

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL
MUNICIPAL YEAR 2016/17

COMMITTEE:

Item No. 6

AUDIT COMMITTEE

20th March 2017

DRAFT Internal Audit Annual Report 2016/17

REPORT OF:-

GROUP DIRECTOR, CORPORATE & FRONTLINE SERVICES

Author: Marc Crumbie (Operational Audit Manager)

(01443) 680779

1. PURPOSE OF THE REPORT

This report provides Members with the 'Draft Internal Audit Annual Report 2016/17' (incorporating a 'Statement of Assurance' in respect of the Council's overall system of internal control) and the findings from the external assessment and internal self assessment as required by the Public Sector Internal Audit Standards.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Review and if appropriate approve the 'Draft Internal Audit Annual Report 2016/17' (**Appendix 1**).
- 2.2 Review and if appropriate endorse the outcomes of the External Assessment (**Appendix 3A**) and internal self assessment (**Appendix 3B**) in respect of conformance with the Public Sector Internal Audit Standards.

3. BACKGROUND

- 3.1 The Public Sector Internal Audit Standards require the Head of Internal Audit (in the case of Rhondda Cynon Taf County Borough Council the Operational Audit Manager) to provide an Annual Report to support the Annual Governance Statement. The report should:

- Include an opinion on the overall system of internal control;
- Present a summary of the audit work on which the opinion is based;
- Draw attention to any issues that may impact on the level of assurance provided;
- Provide a summary of the performance for the service; and
- Comment on conformance with the Public Sector Internal Audit Standards.

3.2 The Public Sector Internal Audit Standards (from hereon 'the Standards') also require that each public sector Internal Audit Service has in place robust arrangements for quality assurance and requires that Internal Audit be the subject of an external assessment at least once every five years and periodic internal self assessments.

3.3 With specific regard to the external assessment, the Standards require that this either be in the form of a 'full external assessment' or a 'self assessment within independent external validation'. In the case of Rhondda Cynon Taf, Audit Committee at its meeting on the 7th December 2015 supported that the external assessment take the form of a 'self assessment with independent external validation'.

4. THE COUNCIL'S COMPLIANCE WITH THE STANDARDS

4.1 In compliance with the Standards, a 'Draft Internal Audit Annual Report 2016/17' is set out at **Appendix 1** that provides a detailed overview of Internal Audit's work and performance for this period. The Draft Report concludes overall that '*...the system of internal control within the Council operated effectively during 2016/17 with some areas identified for improvement*'.

4.2 To aide Members review of the 'Draft Internal Audit Annual Report 2016/17', attached as **Appendix 2** is a detailed end-of-year position statement in relation to the delivery of the 2016/17 Internal Audit Plan.

4.3 Members will note that Section 3 above also highlighted the requirement for the Internal Audit Service to be subject to an external assessment at least once every 5 years and undertake periodic internal self assessments.

4.4 With regard to the external assessment process, the Council's Internal Audit Service was subject to an external assessment between January and March 2017 and is attached at **Appendix 3A** (that also incorporates the proposed actions to be taken by the Internal Audit Service to address the external assessment findings). The assessment concluded that:

- *In terms of this external validation, it is concluded that the Internal Audit Service of Rhondda Cynon Taf County Borough Council is currently conforming to the majority of the requirements of the Standards.*
- *The impact of the non-conformances identified is not considered to be significant and the Internal Audit Service of Rhondda Cynon Taf County Borough Council complies with the Standards in all significant areas.*
- *In respect of those issues identified in the self assessment and those highlighted above the Operational Audit Manager has agreed to present the findings and an action plan to the Audit Committee for consideration.*

4.5 In terms of the internal self assessment, the Internal Audit Service completed a self assessment against the Standards, the recommendations from which are set out at **Appendix 3B** and was provided to the external assessor as part of undertaking the external assessment.

5. **SUMMARY**

5.1 The Internal Audit Service has produced a 'Draft Internal Audit Annual Report 2016/17' setting out its performance alongside the findings from its work during the year. Based on the information compiled, the Report concluded that '*...the system of internal control within the Council operated effectively during 2016/17 with some areas identified for improvement*'.

