

Council Report

Audit Committee – 27th April 2016.

Title

Internal Audit Plan 2016/17.

Is this a Key Decision and has it been included on the Forward Plan?

No.

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director, Finance and Customer Services.

Report Author(s)

Marc Bicknell, Chief Internal Auditor

Internal Audit, Finance and Customer Services

Tel: 01709 823297 Email: marc.bicknell@rotherham.gov.uk

Ward(s) Affected

All wards.

Executive Summary

This report refers to the Internal Audit Plan for 2016/17. The report explains Internal Audit's approach to the development of the plan, as well as detailing the specific activities we plan to review over the year. The plan reflects a comprehensive risk assessment process, which has also included discussions with Strategic Directors and Assistant Directors to obtain their views of key risks and areas for audit coverage.

Recommendation

The Audit Committee is asked to support the Internal Audit Annual Plan for 2016/17

List of Appendices Included:-

Appendix 1: Internal Audit Plan 2016/17

Background Papers

UK Public Sector Internal Audit Standards.

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No.

Council Approval Required

No.

Exempt from the Press and Public

No

Title: Internal Audit Plan 2016/17.

1. Recommendations

The Audit Committee is asked to support the Internal Audit Annual Plan for 2016/17

2. Background

2.1 Internal Audit is required to comply with the UK Public Sector Internal Audit Standards. The Standards require Internal Audit's plans to be risk based.

3. Key Issues

3.1 The 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. It has also taken into account:

- Analysis of the Council's risk registers.
- Examination of revenue and capital budgets.
- Cumulative audit knowledge and experience of previous work undertaken.
- Review of both corporate and service objectives and priorities.
- Discussions with Strategic Directors and Assistant Directors.
- Knowledge of existing management and control environments.
- Professional judgement on the risk of fraud or error.
- Examination of the Corporate Improvement Plan and the Children's Services Improvement Plan.
- Review of external inspection reports.

3.2 As well as identifying all of the proposed pieces of work to be carried out during the year, the plan:

- Explains the statutory requirements for Internal Audit
- Describes the approach and methodology adopted in producing the plan
- Shows the level of resources available to deliver the plan is 1,143 days
- Identifies the Audit Universe subject to audit
- Includes a contingency for responsive work.

3.3 In line with UK auditing standards, the plan does not become fixed when it is approved. It remains flexible and will be revised to take into account any significant emerging risks facing the Authority.

4. Options Considered and Recommended Proposal

4.1 This report is presented to enable the Audit Committee to fulfil its responsibility for overseeing the work of Internal Audit.

4.2 The Audit Committee is asked to support the Internal Audit Annual Plan for 2016/17

5. Consultation

5.1 As part of the process for producing this Audit Plan, the Chief Internal Auditor has held discussions with most of the Council's Strategic Directors and Assistant Directors to obtain their views of key risks and areas for audit coverage.

6. Timetable and Accountability for Implementing this Decision

6.1 The Audit Committee is asked to receive this report at its 27th April 2016 meeting.

7. Financial and Procurement Implications

7.1 There are no direct financial or procurement implications arising from this report. The budget for the Internal Audit function is contained within the budget for the Finance and Customer Services Directorate.

8. Legal Implications

8.1 The provision of Internal Audit is a statutory requirement for all local authorities that is set out in the Accounts and Audit (England) Regulations 2015. These state:

“each principal authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

8.2 Internal Audit also has a role in helping the Council to fulfil its responsibilities under s.151 of the Local Government Act 1972, which are:

“each local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”

9. Human Resources Implications

9.1 There are no direct Human Resources implications arising from this report.

10. Implications for Children and Young People and Vulnerable Adults

10.1 This document constitutes a report of the Internal Audit Plan for 2016/17. A significant proportion of the Plan is devoted to the examination of risks facing Children and Young People's Services and Adult Social Care.

11 Equalities and Human Rights Implications

11.1 There are no direct Equalities and Human Rights Implications arising from this report.

12. Implications for Partners and Other Directorates

12.1 Internal Audit is an integral part of the Council's Governance Framework, which is wholly related to the achievement of the Council's objectives, including those set out in the Corporate Improvement Plan and Children's Services Improvement Plan.

13. Risks and Mitigation

13.1 The following risks have been identified.

Risk	Likelihood	Impact	Mitigation
Internal Audit may not deliver sufficient audit work to enable an opinion to be provided on the Council's control environment.	Low	High	Internal Audit regularly monitors progress of the plan and takes steps, where necessary, to ensure that sufficient work is carried out.
Audit recommendations may not be implemented, leaving the Council exposed to risk.	Low	High	Internal Audit has an established process for the follow up of implementation of agreed audit recommendations. This includes escalation to the appropriate Assistant Director and Strategic Director in cases of non-compliance.

14. Accountable Officer(s)

Colin Earl, Assistant Director of Audit, Procurement and ICT.
Marc Bicknell, Chief Internal Auditor.

Rotherham Metropolitan Borough Council

Internal Audit Plan 2016/17

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1. Introduction, Approach and Methodology

2. Audit Universe

3. Summary Annual Internal Audit Plan

1. Introduction, Approach and Methodology

Introduction

This document provides details of the Internal Audit annual plan for 2016/17.

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 Strategic Director of Finance & Customer Services in discharging her 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.

