●
<i>Adult Social Care and Public Health</i>					
7	Adult Social Care (in house delivery)	4	3	12	●
8	Adult Social Care (independent sector)	5	3	15	●
9	Direct Payments	4	3	12	●
<i>Environment and Development Services</i>					
14	Housing Revenue Account	4	4	16	●
15	Regulatory Services (including Licensing)	5	5	25	●
16	Neighbourhood Services	3	3	9	●
17	Asset Management	4	3	12	●
18	Customer and Cultural Services	4	3	12	●
19	Planning	3	2	6	●

<i>Ref</i>	<i>Auditable Unit</i>	<i>Inherent Risk</i>	<i>Control Environment</i>	<i>Overall Risk Score</i>	<i>Overall Risk RAG</i>
20	Regeneration	3	4	12	●
21	Waste Services	3	3	9	●
22	Highways	3	4	12	●
23	Leisure and Parks	2	2	4	●
24	Transport	3	3	9	●
<i>Resources / Corporate</i>					
25	Human Resources and Payroll	4	3	12	●
26	Legal and Democratic Services	4	4	16	●
27	Finance (including Council's financial resilience)	5	3	15	●
28	Revenues and Benefits	4	2	8	●
29	ICT	4	4	16	●
30	Performance	4	4	16	●
31	Procurement	4	3	12	●
32	Risk Management	4	5	20	●

Key to frequency of audit work

<i>Audit Requirement Rating</i>	<i>Frequency</i>
●	Annual
●	Every two years
●	Every three years

The audit requirement rating drives the frequency of internal audit work for each auditable unit.

The internal audit resource allows for 1,405 days. The audit plan is a rolling programme aiming to ensure all auditable units are subject to an internal audit at least once in a three year cycle.

4. Summary Annual Internal Audit Plan 2015/16

The internal audit plan has been broken down as shown below to reflect the core areas of our Internal Audit programme determined our risk assessment process.

Through discussions with senior management we produced a list of proposed audit areas for discussion with the Commissioner Managing Director, Strategic Leadership Team, the Responsible Financial Officer and ultimately the Audit Committee. Some of the audits came from discussions with Directors/Strategic Directors of the collectively from Directorate Leadership Teams, whereas others were identified through our own cumulative audit knowledge and experience (CAKE). Some of the audits were identified through our review of external reports.

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Audit Priority Rating RAG</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
CHILDREN & YOUNG PEOPLE'S SERVICES – Total 295 Audit Days					
Children's Social Care					
Children's Social Care Performance and Quality Standards	<p>Ensure that children receive the care from the Local Authority that they need.</p> <p>Inspection reports, including the Jay Report and CGI report, have highlighted serious weaknesses in Children's Social Care at Rotherham.</p>	<p>Audit Risk Assessm't</p> <p>External reports</p> <p>CYPS DLT</p>	●	<p>Audit of compliance with the contact, assessment and referral processes, which provide the framework for much of social care activity.</p> <p>We will closely co-ordinate our work with newly established CYPS Audit function to maximise the effectiveness of our assurance and avoid duplication of effort.</p>	20
Children Leaving Care	<p>Ensure that older young people receive the care they need. This Service has recently been brought back in house, having previously been commissioned</p>	<p>External reports</p>	●	<p>Audit to ensure compliance with pathway planning requirements.</p>	15
Child Sexual Exploitation	<p>Ensure compliance with revised CSE practice guidance and procedures.</p>	<p>External reports</p>	●	<p>Audit to check the consistent application of and compliance with expected practice standards.</p> <p>We will closely co-ordinate our work with newly established CYPS Audit function to maximise the effectiveness of our assurance and avoid duplication of effort.</p>	25

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Audit Priority Rating RAG</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
CYPS Risk Management Arrangements	<p>Ensure that the Council is managing its key risks.</p> <p>Risk management highlighted as a weakness by CGI.</p>	<p>Audit Risk Assessm't</p> <p>CYPS DLT</p>	●	<p>Review of the processes for the identification, assessment, classification, monitoring and reporting of major risks.</p> <p>Audit to include processes for recording information on the Council's risk management system, JCAD and reporting of risk through the organisational hierarchy through to Commissioners and elected members.</p>	15
Children in Care Placements Process	<p>Ensure that children receive the care they need through the placements process.</p>	<p>Audit Risk Assessm't</p> <p>External reports</p> <p>s.151 officer</p>	●	<p>Review of the Council's procedures around the commissioning of external social care placements. To provide assurance over the processes in place to ensure children's needs are met through robust contract compliance activity.</p> <p>Also, to provide assurance that value for money is obtained through compliance with competitive procurement rules.</p> <p>We will undertake a specific review of the placements process for Out of Authority placements given that this is a very high spend area.</p>	25