5.2 The Internal Audit Service was also subject to an external assessment during the year in line with the Standards that concluded it '*complies with the Standards in all significant areas*', '*the impact of the non-conformances identified is not considered to be significant*' and '*the Operational Audit Manager has agreed to present the findings and an action plan to the Audit Committee for consideration*'.

LOCAL GOVERNMENT ACT, 1972

as amended by

THE ACCESS TO INFORMATION ACT, 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

LIST OF BACKGROUND PAPERS

AUDIT COMMITTEE

20th March 2017

Report of the Group Director for Corporate & Frontline Services

Author: Marc Crumbie (Operational Audit Manager).

Item	File Ref:
6. Internal Audit Annual Report 2016/17	IA / MC

Contact Officer: Marc Crumbie,
Operational Audit Manager
Bronwydd House
Porth
CF39 9DL
Tel. No. (01443) 680779



Appendix 1

Rhondda Cynon Taf CBC
Internal Audit Service

**DRAFT Internal Audit
Annual Report 2016/17**

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Internal Audit Self-Evaluation

1. Introduction

- 1.1 This Internal Audit Annual Report 2016/17 (from hereon 'Annual Report') summarises the work of the Internal Audit Service between the period April 2016 and March 2017. It provides a detailed account of the performance of the service along with an overview of the progress made in delivering the priorities as identified in the Internal Audit Delivery Plan 2016/17.
- 1.2 The aim of the work undertaken by Internal Audit each year is to ensure the Council's control environment is reviewed sufficiently to provide an evidence based opinion on the overall system of internal control. The opinion on the adequacy of the Council's overall system of internal control is used to inform, the Council's Annual Governance Statement 2016/17.
- 1.3 The control environment comprises the organisation's policies, procedures and operations designed to:
- Establish and monitor the achievement of the organisation's objectives;
 - Facilitate policy and decision making;
 - Ensure the economic, effective and efficient use of resources;
 - Ensure compliance with established policies, procedures, laws and regulations; and
 - Safeguard the organisation's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption.

2. Internal Audit Service – Performance 2016/17

- 2.1 Given the proximity of this report to the end of the 2016/17 financial year, the figures shown in Table 1 are estimated. In the event of any material variations to the information set out in Table 1 and / or the supporting information provided in Appendix 2, these will be reported to the next meeting of the Audit Committee.

Table 1 – Internal Audit Service Estimated Year End Performance – 2016/17

Performance Indicator	Target	2016/17	2015/16 Actual	2014/15 Actual
% Planned audits completed to report stage.	100%	85%	82%	85%

- 2.2 As shown in Table 1 above, it is estimated that 85% of planned audit work will be completed to report stage by the 31st March 2017 i.e. out of a total of 87 planned audits, 74 audits completed to report stage that comprise: 51 finalised audits; 13 audits at draft report stage; and 10 audits scheduled to be completed by 31st March 2017.

- 2.3 With regard to the remaining 13 audits that will not be completed in 2016/17:

- 11 will be carried forward into the 2017/18 Audit Plan (Table 2); and
- 2 planned audits will not be carried forward into 2017/18 due to complementary work being undertaken locally by Services (Table 3).

Table 2 – 11 audits to be carried forward into the 2017/18 Audit Plan

MASH - CHILDREN'S SERVICES	Full Carried Forward into 2017/18
MASH - ADULT SERVICES	
THE PANEL PROCESS	
VISION PRODUCTS	
TACKLING POVERTY	
EDUCATION OTHER THAN AT SCHOOL	
YSGOL GYFUN GARTH OLWG	
BUDGETARY CONTROL	Fieldwork Commenced. Part Carried Forward into 2017/18
DISASTER RECOVERY	
PAYROLL	
CHILDREN'S SERVICES - REVISED OPERATING MODEL	