Development of Internal Audit Plan

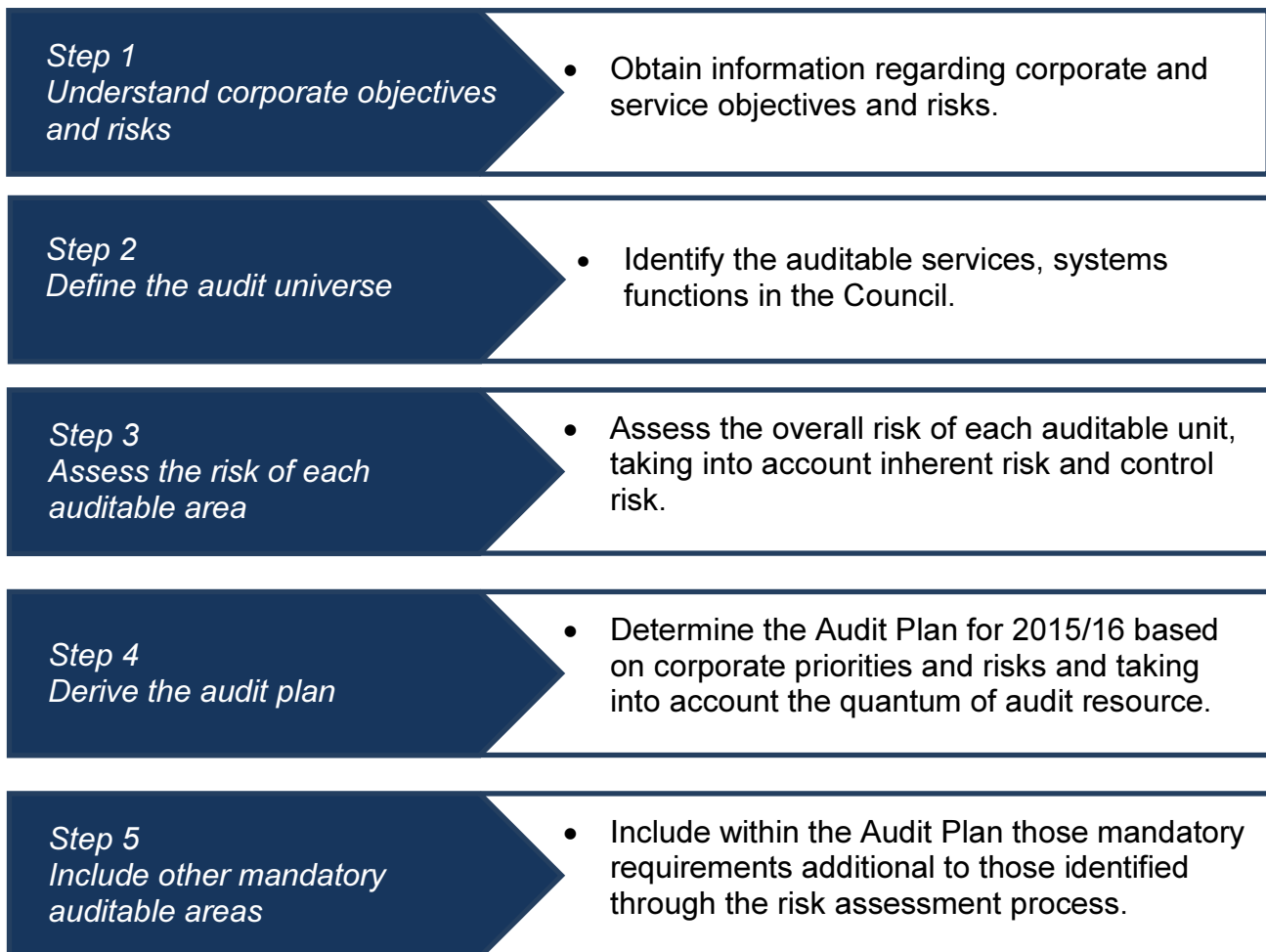
The plan has been prepared after a full refresh of the ‘audit universe’ (i.e. the comprehensive list of all areas potentially subject to audit across the Council) and a thorough risk assessment of the Council’s activities. It has also taken into account an analysis of risk registers and the views of Directors and Assistant Directors as to where audit resource is most needed. In line with the UKPSIAS, this plan should enable Internal Audit to maximise the value and assurance it provides the Council’s Commissioners and Chief Executive, while ensuring it fulfils its statutory obligation to review and report on the Council’s internal control environment.

Ongoing Revision of Internal Audit Plan

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

The internal audit function will be delivered in accordance with the Internal Audit Charter. A summary of our approach to the development of the Audit Plan for 2016/17 is set out below. The Plan is driven by the Council's organisational objectives and priorities and the risks that may prevent the Council from meeting these objectives.



Methodology

The internal audit function will be delivered in accordance with the Internal Audit Charter. This is currently being reviewed and the revised version will be presented to the Audit Committee in July 2016. 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 worked with the interim Corporate Risk Manager to review the Council's risk registers, which were subject to a full refresh in the latter half of 2015/16. We have also reviewed the Corporate Improvement Plan and Children's Services Improvement Plan as well as minutes of official meetings, including Commissioners meetings, full Council, Advisory Cabinet etc. We have reviewed the findings from recent external reviews and OFSTED reports and have held meetings with the Council's Strategic Directors and Assistant Directors. We have also used sector knowledge to gain a wider understanding and perspective on risk.

We have also reviewed the Commissioner's Progress report, which was included in the letter to the Secretaries of State dated 26th February 2016 (Recovery and Restoration – Evidence Files as at February 2016). This report gave an update on the position of the CYPS Improvement Board Action Plan, where a refreshed second plan was agreed in September 2015. The Commissioners also reported on the Rotherham Improvement plan where 45% of the actions are completed and all except 4% are on track.