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Audit Priority Rating RAG</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
Fostering and Adoption Allowances and Payments	Ensure that payments made to fosterers and adopters are correct.	Audit Risk Assessm't	●	<p>A review to assess the adequacy of arrangements for paying those providing foster care and adoption within the borough.</p> <p>We will also examine the arrangements for administering expenditure on home adaptations for fosterers. The audit will also include special guardianship and residency order payments.</p>	15
New Children's Social Care Information System	<p>Ensure that Children's Services are supported by an information system that enables them to delivery statutory functions.</p> <p>Weaknesses in the current system were highlighted by the CGI report.</p> <p>A new system is to be implemented. Delivery of this is crucial to the Improvement Plan.</p>	CYPS DLT	●	Through proactive involvement in the system development, Internal Audit will highlight to senior management risks and advise on their mitigation.	20
Effective Strategic Partnerships	<p>Ensure that RMBC is working effectively with its partners to keep children safe from harm.</p> <p>CGI report criticised the lack of quality relationships between RMBC and partner agencies in tackling the issue of child sexual exploitation.</p>	External reports	●	Review of the Council's governance of relationships with key partner agencies relating to children and young people, including the Rotherham Safeguarding Children Board, the Health and Wellbeing Board, South Yorkshire Police, the Rotherham Partnership etc.	20

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Audit Priority Rating RAG</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
Children's Social Care Capacity	Ensure that the Council has sufficient capacity to meet future demand for children's services.	Audit Risk Assessm't	●	Review of strategic planning for the provision of children's social care. We will assess the assumptions and sensitivities behind the projected demand levels. We will take into account the relative costs of different placement settings, including the balance between early intervention and more intensive forms of care.	15
Children's Homes	Ensure that systems are in place to ensure proper financial administration at children's homes. A home has recently received critical reports from OFSTED and Internal Audit.	Audit Risk Assessm't	●	We will carry out 'spot check' visits to two children's homes to assess compliance with procedures. This will include assessing arrangements for the proper administration of children's personal monies e.g. those in receipt of disability living allowance.	20
Troubled Families Grant	Ensure Council meets claims grant properly.	Mandatory	●	Two mandatory audits in accordance with grant certification requirements.	10
<i>Schools and Lifelong Learning</i>					
Safeguarding Policies in Schools	Ensure that schools and the Council are working together to protect children from harm.	Director	●	Review to ensure that schools have safeguarding policies and arrangements in place to monitor compliance with them.	10




<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Audit Priority Rating RAG</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
Audit of individual school budgets: Financial Administration	Ensure that the finances of maintained schools are being administered properly.	Audit Risk Assessm't Director	●	We will visit four schools/pupil referral units to check that they are managing their delegated budgets in accordance with proper financial administration arrangements. Our work will include checking compliance with Financial Regulations for Schools and the Fair Funding Scheme.	20
Management of school deficit and surplus balances	Ensure that schools are managing within agreed budgets.	Audit Risk Assessm't Director s.151 officer	●	Audit to assess the robustness of the Council's arrangements for dealing with schools that have large deficit or surplus balances, including compliance with Fair Funding Scheme requirements around licensed deficit agreements. We will check how the Council mitigates the risk of a potential adverse impact on the Council's general fund if a school in deficit converts to academy status.	20
A Secondary School Budget Management	Ensure that the school has a robust plan to operate within budget.	Audit Risk Assessm't Director s.151 officer	●	Audit of the robustness of the deficit reduction plan for a specific secondary school. This will include an examination of the assumptions and sensitivities used in the plan, including pupil numbers, inflation rates, staffing structures for teachers and administrative staff. We will also liaise with colleagues in CYPS and Finance to review progress against it during the year.	10