Table 3 – 2 planned audits not to be carried forward into 2017/18 Audit Plan

<p>LEASED EQUIPMENT IN SCHOOLS</p>	<p>During 2016/17, Officers within the Education & Lifelong Learning Directorate commenced a full review of leasing arrangements within Schools.</p> <p>The aim was to collate a central record of leases in place with a view to assisting Schools in delivering better value for money in the future.</p> <p>To avoid duplication of work it is proposed to not undertake this audit review.</p>
<p>FRAMEWORK FOR EXCELLENCE IN TEACHING</p>	<p>This review was initially included within the 2016/17 Audit Plan with the intended scope to review the performance management arrangements in place.</p> <p>During the detailed scoping exercise it became apparent that these arrangements are routinely reviewed and monitored by the Council's Performance Management Service and the Central South Consortium Joint Education Service.</p> <p>To avoid duplication of work it is proposed to not undertake this audit review.</p>

2.4 As noted in Table 1 overleaf, 85% of planned audit work is estimated to be completed to report stage by the 31st March 2017 and set out below are the key reasons for not fully delivering the Audit Plan.

Reallocation of specific staffing resources

2.4.1 During the year an element of the Operational Audit Manager's time was reallocated to support on-going improvement in procurement practices within Services across the Council i.e. non-Internal Audit activities. This decision was taken on the basis of specific Operational Audit Manager activities, for example, review of Internal Auditor's work / quality assuring Internal Audit reports, being reallocated within the team to partly off-set the reduction in productive days and, importantly, to ensure the Internal Audit Service maintained adequate coverage across the Council. The overall impact of the above was a reduction of 100 days for Internal Audit purposes and an equal increase in capacity to support the Council's procurement function.

2.4.2 In addition, the implication of the above change was the potential for a conflict of interest (in accordance with the Public Sector Internal Audit Standards - Independence & Objectivity). This was also highlighted by the External Assessment undertaken of the Council's Internal Audit Service (Appendix 3A) and the following action was taken during the year:

- The Operational Audit Manager declared a potential conflict of interest to the Service Director, Performance & Improvement; and
- The Operational Audit Manager had no involvement in any Internal Audit work that related to the Procurement Service and the management and review of all procurement related audit reviews (including the identification of audits for forthcoming financial years) was overseen by the Internal Audit Service’s Group Audit Manager.

Actual days spent delivering audit reviews exceeded the planned days

2.4.3 44 audit reviews were completed where the actual days taken to deliver the work were in excess of the planned days allocated within the 2016/17 audit plan; this was due to, for example, the estimated number of days included in the Audit Plan at the start of the year being lower than actually required and the need for auditors to undertake more detailed fieldwork to enable demonstrable opinions to be formed on the standard of internal control. The impact of the above was 133 extra days spent on audit reviews compared to the contingency of 75 days built into the Audit Plan to cover such occurrences; the net overall impact was 58 extra days being required. With the above outcome in mind, the planning and delivery arrangements for this area requires improvement in 2017/18.

Sickness absence

2.4.4 49 days were included within the Audit Plan with the aim of planning prudently for potential sickness absence. In total, 67 days were actually incurred resulting in 18 days more absence than planned for.

2.5 As the above changing circumstances occurred during the year, the Operational Audit Manager prioritised resources to ensure adequate audit coverage continued to be in place across Council services and systems.

3. Assurance & Consultancy Assignments 2016/17

3.1 Assurance Assignments

3.2 Audit Committee received a summary of all finalised audit assignments completed by the Internal Audit Service throughout 2016/17.

3.3 A summary of the finalised audit assignment overall opinions reported to Audit Committee during 2016/17 is shown below.

Opinion	Number of Finalised Audits Assignments
Effective	11
Effective with Opportunity for Improvement	38
Insufficient and requires improvement	2
Not adequate	0
TOTAL	51

Note:

The 2 audit reports considered insufficient and requiring improvement were:

- Ysgol Hen Felin; and
- Fleet Management & Maintenance (specifically the arrangements in place for reporting and recording accidents and incidents involving Council vehicles).