Step 2 – Define the audit universe

Approach

We have identified the auditable services, functions and systems 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 risk of each auditable area

Approach

This is a function of the estimated impact and likelihood of risk occurring for each auditable unit within the audit universe. It also takes into account our understanding of the strength of the control environment of each area. 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, Assistant Directors and Service Managers
- Assessment of financial materiality through analysis of revenue budgets and the current 3 year capital programme
- Consideration of susceptibility of an auditable area to fraud or corruption
- Review of previous audit work undertaken
- Findings from other providers of assurance e.g. external audit, OFSTED

Step 4 – Derive the Audit Plan

Approach

The level of available resources for the Internal Audit function for 1st April 2016 to 31st March 2017 is 1,143 days and is based on an establishment structure of 6.6 FTE, supplemented by 160 days of commissioned services to undertake specialist audits.

As a result 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 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.

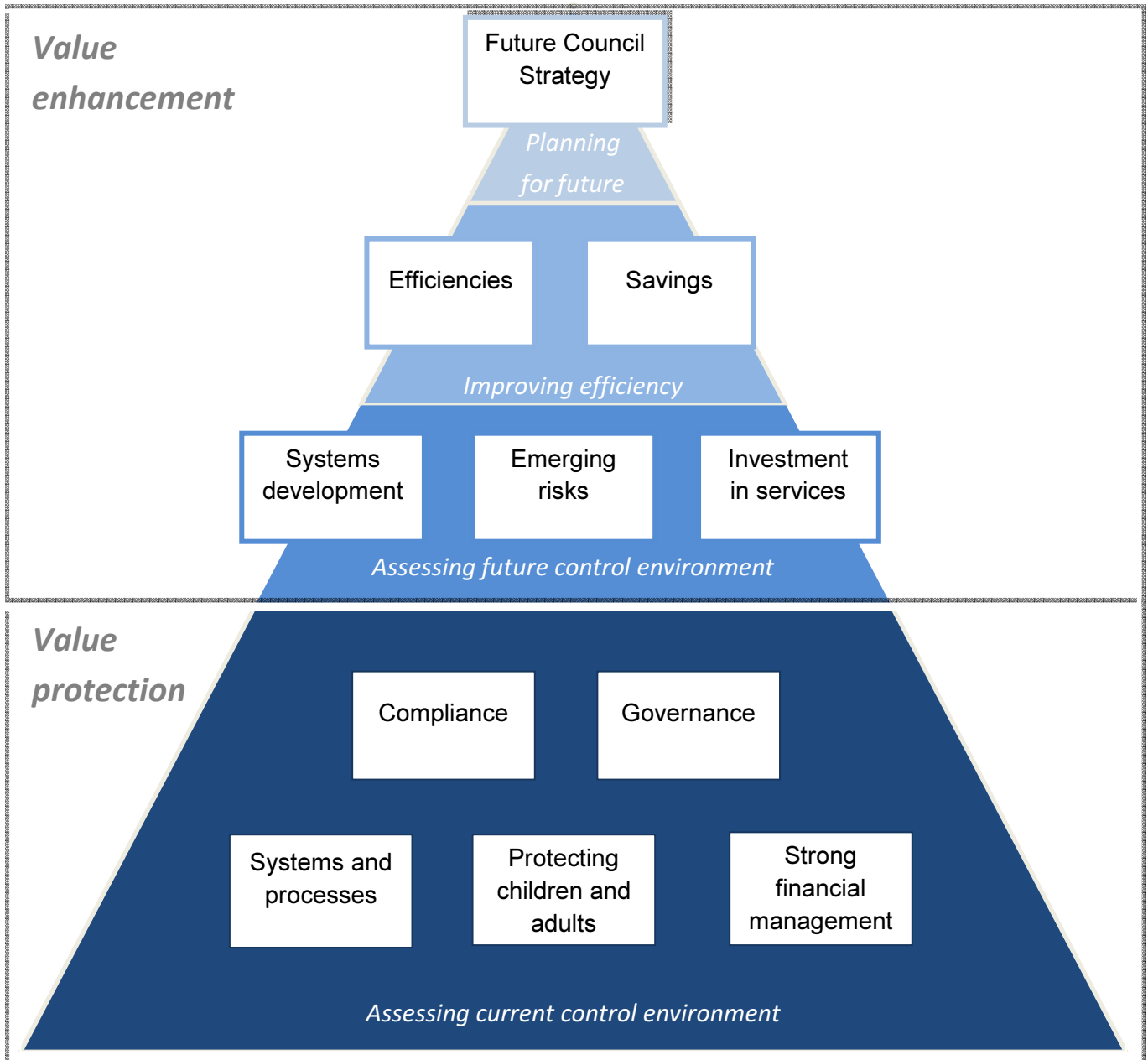
Step 5 – Include other mandatory auditable areas

Approach

In addition to the audit work identified through the risk assessment process, we are also required to carry out a number of mandatory audit reviews. This includes our work on fundamental financial systems to assist the Responsible Finance Officer to meet her statutory responsibilities under s.151 of the Local Government Act 1972. We are also required to provide certification of a small number of grant claims. Finally, we have committed to provide an internal audit service to a number of academy schools in the Rotherham area, from which we generate a small income stream.

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. Value Protection also includes mandatory work on fundamental financial systems that helps the s.151 officer to fulfil her 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 need for the Council to embed improvements in certain core services and develop its corporate capacity and future governance arrangements, the primary focus of our work in 2016/17 will be directed more towards the Value Protection category.