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Audit Priority Rating RAG</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
Special Educational Needs and Disabilities	Ensure that children with special educational needs are provided with support in accordance with their needs.	Audit Risk Assessm't Director	●	Review to test the robustness of the Council's arrangements for the production and review of Education, Health and Care Plans and the placement of children with appropriate providers. Review the impact on funding of SEN placements since the implementation of national changes in September 2014 and what is being done to manage the change. Review SLA funding arrangements with schools.	15
Children's Centres	Ensure that the RMBC's children centres are properly administered.	Audit Risk Assessm't Director	●	Review to test the new arrangements for children's centres including business plans and income generation from childcare fees. We will take into account the ongoing major service reconfiguration, which sees the transfer of responsibility of several children's centres to maintained schools.	15
Early Years Funding	Ensure that funding for early years childcare is properly administered.	Audit Risk Assessm't	●	Review to ensure that payments to childcare providers are made in accordance with the conditions attached to the funding.	5

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Audit Priority Rating RAG</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
ADULT SOCIAL CARE – Total 125 Audit Days					
Care Act 2014	Ensure that the Council has made sufficient preparation for Care Act implementation.	Audit Risk Assessm't	●	<p>Review the Council's arrangements for implementation of the provisions of the Care Act 2014. The scope of the audit will include review of financial modelling work undertaken by Finance to assess budget implications.</p> <p>We will also assess the revised processes for undertaking financial assessments, including additional payments to carers, the cap on care costs and deferred payment arrangements.</p>	15
Independent Sector Commissioning Process	Ensure that adults receive the care they need and the Council obtains best value.	<p>Audit Risk Assessm't</p> <p>Former Director</p> <p>s.151 officer</p>	●	Audit of compliance with commissioning framework and procurement requirements, including, EU procurement rules, Council Standing Orders and Financial Regulations, Localism and Social Value Acts	25
Contract Compliance Process	Ensure that adults receive the care they need.	Former Director	●	Audit to assess the Council's contract compliance framework, including checks that client care records are up to date and subject to quality review.	25

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Audit Priority Rating RAG</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
Independent Sector Supported Living	Ensure that adults receive the care they need.	Audit Risk Assessm't Former Director	●	Audit to assess the Council's contract compliance framework, including checks that client care records are up to date and subject to quality review.	10
Deputyships	Ensure the Council properly looks after client funds.	Audit Risk Assessm't	●	Audit to ensure that the Council is operating in compliance with relevant legislation such as the Mental Health Act and with the requirements of the Office of Public Guardian.	10
Adult Residential Services and Day Services	Ensure that systems are in place to monitor the quality and effective running of adult's residential homes.	Audit Risk Assessm't	●	We will also carry out 'spot check' visits to residential homes and day centres to assess compliance with procedures. This will include assessing arrangements for the proper administration of service user monies.	20
Risk Register	Ensure that the Council is managing its key risks. Risk management highlighted as a weakness by CGI.	Former Director	●	Review action taken by Adult Social Care management to improve use of corporate risk management system.	10
Grants	Ensure Council claims grant properly.	N/A	●	Audit in accordance with grant funding body requirements. The grants that we will be required to audit will be determined through discussion with the Director of Adult Services and the appropriate Finance Manager.	10

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Audit Priority Rating RAG</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
<i>PUBLIC HEALTH – Total 50 Audit days</i>					
Commissioning Process	Ensure that the Council is obtaining high quality services and value for money from its public health contracts.	Audit Risk Assessm't Former Director s.151 officer	●	Audit of compliance with commissioning framework, including EU procurement rules, Council Standing Orders and Financial Regulations, Localism and Social Value Acts At the specific request of the former Interim Director of Public Health we will review the arrangements for recent letting of the Adult Obesity contract so that lessons can be learned when letting future public health contracts.	20
Contract Compliance	Ensure that the Council is obtaining high quality services and value for money from its public health contracts.	Audit Risk Assessm't Former Director	●	Audit to assess the Council's contract compliance framework, including checks that client care records are up to date and subject to quality review.	15
Sexual Health Strategy	Ensure that the work of Public Health function is aligned to tackling the issue of child sexual exploitation.	External Reports Former Director	●	We will examine the provision of referral links and information sharing arrangements to Children's Services, including monitoring of the Sexual Health Strategy.	5
Risk Register	Ensure that the Council is managing its key risks. Risk management highlighted as a weakness by CGI.	N/A	●	Review action taken by Public Health management to improve use of corporate risk management system.	10