- 3.4 Of the 13 audits that are at draft report status at the time of this report, the draft opinions are as follows (*Note: these reports are subject to Management formally providing responses and any supplementary information they deem necessary. As a result, the opinion provided within the draft report may be subject to change*):

Draft Opinion	Number of audit assignments completed to draft report
Effective	2
Effective with Opportunity for Improvement	7
Insufficient and requires improvement	4
Not adequate	0
TOTAL	13

3.5 Consultancy Assignments

- 3.6 Within the Audit Plan for 2016/17, Internal Audit allocated resources to deliver two consultancy assignments:

- Information Management - as a member of the Information Management Project Board and Working Group, Internal Audit provided advice and input in respect of the development of a revised Information Management Policy and risk assessment process; and
- Corporate Safeguarding - following a report presented to the Council's Cabinet on [17th March](#), the Operational Audit Manager was requested to become a member of the Corporate Safeguarding Working Group. The Group was responsible for overseeing the implementation of the delivery plan contained within the Cabinet Report.

4. Delivery Plan Priorities 2016/17

4.1 The following priorities (shown in bold) were included within Internal Audit's Delivery Plan for 2016/17 alongside the fundamental requirement to support Audit Committee in meeting its Terms of Reference (via a [detailed workplan](#)).

4.1.1 **Internal Audit will continue to have a central role in reviewing and developing the Council's Risk Management arrangements.**

Update

- An overview of the Council's Risk Management arrangements (incorporating the Strategic Risk Register) was reported to Audit Committee at their meeting held on [31st October 2016](#). Following discussion Members **RESOLVED** that the Council's Risk Management arrangements are adequate and that the Audit Committee will continue to monitor the adequacy of the Council's risk management framework.
- An audit review was undertaken in respect of the Council's Operational Risk Management arrangements during 2016/17. The audit concluded that overall arrangements were considered to be effective with opportunity for improvement. The report was reported to Audit Committee at the meeting held on [20th March 2017](#).

4.1.2 **Given the heightened prevalence of external parties attempting to commit fraud against public sector bodies; the Council's arrangements in respect of assessing the risk of fraud, bribery & corruption will be reviewed.**

Update

- The Internal Audit Service has been involved in the development of a risk assessment template, in consultation with Council officers and the Wales Audit Office, and arrangements are being made for the template to be rolled out to Council services.

4.1.3 **Improve awareness in respect of the Council's Whistleblowing arrangements.**

Update

- The Council's Whistleblowing Policy & Procedure were reported to Audit Committee at the meeting held on [31st October 2016](#), the outcomes from which were:
 - Following discussion it was considered that making the information available via a payslip insert would help ensure that the information is accessible to all.
 - It was **RESOLVED**:
 - 1. To note the Council's Whistleblowing Policy and Procedure; and,
 - 2. That in order to raise awareness of the Council's Whistleblowing arrangements to all staff, in particular those that

do not have access to a work's PC, a payroll insert should be devised and issued.

- The Council's Intranet site has been updated to include a Whistleblowing section.
- The facility to report allegation on-line has been developed.

4.2 It is considered that overall positive progress has been made by the Service in delivering its 2016/17 Delivery Plan priorities and work is currently being finalised to set service priorities for 2017/18.

5. Public Sector Internal Audit Standards

- 5.1 The Public Sector Internal Audit Standards ('The Standards') came into force on the 1st April 2013 and consist of the following:
- Definition of Internal Auditing;
 - Code of Ethics; and
 - Standards for the Professional Practice of Internal Auditing.

5.2 The Standards aim to promote further improvement in the professionalism, quality and effectiveness of Internal Audit Services across the public sector.

5.3 The Standards require that each public sector Internal Audit Service has in place robust arrangements for quality assurance and requires that Internal Audit be the subject of an external assessment at least once every 5 years, as follows:

“1310 Requirements of the Quality Assurance and Improvement Programme
The quality assurance and improvement programme must include both internal and external assessments.