Basis of our annual audit opinion for 2016/17

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. The Council has also refreshed its strategic leadership team. This means that an assessment of risk now might be very different to an assessment later in the year. Accordingly, we will continually revisit our risk assessment during the year.
- Following the publication of the Jay Report, the CGI Report, the OFSTED report and the appointment of Commissioners, there has been an increase in 'responsive' demand for Internal Audit work i.e. requests for support from management such as in the investigation of irregularities. In view of the limitation in audit resources, we will manage the 'responsive audit' demand to ensure that we are focusing on areas of key significant risks and not undertaking functions that are the role and responsibility of either line management or the enabling / support functions such as Human Resources, Legal Services or Finance.

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

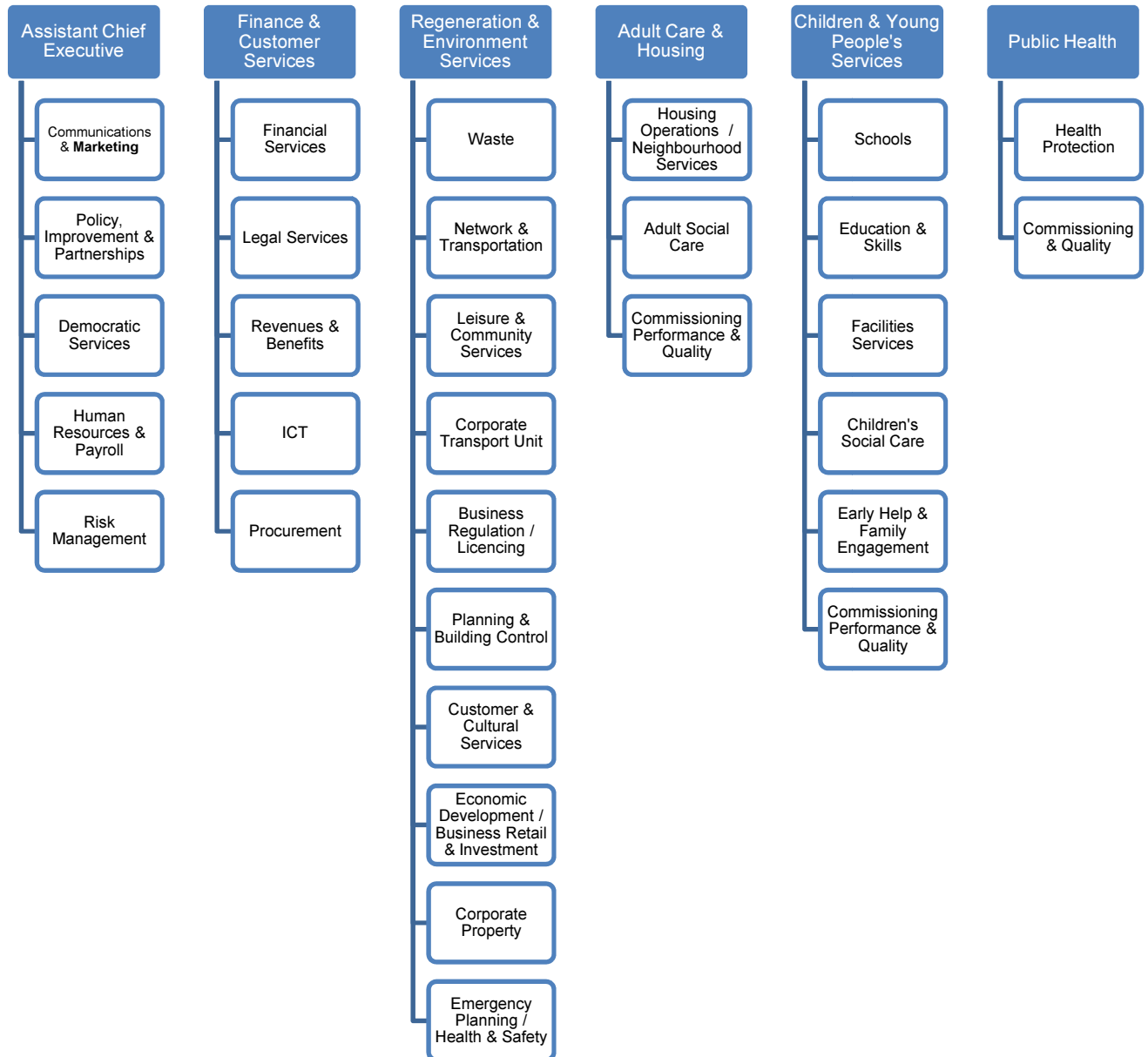
In developing our internal audit risk assessment and plan we have taken into account sources of external assurance and have considered the extent to which reliance can be placed upon these other sources. The main other sources of assurance for Rotherham Metropolitan Borough Council are as follows:

- 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.

Rotherham Council – Audit Areas



3. Summary Annual Internal Audit Plan 2016/17

The internal audit plan has been derived 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 Chief Executive, Strategic Leadership Team, the Responsible Financial Officer and ultimately the Audit Committee. Some of the audits came from discussions with Assistant 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.