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Audit Priority Rating RAG</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
ENVIRONMENT AND DEVELOPMENT SERVICES – Total 195 Audit Days					
Streetpride					
Licensing	<p>Ensure that the Licensing function is fit for purpose so as to contribute to:</p> <ul style="list-style-type: none"> the prevention of crime and disorder public safety the prevention of public nuisance the protection of children from harm <p>The CGI was highly critical of the taxi licensing function.</p>	<p>Audit Risk Assessm't</p> <p>External reports</p> <p>Director</p>		Review to ensure compliance with the new Licensing policy and procedures, including a follow up piece of work to check that licences are only issued once all essential checks (e.g. DBS) have been performed. The review will also check that the Council's new procedures around enforcement are being complied with.	20
Home to School Transport	Ensure that children who use home to school transport are safe.	<p>Audit Risk Assessm't</p> <p>External reports</p> <p>Director</p>		Follow up review to ensure that actions agreed following the recent audit of Home to School Transport have been implemented.	15
Waste Treatment PFI	Ensure the proper financial management and governance of the new Waste Treatment facility at Manvers.	<p>Audit Risk Assessm't</p> <p>s.151 officer</p>		Audit of compliance with contract conditions in accordance with Project Agreement.	15

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Audit Priority Rating RAG</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
Highways Contracts	Ensure that the major highways capital contracts are subject to sufficient scrutiny before payment.	Audit Risk Assessm't Director s. 151 officer	●	Follow up review to ensure that actions agreed following the previous audit of highways contracts have been implemented. We will specifically examine the arrangements in EDS for checking payments during the currency of contracts and at final account stage. We will use the A57 highway improvement and the Pool Green roundabout and Old Flatts bridge pinch point schemes as a basis of our assessment.	20
<i>Planning, Regeneration and Culture</i>					
Rotherham Growth Plan	Ensure that the Council's Growth Plan is delivered.	Audit Risk Assessm't s.151 officer	●	Review of the monitoring mechanisms in place for ensuring delivery of the Growth Plan. We will take account of the risks arising from lower levels of available funding for economic development, Sheffield City Region being main conduit for funding and damage to inward investment due to poor reputation of RMBC. We will also check that linkages have been made to the wider implications, including demand for social services and the impact on revenue from NNDR localisation.	15

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Audit Priority Rating RAG</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
Customer Services Business Continuity	Ensure that citizens are able to access Council services.	Director	●	Review of business continuity arrangements for the contact centre and customer services centres.	10
Registrars	Ensure that the registrars function has proper arrangements for the safe custody of records.	External reports	●	We will review the actions taken by management in response to a recent report from the General Register Office and perform a spot check of compliance with new procedures once they have been implemented.	5
<i>Housing, Neighbourhoods and Asset Management</i>					
Integrated Housing Management System (IHMS)	Ensure that the Council delivers implementation of the new system.	Audit Risk Assessm't Director s.151 officer	●	Ongoing assurance around the project risks associated with IHMS implementation. We will also specifically assess the arrangements for data migration between the old system and IHMS.	15
Housing Repairs and Maintenance Contracts	Ensure that the Housing Revenue Account receives the complete savings share to which it is entitled from the contracts.	Audit Risk Assessm't Director s.151 officer	●	Audit of the arrangements in place within Housing to perform financial checks on the cost collection workbooks for the housing repair and maintenance contracts with Willmott Dixon Partnership and Mears. We will assess these arrangements in accordance with 'open book' accounting principles.	15

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Audit Priority Rating RAG</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
Housing Revenue Account Business Plan	Ensure that Housing Revenue Account Business Plan is delivered.	Audit Risk Assessm't s.151 officer	●	Ongoing assurance around the risks associated with management of key risks in the Business Plan. Our work will include an assessment of arrangements to mitigate the risks around the impact on housing rents collection performance of welfare reform and social housing size criteria, sensitivity of assumptions around right to buy take up and potential cost overruns on schemes.	15
Universal Credit	Ensure that the Council is prepared for the implications arising from implementation of universal credit.	Audit Risk Assessm't s.151 officer	●	Assess the Council's progress against plans for addressing the changes arising from the implementation of universal credit, including the impact on housing rent collection procedures.	10
Housing Landlord Responsibilities	Ensure that Council house tenants are safe.	Audit Risk Assessm't Director	●	Audit of the processes and systems in place by management through Willmott Dixon and Mears to ensure compliance with statutory requirements e.g. gas safety inspections etc,	5
Housing Rents	Ensure that the Council has proper arrangements for collection of housing rents. Core s.151 responsibility. Used by KPMG for audit planning purposes. Total transaction annual value of c. £83 million.	Audit Risk Assessm't s.151 officer	●	Full audit of the new Housing Rents system in accordance with CIPFA guidelines.	15