1311 Internal Assessments

Internal assessments must include:

- *Ongoing monitoring of the performance of the internal audit activity; and*
- *Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices.*

Interpretation

- *Ongoing monitoring is an integral part of the day-to-day supervision, review and measurement of the internal audit activity.*

1312 External Assessments

External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The Internal Audit Manager must discuss with the Audit Committee:

- *The form of external assessments;*
- *The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.”*

Interpretation

- *External assessments can be in the form of a full external assessment, or a self-assessment with independent external validation.”*

5.4 Following a report presented to Audit Committee on [7th December 2015](#), Members resolved to:

“approve that Rhondda Cynon Taf County Borough Council participates in the peer review process in respect of an External Assessment which reviews conformance against the Public Sector Internal Audit Standards at least once every 5 years. Once the peer review is complete then the report will be presented at a future Audit Committee.”

- 5.5 During 2016/17 an internal self assessment against the Standards was undertaken. The completed self assessment was provided to an External Assessor for verification in accordance with the agreed approach for undertaking the external assessment.
- 5.6 The findings of the external assessment are set out in Appendix 3A and concluded that:
- *In terms of this external validation, it is concluded that the Internal Audit Service of Rhondda Cynon Taf County Borough Council is currently conforming to the majority of the requirements of the Standards.*
 - *The impact of the non-conformances identified is not considered to be significant and the Internal Audit Service of Rhondda Cynon Taf County Borough Council complies with the Standards in all significant areas.*
 - *In respect of those issues identified in the self assessment and those highlighted above the Operational Audit Manager has agreed to present the findings and an action plan to the Audit Committee for consideration.*
- 5.7 A copy of the Council's action plan that resulted from the internal self assessment is included at Appendix 3B.

6. Statement of Assurance

- 6.1 Based on the assurance and consultancy work undertaken by Internal Audit during 2016/17 I am able to state that, in my view, **the system of internal control within the Council operated effectively during 2016/17 with some areas identified for improvement.**
- 6.2 Taking the above into account, it should be noted that the system of internal control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.
- 6.3 There have been service areas where weaknesses in the internal control framework have been identified but, in my opinion, these did not have a material impact on the overall level of assurance within the Council.

Marc Crumbie
Operational Audit Manager
March 2017

Appendix 2 – Internal Audit Plan 2016/17

	PRIORITY	STATUS	Start Fieldwork	Finish Fieldwork	Date Draft Report Issued	End of Fieldwork to Issue Draft Report (Days)	Management Responses	Timeliness of Management Response (Days)	Final Report	Management response to issuing final report (Days)
CHIEF EXECUTIVE										
CABINET OFFICE & PUBLIC RELATIONS										
THEATRES	Medium	Final Report Issued	20/07/2016	24/08/2016	31/08/2016	7	13/10/2016	43	19/10/2016	6
RHONDDA HERITAGE PARK	Medium	Final Report Issued	31/08/2016	09/09/2016	16/09/2016	7	30/09/2016	14	18/10/2016	18
HUMAN RESOURCES										
SICKNESS ABSENCE COMPLIANCE	High	Draft Report Issued	31/08/2016	06/01/2017	01/02/2017	26		0		0
REGENERATION & PLANNING										
VIBRANT AND VIABLE PLACES	High	Draft Due by 31st March	01/03/2017			0		0		0
ENTERPRISE GRANTS	Medium	Draft Due by 31st March	01/03/2017			0		0		0
LEGAL AND DEMOCRATIC SERVICES										
INSURANCE	Medium	Draft Report Issued	14/10/2016	03/02/2017	28/02/2017	25		0		0
COMMUNITY & CHILDREN'S SERVICES										