Audit Area	Assurance Objective	Source of Audit	Summary of Proposed Audit Work	Audit Days
CHILDREN & YOUNG PEOPLE'S SERVICES – Total 190 Audit Days				
Family Care	To ensure that children placed away from birth parents within family / friends settings are properly looked after.	Audit Risk Assessment and CS Risk S01(013) CYPS Improvement Plan	Test the safeguards in place to ensure children are adequately assessed and supported by family and friends placements in accordance with statutory and Rotherham standards. Assess the adequacy of the Council's response to the recent judicial review of this area.	15
Sustainable Improvements: Children and Young Peoples Quality Assurance Framework	To ensure that Children and Young People's Services has an effective quality assurance framework in place.	Audit Risk Assessment External Inspection Frameworks & reports CYPS Imp Plan.	To establish progress towards RMBC meeting Ofsted Recommendation 2: <i>"Carry out effective performance management and quality assurance arrangements and ensure that they are well understood"</i> (Ofsted 2. Nov. 14). We will carry out tests to assess the Council's progress in meeting Ofsted Inspection Framework Key Measures (35.7 to 35.8). We will seek to obtain evidence that CYPS Improvement Plan activity in relation to QA and Performance has been achieved, implemented and embedded.	15
Children in Care Placements Process	To ensure that the placement process delivers children the care they need and the Council secures value for money.	Audit Risk Assessment External reports CS Risk S01(0043)	We will assess the adequacy of the Council's processes to ensure that Children's needs are met through robust contract compliance activity. We will also check that the commissioning and procurement arrangements are compliant with the Contract Standing Orders.	15
Direct Payments	To ensure that the Council has proper arrangements	Audit Risk Assessment	The audit will test compliance with procedures for administering direct payments, including the periodic	10

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
	for the administration of Direct Payments		review of needs and entitlement and arrangements for the prevention and detection of fraud. This audit will run in conjunction with Adult Social Care Direct Payments.	
Children missing	To ensure that children who go missing from home or care are properly catered for.	CYPS Improvement Plan	The audit will check that adequate action has been taken to address the November 2014 Ofsted Inspection finding “ <i>children who go missing from home or care do not receive a good enough service</i> ”. We will also clarify the progress of CYPS Improvement Plan in respect to identifying and responding to children missing from home or care. We will also seek to provide assurance in respect of the Council’s planned activity to achieve readiness to undergo the ‘deep dive’ Ofsted Targeted Inspection: Child Sexual Exploitation and Children Missing from Home, Care or Education. Published 14 January 2016.	15
New Children’s Social Care System: Liquid Logic	To ensure that Children’s Services are supported by an information system that enables them to delivery statutory functions.	Audit Risk Assessment	Weaknesses in the current system were highlighted by the Casey Report and a new system is to be implemented, delivery of this is crucial to the Improvement Plan. An internal audit undertaken in the fourth quarter of 2015/16 highlighted significant risks to the safe implementation of this project. Through proactive involvement in the system development, Internal Audit will highlight to senior management risks and advise on their mitigation. Internal Audit will also attend meetings of the Programme Board that has recently been established following a review of the project’s governance arrangements.	15
Children’s Homes	To ensure that systems are in place to ensure the proper administration of	Audit Risk Assessment	We will carry out the two mandatory audits in accordance with grant certification requirements.	5

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
	children's homes.			
Troubled Families Grant	To ensure that the Council claims grant properly.	Mandatory	We will carry out the two mandatory audits in accordance with grant certification requirements.	5
Fostering Allowances	To ensure that payments made to foster carers are correct.	Audit Risk Assessment Area of significant expenditure	We will carry out a review to assess the adequacy of arrangements for paying those providing foster care within the borough. This will include both foster carers engaged directly by the Council and those engaged through agencies.	15
Schools Catering Service Building Cleaning Service	To ensure that the Schools Catering Service and the Building Cleaning Service maintain financial stability.	Area of significant expenditure and income	We will carry out a review to assess the adequacy of administration arrangements in these traded services, including checking that up to date business plans are in place.	20
Procedures for investigation of safeguarding concerns	To ensure that safeguarding concerns are properly investigated.	Previous audit work relating to Home to School Transport.	The audit will check for compliance with LADO (Local Authority Designated Officer) procedures. We will also consider the adequacy of arrangements for ensuring that safeguarding concerns are passed through to the appropriate team, wherever they arise in the Council or in partner organisations.	10
Schools: Financial Administration	To ensure that the finances of maintained schools are being administered properly.	Area of significant expenditure	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.	35
Early Years Childcare Provision	To ensure that payments to independent sector childcare providers are	Audit risk assessment	We will conduct a review to ensure that payments to childcare providers are made in accordance with the conditions attached to the funding.	15

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
	made in accordance with conditions attached to the funding.			
<i>HOUSING AND ADULT SOCIAL CARE – Total 150 Audit Days</i>				
Housing Repairs and Maintenance Contracts	To ensure that the Council has effective contract management arrangements with respect to its contracts with Mears and Willmott Dixon Partnership.	Area of significant expenditure	The audit will check that there are appropriate contract management processes in place, including verification checks on the cost collection workbook, performance indicators and the process for authorising variations. The audit will also follow up on previously made recommendations in this area.	20
Housing Capital Programme	To ensure that the Council has robust contract management arrangements for the Housing Capital Programme.	High area of spend	The audit will review the adequacy of the Council's contract management arrangements for the Housing capital programme, including procurement arrangements and the process for the checking of accounts during the currency of the contract and at final account stage.	20
Housing IHMS Phase 2	To ensure the successful implementation of the 2 nd phase of the IHMS system.	Business critical system	The audit will assess the Council's preparedness for the implementation of phase 2 of the Integrated Housing Management System. The audit will follow a similar format to that carried out for the Phase 1 implementation.	15
Housing Rents System	To ensure the new housing rents system is fit for purpose and is operating in line with expectations.	New system Audit required to support KPMG's audit of the Council's Statement of Accounts	A review will be carried out to assess the adequacy of the system of internal control in the new system. The audit will include testing the procedures for generation of the rent roll, arrears recovery, authorisation of write offs. We will also check that reconciliations between Housing Rents and other fundamental financial systems e.g. general ledger, housing benefits are being completed and reviewed on a timely basis.	20
Housing Revenue Account Business	Ensure that Housing Revenue Account Business	Risk register	Ongoing assurance around the risks associated with management of key risks in the Business Plan. Our work	10