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Audit Priority Rating RAG</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
CAMINO grant	Ensure the Council claims correct grant funding.	Mandatory	●	Two audits of CAMINO grant in accordance with instructions from grant funding body.	10
Financial Administration	Ensure that the services and functions in EDS have proper financial administration arrangements. Core s.151 responsibility.	Audit Risk Assessm't	●	Spot checks on services and functions in EDS to ensure compliance with Financial Regulations.	10

RESOURCES / CORPORATE - Total 385 Audit Days

Financial Services

Adult Social Care Financial Assessments Process	Ensure that the Council has proper arrangements for carrying out financial assessments. Link to audit of Care Act above.	Audit Risk Assessm't	●	Audit of compliance with the financial assessment process, including detailed checks on a sample of assessments and deferred payment agreements.	5
Adult Social Care: Payments Processes	Ensure that the Council has proper arrangements for making payments to providers of adult social care.	Audit Risk Assessm't	●	Review of the process for setting up service providers and ensuring payments are made accurately in accordance with contracts.	5
Purchase to Pay / Creditor Payments	Ensure that the Council has proper arrangements for making payments to suppliers for goods and services. Core s.151 responsibility. Used by KPMG for audit planning purposes. Total transaction annual value of c.£360 million	Audit Risk Assessm't s.151 officer	●	Risk based audit of the Creditors systems in accordance with CIPFA guidelines.	10

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Audit Priority Rating RAG</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
Debtors	<p>Ensure that the Council has proper arrangements for the collection of debt.</p> <p>Core s.151 responsibility. Used by KPMG for audit planning purposes. Total transaction annual value of c. £59 million.</p>	<p>Audit Risk Assessm't</p> <p>s.151 officer</p>	●	Risk based audit of the Debtors system in accordance with CIPFA guidelines.	5
Council Tax	<p>Ensure that the Council has proper arrangements for the collection of Council Tax.</p> <p>Core s.151 responsibility. Used by KPMG for audit planning purposes. Total transaction annual value of c. £97 million.</p>	<p>Audit Risk Assessm't</p> <p>s.151 officer</p>	●	Risk based audit of the Council Tax system in accordance with CIPFA guidelines.	10
National Non Domestic Rates	<p>Ensure that the Council has proper arrangements for the collection of national non domestic rates.</p> <p>Core s.151 responsibility. Used by KPMG for audit planning purposes. Total transaction annual value of c. £74 million.</p>	<p>Audit Risk Assessm't</p> <p>s.151 officer</p>	●	Risk based audit of the NNDR system in accordance with CIPFA guidelines.	10
Benefits	<p>Ensure that the Council has proper arrangements for the administration of Housing Benefits and Council Tax Support.</p> <p>Core s.151 responsibility. Used by KPMG for audit planning purposes. Total transaction annual value of c. £90million (housing) and £21million (council tax).</p>	<p>Audit Risk Assessm't</p> <p>s.151 officer</p>	●	Risk based audit of the Benefits system in accordance with CIPFA guidelines. Our checks will include application of the recently introduced risk based verification framework.	10

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Audit Priority Rating RAG</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
Managing the Finances and Resilience	Ensure that the Council delivers its budget challenge.	Audit Risk Assessm't s.151 officer	●	We will review the Council's arrangements for ensuring delivery of budget reductions, in accordance with target operating model principles. As part of this we will assess the sustainability of the approach and the robustness of the Medium Term Financial Strategy. Where major service reconfigurations are planned, we will test, on a sample basis, whether the management of risk and the adequacy of internal controls are properly considered through the implementation phase.	20
<i>Human Resources and Payroll</i>					
Payroll	Ensure that the Council has proper arrangements for the payment of wages, salaries and expenses to employees. Core s.151 responsibility. Used by KPMG for audit planning purposes. Total transaction annual value of c. £147million.	Audit Risk Assessm't s.151 officer	●	Risk based audit of the Payroll system in accordance with CIPFA guidelines.	15
DBS Checks / BPSS Compliance	Ensure that DBS checks are carried out properly where required.	Audit Risk Assessm't Director External	●	Audit to check compliance with DBS procedures for Council employees, elected members and those areas not under direct Council control e.g. maintained schools using external HR functions.	10