	PRIORITY	STATUS	Start Fieldwork	Finish Fieldwork	Date Draft Report Issued	End of Fieldwork to Issue Draft Report (Days)	Management Responses	Timeliness of Management Response (Days)	Final Report	Management response to issuing final report (Days)
CHILDREN'S SERVICES										
CHILDREN'S SERVICES - REVISED OPERATING MODEL	High	Part Carried Forward into 2017/18								
MASH - CHILDREN'S SERVICES	High	Full Carried Forward into 2017/18								
PLACEMENTS & CONTRACTS	High	Draft Report Issued	05/08/2016	25/01/2017	15/02/2017	0		0		0
COMMUNITY CARE										
THE REVIEW OF CARE PACKAGES	High	Draft Report Issued	18/07/2016	12/09/2016	05/10/2016	23		0		0
MASH - ADULT SERVICES	High	Full Carried Forward into 2017/18								
THE PANEL PROCESS	High	Full Carried Forward into 2017/18								
VISION PRODUCTS	Medium	Full Carried Forward into 2017/18								
PUBLIC HEALTH AND PROTECTION										
HOMELESSNESS	High	Final Report Issued	10/08/2016	06/10/2016	10/11/2016	35	30/11/2016	20	20/12/2016	20
LLWYDCOED CREMATORIUM	Low	Final Report Issued	06/09/2016	07/09/2016	13/09/2016	6	19/10/2016	36	02/11/2016	14
TACKLING POVERTY	High	Full Carried Forward into 2017/18								
COMMON HOUSING SERVICES	High	Final Report Issued	10/08/2016	06/10/2016	10/11/2016	35	10/11/2016	0	20/12/2016	40

	PRIORITY	STATUS	Start Fieldwork	Finish Fieldwork	Date Draft Report Issued	End of Fieldwork to Issue Draft Report (Days)	Management Responses	Timeliness of Management Response (Days)	Final Report	Management response to issuing final report (Days)
LEISURE SERVICES	Medium	Final Report Issued	31/08/2016	30/09/2016	04/10/2016	4	25/10/2016	21	02/11/2016	8
TRANSFORMATION										
CONTRACTING	High	Draft Report Issued	26/10/2016	30/01/2017	28/02/2017	29		0		0
FINANCIAL MANAGEMENT	High	Draft Report Issued	05/08/2016	25/01/2017	15/02/2017	21		0		0
CORPORATE & FRONTLINE SERVICES										
HIGHWAYS AND STREETCARE										
FLEET MANAGEMENT AND MAINTENANCE	High	Final Report Issued	25/04/2016	05/08/2016	09/11/2016	96	10/01/2017	62	11/01/2017	1
WASTE MANAGEMENT	High	Final Report Issued	19/09/2016	24/10/2016	26/10/2016	2	06/01/2017	72	10/01/2017	4
CORPORATE ESTATES & PROCUREMENT										
ASBESTOS MANAGEMENT	High	Final Report Issued	06/06/2016	20/07/2016	26/07/2016	6	07/09/2016	43	07/09/2016	0
IT										
DISASTER RECOVERY	High	Part Carried Forward into 2017/18								
FINANCIAL SERVICES										
BUDGETARY CONTROL	High	Part Carried Forward into 2017/18								

	PRIORITY	STATUS	Start Fieldwork	Finish Fieldwork	Date Draft Report Issued	End of Fieldwork to Issue Draft Report (Days)	Management Responses	Timeliness of Management Response (Days)	Final Report	Management response to issuing final report (Days)
GENERAL LEDGER & ACCOUNTING	Low	Final Report Issued	12/01/2017	27/01/2017	27/01/2017	0	30/01/2017	3	31/01/2017	1
TAXATION	High	Draft Due by 31st March	27/01/2017			0		0		0
CAPITAL ACCOUNTING & ASSET REGISTER	Medium	Draft Due by 31st March	16/01/2017			0		0		0
ADMINISTRATION OF TRUST FUNDS	Low	Final Report Issued	10/10/2016	21/10/2016	26/10/2016	5	26/10/2016	0	31/10/2016	5
TREASURY MANAGEMENT	High	Final Report Issued	08/08/2016	07/09/2016	08/09/2016	1	09/09/2016	1	09/09/2016	0
PAYROLL	Medium	Part Carried Forward into 2017/18								
CREDITORS	Medium	Draft Due by 31st March	01/02/2017			0		0		0
PENSIONS	Medium	Draft Report Issued	27/01/2017	17/02/2017	02/03/2017	13		0		0
INCOME, DEBTORS & DEBT RECOVERY	Medium	Draft Report Issued	11/04/2016	01/11/2016	13/12/2016	42	26/01/2017	44		0
HOUSING BENEFITS	Medium	Draft Due by 31st	09/01/2017			0		0		0