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
Plan	Plan is delivered.	Potential material impact on Council's financial position.	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.	
Adult Social Care Direct Payments	To ensure that payments made via the direct payments system are bona fide.	Request from management	Following the service review of Direct Payments, Internal Audit will carry out a programme of checks on sample of Direct Payment accounts. As part of this we will assess the arrangements for the prevention and detection of fraud.	20
Adult Social Care Supported Living	Ensure that adults receive the care they need.	Significant control weaknesses in 2015/16 audit.	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
Adult Social Care Social Care Establishments	Ensure that systems are in place to monitor the quality and effective running of residential homes, day centres and other establishments.	Audit risk assessment.	We will carry out a programme of visits to Adult Social Care establishments to check for compliance with financial administration procedures. This will include checks on clients' personal monies.	20
<i>PUBLIC HEALTH – Total 35 Audit days</i>				
Public Health Commissioning Payments Process	To assess the adequacy of the processes in place for making payments to GPs, Pharmacies and other providers for Public Health commissioned services.	Area of high expenditure. Concerns raised by management.	Internal Audit will visit a sample of surgeries and pharmacies to obtain evidence that services claimed for have been carried out as per clinical records. Clarification on the Council's right of access to records will need to be sought prior to commencement of this audit. We will also examine the arrangements for the prevention and detection of fraud.	25
Public Health Commissioning	To assess the adequacy of Council's arrangements for	Audit risk assessment	Internal Audit will assess the adequacy of arrangements for checking that providers have the appropriate training	10

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
Contract Compliance Process	ensuring that GP's, pharmacies and other providers carry out their work in accordance with contract		and qualifications to carry out their functions and that sufficient insurance cover is in place.	
<i>REGENERATION & ENVIRONMENT SERVICES – Total 145 Audit Days</i>				
Business Continuity Arrangements	To ensure that RMBC has effective Business Continuity arrangements in place.	Strategic Risk Register	We will review the progress made by services across the Council in producing business continuity plans and ensure that they are robust and have been properly documented. We will check that there are arrangements in place for periodically updating, reviewing and testing these plans.	15
Contract Management	To ensure that the Council has effective management arrangements in place for both revenue and capital contracts.	Service Risk Register (projects & partnerships) Capital Programme	The audit will check that there are appropriate contract management processes in place, including verification checks on the cost collection workbook, performance indicators and the process for authorising variations. The audit will also follow up on previously made recommendations in this area e.g. A57 and Firsby Reservoir. The scope will include both capital contracts e.g. major highways infrastructure projects and revenue contracts e.g. D C Leisure.	20
Licensing Administration and Licensing Enforcement	To ensure that the Licensing function is fit for purpose so as to contribute to: <ul style="list-style-type: none"> • the prevention of crime and disorder • public safety • the prevention of public nuisance 	Corporate Improvement Plan Service risk register	We will review 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.	30

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
	<ul style="list-style-type: none"> the protection of children from harm 			
Waste Disposal including operation of BDR facility at Manvers	To ensure that there are proper financial management and governance procedures in place for the new Waste Treatment facility at Manvers.	Service Risk Register	The audit will test compliance with contract conditions in accordance with Project Agreement. The audit will focus on the robustness of the payments process and the accuracy and validity performance data, focusing particularly in those performance measures that have financial or service delivery implications. We will also undertake work for the external auditor, as in previous years.	15
Heritage Services	To ensure that the Council's Historical Sites are safeguarded from deterioration, neglect and vandalism and are safe to the public.	Service Risk Register	We will compliance test the arrangements for safeguarding historical sites and museum assets. As part of this we will assess the effectiveness of the regime for structural inspections.	10
Corporate Landlord Responsibilities	To ensure that the Council's operational and non-operational estate is safe.	Audit risk assessment Corporate manslaughter risk	We will carry out an audit of the systems and processes to ensure compliance with statutory responsibilities for both operational and non-operational land and buildings. The audit will include gas inspections, electrical testing, asbestos, legionella and fire risk assessment.	20
Income Collection	To ensure that the Council has robust arrangements for income collection at its establishments.	Budget Book	Our audit will assess the adequacy of the arrangements for the identification, collection, recording and reconciliation of income at establishments. This work will be carried out on an unannounced spot check basis. Establishments could include country parks, markets, civic theatre, visitors centre, car parks etc.	20
Hellaby Depot: Fleet contract / Hire of plant and	To ensure that robust arrangements are in place at the Hellaby Depot for	Audit Risk Assessment	We will check that the arrangements for the procurement of services in relation to the fleet and the hire of plant, equipment and vehicles are compliant with the	15