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Audit Priority Rating RAG</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
		reports			
HR Policies and Procedures	Ensure that Council employees comply with HR policies and procedures.	Audit Risk Assessm't Director External reports	●	Audit to check compliance with HR policies and procedures, focusing on the use of settlement agreements, compromise agreements, disciplinary procedures, grievance procedures and the PDR process.	20
<i>Legal and Democratic Services</i>					
Whistleblowing Procedures	Ensure that Council listens to whistleblowers and investigates their concerns properly.	Audit Risk Assessm't Director External reports	●	Audit to provide independent assurance to Commissioners and Audit Committee over the effective application of the Council's whistleblowing arrangements. Internal Audit will also be kept informed of all whistleblowing reports so that we can consider impact they have on our overall opinion concerning the control environment.	10
Elected Member Conduct	Ensure that the conduct of elected members meets the highest standards expected in public life.	Audit Risk Assessm't Director External reports	●	Audit to carry out checks on compliance with protocols surrounding elected members, including maintenance of declaration of interests. We will also perform sample checks on elected members' expenses to ensure compliance with policies.	15

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Audit Priority Rating RAG</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
Information Governance	Ensure that the Council has appropriate structures, policies, procedures, processes and controls implemented to manage information	Audit Risk Assessm't s.151 officer	●	Audit of the Council's information governance arrangements, including EDRMS, use of W drive, freedom of information requests and service access requests against best practice standards. We will also review the Council's manual records management arrangements.	20
<i>Transformation</i>					
ICT Governance	UK Public Sector Internal Audit Standards requirement for Internal Audit to examine ICT governance.	Audit Risk Assessm't Director	●	Assurance that information technology governance supports the Council's strategies and objectives.	10
ICT Audit Activity	Ensure that the Council has a properly controlled ICT function that supports the delivery of Council objectives.	Audit Risk Assessm't Director	●	Internal Audit will work with ICT on the development of a programme of ICT audits. It is suggested that the programme should address the following areas: <ul style="list-style-type: none"> • Project management / systems development processes • Business Continuity Management, including disaster recovery plans and crisis management plans • Information security, including arrangements for risk based attack and penetration assessment • Mobile devices • Cloud security reviews 	40

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Audit Priority Rating RAG</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
Corporate Issues					
Corporate Improvement Plan	Key corporate priority	External reports	●	We will work with the Head of Policy, Improvement and Partnerships to determine the most effective use of Internal Audit resources in supporting delivery of the Corporate Improvement Plan.	30
Risk Management	Ensure that Council has effective risk management arrangements.	External reports s.151 officer Audit Risk Assessm't	●	The Council's risk management arrangements are currently under review. We will contribute to this review. Once the new arrangements have been rolled out, we will audit compliance with them.	20
Business Continuity Management	Ensure the Council has effective Business Continuity arrangements.	Emergency and Safety Manager	●	Audit of compliance by directorates with the Council's corporate business continuity arrangements, drawing upon CIPFA guidance. We will sample check a number of Council services and functions to ensure that they have up to date and tested BCPs in place.	15
Review of Internal Control Effectiveness / Annual Governance Statement	Ensure that the Council has an effective system of internal control and an evidenced AGS.	Audit Risk Assessm't s.151 officer	●	We will undertake an audit of the effectiveness of the Council's control environment. We will review the body of evidence supporting the assertions in the Council's Annual Governance Statement, including declarations made by Service Directors and Strategic Directors.	30