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
equipment	management of the fleet contract and the hire of plant and equipment.		competitive procurement requirements of Contract Standing Orders. We will also check that the Council has effective arrangements in place for monitoring the charges made by suppliers on these contracts.	
<i>FINANCE AND CUSTOMER SERVICES – Total 190 Audit Days</i>				
Housing Benefits and Council Tax Reduction	To ensure that the Council has proper arrangements for the administration of Housing Benefits and Council Tax Support.	Core s.151 responsibility. Total annual transaction value of c. £90million (housing benefit) and £21million (council tax support).	We will perform a risk based audit of the Benefits and Council Tax Support system in accordance with CIPFA guidelines. Our checks will include assessing the implementation of the recently introduced risk based verification framework. We will verify the operation of key controls, including reconciliation to other financial systems (e.g. general ledger, housing rents) and the production and review of exception reports.	15
Creditor Payments / Purchase to Pay	To ensure that the Council has proper arrangements for making payments to suppliers for goods and services	Core s.151 responsibility. Total annual transaction annual value of c. £300million	We will conduct a risk based audit of the Creditors systems in accordance with CIPFA guidelines. We will verify the operation of key controls, including reconciliation to other financial systems and the production and review of exception reports. We will take account of the forthcoming peer review in determining the nature, extent and timing of our audit procedures.	15
Procurement	To ensure that the Council has effective arrangements to ensure value for money when buying goods and services.	Finance & Corporate Risk Register ref FCS13. Annual trade	The audit will determine whether there are adequate arrangements in place for the renewal of contracts, compliance with EU procurement rules and Council Standing Orders. This will include reviewing cases where exemptions have been obtained. We will determine progress against Annual Procurement Service Plan and	15

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
		value of c. £224m	will take account the forthcoming peer review in determining the nature, extent and timing of our audit procedures.	
Council Tax	Ensure that the Council has proper arrangements for the collection of Council Tax.	Core s.151 responsibility. Total annual transaction value of c. £97m	Risk based audit of the Council Tax system in accordance with CIPFA guidelines. We will verify the operation of key controls, including reconciliation to other financial systems and the production and review of exception reports.	10
Debtors	To ensure that the Council has proper arrangements for the collection of debt.	Core s.151 responsibility. Total annual transaction value of c. £59m	We will conduct a risk based audit of the Debtors system in accordance with CIPFA guidelines. We will verify the operation of key controls, including reconciliation to other financial systems and the production and review of exception reports. Sundry Debtors are currently evaluating two tenders i.e. Civica (current supplier) and ABS (current supplier of general ledger) for the provision of a new system. We will consider this when determining the nature, extent and timing of our work.	10
NNDR	To ensure that the Council has proper arrangements for the collection of national non domestic rates.	Core s.151 responsibility. Total annual transaction value of c. £74m	We will conduct a risk based audit of the NNDR system in accordance with CIPFA guidelines. We will verify the operation of key controls, including reconciliation to other financial systems and the production and review of exception reports.	10
Adult Social Care Financial Assessments	To ensure that the Council has proper arrangements for carrying out financial assessments.	Audit risk assessment.	Audit of compliance with the financial assessment process, including detailed checks on a sample of assessments and deferred payment agreements. We will also review the implications on the Council's financial assessment processes arising from implementation of the	10

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
			Care Act 2014.	
Legal Services: Freedom of Information / Data Subject Access Requests	To ensure the Council is dealing with Freedom of Information requests and Data Subject Access requests effectively.	Finance & Corporate Risk Register ref FCS14 Inadequate opinion from previous audit.	Audit of compliance with the statutory requirements for responding to freedom of information and data subject access requests. As part of this we will check that the Council has effective arrangements for the programme management of this function through directorates and for ensuring responses are subject to quality assurance.	10
Legal Services: Information Governance	To ensure that the Council has effective information governance arrangements.	Penalties for information security breaches can reach £500,000 per breach. Even heavier fines are being proposed in the new EU General Data Protection Regulations	We will conduct an audit to assess the level of compliance by the Council with the national Information Governance Toolkit. This audit will assess: <ul style="list-style-type: none"> • Assignment of key information governance roles, including, including the Senior Information Risk Owner, the Caldicott Guardian, and the Head of Information Governance; • Adequacy of policy and procedural framework for IG governance; • Sufficiency of training to individual staff in IG responsibilities. We will also check compliance with Data Protection Acts. In light of the incidents in 2015/16 we will also review the arrangements for the closure of Council buildings.	20
Whistleblowing Procedures	To ensure that the Council listens to whistle-blowers and investigates their concerns properly.	Audit risk assessment	We will conduct a review 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 the impact they have on our overall opinion concerning the control environment.	10

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
ICT: Active Directory	To ensure Active Directory arrangements are effective.	Audit risk assessment	We will review the management of Active Directory to assess its maintenance, whether it is up to date and its alignment with the organisational structure.	10
ICT: Network Security	Ensure sufficient security arrangements are in place to protect the Council's network and business critical systems	Audit risk assessment Finance & Corporate Risk Register ref FCS15	We will assess the Council's network security arrangements by reviewing the results of external penetration testing and the findings arising from the annual IT Health checks. We will also perform a check of the PSN Code of Connection return prior to submission.	10
ICT: Asset Management	Ensure that the Council has effective arrangements to manage its ICT assets.	Corporate ICT Manager	We will assess the Council's ICT asset management arrangements against best practice standards. This will include: <ul style="list-style-type: none"> • Procedures for updating IT asset registers for new starters, leavers, transfers or other HR related events • Performance of electronic stocktakes of ICT inventory and manual stocktakes of ICT in storage. • Maintenance of ICT asset inventory • Clarity of policy on asset life cycle for IT equipment • Compliance with competitive procurement requirements 	10
ICT: Data Security	Ensure that the Council has effective arrangements in place to protect its own data and its service users' data.	Audit risk assessment Risk of fines	We will check that adequate controls are in place and operating correctly for data capture and entry, user access management, equipment security, data storage, data transfer and availability.	10
ICT: Business Continuity	Ensure that the Council's business critical systems can continue to operate through unforeseen circumstances.	Audit risk assessment	We will check that business continuity plans are in place that meet appropriate standards and are communicated effectively. The review will also assess whether systems for recovery have been risk ranked and plans have been tested and updated where necessary.	10