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Audit Priority Rating RAG</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
Partnerships Governance	Ensure the Council has effective governance arrangements with its partners.	Audit Risk Assessm't External reports	●	We will assess the Council's arrangements for the governance of its relationships with partners against best practice, including CIPFA guidelines. This will include a review of how the Council and its partners hold each other to account. Partners for this purpose will include the Rotherham Children Safeguarding Board, the Health and Wellbeing Board, the Rotherham Partnership and South Yorkshire Police.	20
Organisational Ethics	Ensure that the Council upholds the high ethical standards that would be expected of a public body.	External reports	●	Once the new policies and procedures are in place, we will review compliance with these.	15
Health and Safety	Ensure that the Council has effective health and safety arrangements.	Audit Risk Assessm't	●	We will assess arrangements for monitoring progress against the Health and Safety Plan	10
Procurement	Ensure that the Council has effective arrangements to ensure value for money when buying goods and services.	Audit Risk Assessm't s.151 officer	●	We will the Council's procurement arrangements, including deliverability of the Annual Procurement Plan and compliance by managers with rules on essential spend criteria.	15
Performance Management	Ensure that the Council manages performance to achieve its objectives. The CGI report criticised the Council's approach to performance management.	Audit Risk Assessm't External reports s.151 officer	●	Through discussion with the Performance and Quality Team, we will scope a piece of work to assess compliance with the Council's performance framework once it has been revised.	15

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Audit Priority Rating RAG</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
ANTI FRAUD & CORRUPTION WORK – Total 95 Audit Days					
National Fraud Initiative	Mandatory requirement	N/A	●	We will review and investigate matches generated by the National Fraud Initiative.	30
Pro-active anti-corruption activity	Ensure that the Council demonstrates a zero tolerance approach to fraud and corruption.	N/A	●	We will use Council systems to undertake local data matching activity	30
Advice / Guidance	Ensure that the Council limits as far as possible its exposure to fraud.	N/A	●	Provision of advice and guidance to managers in the prevention, detection and investigation of fraud. We will use e-learning to raise awareness amongst the workforce.	20
Single Fraud Investigation Service	Ensure that the Council has adequately prepared for the loss of fraud investigators.	N/A	●	The establishment by the DWP of the Single Fraud Investigation Service will see the transfer of Benefit Fraud investigators to SFIS. This will reduce the Council's overall capacity to investigate fraud. We will work with the s.151 officer to determine the most effective response to this and ensure that the Council has capacity to carry out investigations.	15
AUDIT PLANNING, FOLLOW UP AND RESPONSIVE – Total 260 audit days					
Audit Planning and Reporting	To ensure audit work is planned and delivered in accordance with UKPSIAS.	N/A	N/A	Production of Annual Audit Plan and Annual Audit Report. Production of reports for Audit Committee. Quarterly revision of risk assessment for audit planning purposes.	70

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Audit Priority Rating RAG</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
Follow Up Work	To ensure that audit recommendations agreed by management are actually implemented.	N/A	N/A	Follow up work to check that actions agreed by management following audit work are actually implemented.	40
Responsive Contingency	To ensure that Internal Audit can respond to issues / concerns raised by management or Audit Committee during the year.	N/A	N/A	Investigations. Advice / guidance. Work commissioned by Audit Committee, Managing Director, Strategic Directors, Service Directors.	150
TOTAL DAYS					1405

Appendix 1: Risk assessment criteria

Determination of Inherent Risk

We determine inherent risk as a function of the estimated **impact** and **likelihood** for each auditable unit within the audit universe as set out in the tables below.

<i>Impact Rating</i>	<i>Assessment rationale</i>
5	Critical impact on operational performance; or Critical monetary or financial statement impact; or Critical breach in laws and regulations that could result in material fines or consequences; or Critical impact on the reputation / brand of the Council which could threaten its future viability.
4	Major impact on operational performance; or Major monetary or financial statement impact; or Major breach in laws and regulations resulting in significant fines and consequences; or Major impact on the reputation or brand of the Council.
3	Moderate impact on the Council's operational performance; or Moderate monetary or financial statement impact; or Moderate breach in laws and regulations with moderate consequences; or Moderate impact on the reputation of the Council.
2	Minor impact on the Council's operational performance; or Minor monetary or financial statement impact; or Minor breach in laws and regulations with limited consequences; or Minor impact on the reputation of the Council.
1	Insignificant impact on the Council's operational performance; or Insignificant monetary or financial statement impact; or Insignificant breach in laws and regulations with little consequence; or Insignificant impact on the reputation of the Council.
<i>Likelihood rating</i>	<i>Assessment rationale</i>
5	Has occurred or probable in the near future
4	Possible in the next 12 months
3	Possible in the medium term (2-5 years)
2	Possible in the longer term (5-10 years)
1	Unlikely in the foreseeable future