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
Annual Governance Statement / Review of Internal Control Effectiveness	To ensure that the Council has an effective system of internal control and an evidenced AGS.	Audit risk assessment	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 Assistant Directors and Strategic Directors.	15
Digital Council	To ensure that the Council has effective control of its major systems developments.	Audit risk assessment	We will liaise with Digital Council on any key systems developments during 2016/17. This will include Liquid Logic, Integrated Housing Management System and Arcus.	10
<i>ASSISTANT CHIEF EXECUTIVE - Total 110 Audit Days</i>				
Corporate Improvement Plan and Children's Services Improvement Plan	To ensure that services are improved and there is a good understanding of improvement priorities across the organisation to ensure that the Government takes no further intervention steps and no services are permanently removed (e.g. Children's).	Strategic Risk register ref S17 (001) Partnerships, People & Performance - Risk Assessment/ Register.	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 and Children's Services Improvement Plan. It is proposed that our focus will be on providing independent assurance to management and Commissioners that key improvement targets are on track for achievement.	20
Agency Workers	To ensure that value for money is obtained in the procurement of agency staff.	Budget pressures. Large area of spend during 2015/16.	We will conduct a review to verify that the use of agency staff is supported by a business case and is procured in accordance with the competitive procurement requirements of Contract Standing Orders and the authorisation requirements of the Scheme of Delegation.	15
Communications & Marketing	Ensure the Council is able to maintain and preserve required levels of sensitivity when dealing with information in relation to	Comms & Marketing Risk Assessment Register	Determine whether the Council is compliant with the requirements of the Data Protection Act and the Department for Constitutional Affairs' data-sharing guarantee guidance.	10

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
	Communications and Marketing.			
Payroll	To ensure that the Council has proper arrangements for the payment of wages, salaries and expenses to employees.	Core s.151 responsibility. Annual transaction value c. £141m.	We will carry out a risk based audit of the Council's payroll system in accordance with CIPFA guidelines. In accordance with our three year cycle approach, we will perform testing on payroll deductions, variations to pay and data security. We will also carry out testing of key controls that are required by KPMG for their audit of the Council's statutory Financial Statements. This will include checking the reconciliation to other financial systems e.g. general ledger.	20
Human Resources Policies	To ensure the Council is compliant with HR Policies and Procedures	Audit risk assessment	Our audit will verify compliance with HR policies and procedures. Internal Audit will determine which HR policies are the subject of this audit through discussion with the Assistant Chief Executive and Human Resources Manager.	20
DBS Checks	To ensure that DBS checks are carried out properly where required.	Audit risk assessment	Our audit will verify 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
Risk Management	To ensure that the Council has effective risk management arrangements.	Audit risk assessment	The Council's refreshed risk management framework is currently being embedded with the support of the interim Corporate Risk Manager and the facilitation of 'deep dive' into directorate risk registers through the Audit Committee. Internal Audit will support this work and will consider the effectiveness of risk management arrangements in each Council service or function subject to audit.	10
Democratic Services:	Ensure that the conduct of	Strategic Risk	Audit to carry out checks on compliance with protocols	5

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
Elected Members	<p>elected members meets the highest standards expected in public life</p> <p>(The outcome of elections could have a significant impact on the administration of the authority moving forward)</p>	Register ref s13 (011)	surrounding elected members, including maintenance of declaration of interests. We will also perform sample checks on elected members' expenses to ensure compliance with policies.	
ANTI FRAUD & CORRUPTION WORK – Total 55 Audit Days				
Fraud NFI Datasets	Mandatory requirement.	N/A	We will provide the information to allow the NFI to carry out their data matching exercises.	10
Fraud Annual Report	Corporate requirement.	N/A	We will produce an annual fraud report for the audit committee highlighting Internal Audit's work in respect of fraud prevention and investigation.	5
Fraud Proactive Anti- Fraud Activity	Ensure the Council demonstrates a zero tolerance approach to fraud and corruption.	N/A	<p>We will use the Council's systems to undertake local data matching activity. On the basis of the recently completed fraud risk assessment, our work will focus on:</p> <ul style="list-style-type: none"> • Falsifying right to buy information • Overpayment of suppliers • Procurement fraud • Social care claims • Sub-letting of Council houses 	20
Fraud 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 utilise the Fraud Risk Register in delivering this advice.	20
GRANTS				
Sport England 1 Sport England 2 Pot Hole Additional Highway				18

<i>Audit Area</i>	<i>Assurance Objective</i>	<i>Source of Audit</i>	<i>Summary of Proposed Audit Work</i>	<i>Audit Days</i>
Maintenance Disabled Adaptations Bus Operators				
<i>WORK FOR EXTERNAL AGENCIES – Total 48 Audit Days</i>				
Academies	Provision of paid audit service for academies		We will audit 8 academies throughout the year.	48
<i>AUDIT PLANNING, FOLLOW UP AND RESPONSIVE – Total 333 Audit days</i>				
Planning; Control and Reporting	Provide quarterly update reports to Audit Committee.	N/A	We will provide regular update reports to Audit Committee detailing progress against the Internal Audit Plan and bringing any significant issues highlighted from our work, to the Committee's attention.	50
Follow Up Work	Ensure significant recommendations made during 2015/16 are followed up	N/A	We will follow up on all outstanding 3* fundamental recommendations made following audits carried out during 2015/16.	37
Responsive	Ensure audit resources and experience, is available to provide a professional level of advice and investigatory experience in the event of any incidents of fraud or corruption.	N/A	Provide audit resources to investigate any instances of fraud and corruption. In addition, provide advice to clients where requested to do so.	120
TOTAL DAYS				1143