	PRIORITY	STATUS	Start Fieldwork	Finish Fieldwork	Date Draft Report Issued	End of Fieldwork to Issue Draft Report (Days)	Management Responses	Timeliness of Management Response (Days)	Final Report	Management response to issuing final report (Days)
		March								
COUNCIL TAX	Medium	Final Report Issued	10/10/2016	19/01/2017	27/01/2017	8	06/03/2017	37	06/03/2017	0
NDR	Medium	Final Report Issued	10/10/2016	28/11/2016	19/12/2016	21	01/02/2017	44	03/02/2017	2
EDUCATION & LIFELONG LEARNING										
PRIMARY SCHOOLS										
ABERCYNON COMMUNITY PRIMARY	Medium	Final Report Issued	06/07/2016	07/07/2016	04/08/2016	28	03/10/2016	60	08/11/2016	36
ABERDARE PARK PRIMARY	Medium	Final Report Issued	21/06/2016	14/07/2016	20/07/2016	6	21/09/2016	63	22/09/2016	1
ABERNANT PRIMARY	Medium	Final Report Issued	11/07/2016	12/07/2016	20/07/2016	8	13/10/2016	85	18/10/2016	5
BLAENGWAWR PRIMARY	Medium	Final Report Issued	04/07/2016	07/07/2016	25/07/2016	18	10/10/2016	77	18/10/2016	8
COED Y LAN PRIMARY	Medium	Final Report Issued	13/06/2016	15/06/2016	24/06/2016	9	08/07/2016	14	18/07/2016	10
CWMBACH CIW PRIMARY	Medium	Final Report Issued	29/04/2016	11/05/2016	13/05/2016	2	27/05/2016	14	27/05/2016	0
CWMCLYDACH PRIMARY SCHOOL	Medium	Draft Report	02/02/2017	15/02/2017	02/03/2017	15		0		0

	PRIORITY	STATUS	Start Fieldwork	Finish Fieldwork	Date Draft Report Issued	End of Fieldwork to Issue Draft Report (Days)	Management Responses	Timeliness of Management Response (Days)	Final Report	Management response to issuing final report (Days)
		Issued								
DARRAN PARK PRIMARY	Medium	Final Report Issued	18/01/2017	24/01/2017	27/01/2017	3	14/02/2017	18	23/02/2017	9
HAFOD PRIMARY	Medium	Final Report Issued	08/11/2016	09/11/2016	18/11/2016	9	14/12/2016	26	22/12/2016	8
HEOL Y CELYN PRIMARY	Medium	Final Report Issued	27/06/2016	07/07/2016	23/08/2016	47	06/09/2016	14	15/09/2016	9
PONTRHONDDA PRIMARY	Medium	Final Report Issued	28/09/2016	28/09/2016	08/11/2016	41	12/01/2017	65	20/01/2017	8
PORTH INFANTS	Medium	Final Report Issued	17/11/2016	18/11/2016	12/12/2016	24	14/12/2016	2	04/01/2017	21
PORTH JUNIOR	Medium	Final Report Issued	17/01/2017	19/01/2017	23/01/2017	4	26/01/2017	3	31/01/2017	5
ST MICHAEL'S RC PRIMARY	Medium	Final Report Issued	29/11/2016	13/12/2016	23/12/2016	10	24/01/2017	32	24/01/2017	0
TON INFANTS	Medium	Final Report Issued	15/09/2016	21/09/2016	30/09/2016	9	13/10/2016	13	21/10/2016	8
TONYREFAIL PRIMARY	Medium	Final Report Issued	22/09/2016	12/10/2016	14/10/2016	2	15/11/2016	32	16/11/2016	1
YGG BRONLLWYN	Medium	Final Report Issued	22/06/2016	23/06/2016	22/08/2016	60	21/09/2016	30	18/10/2016	27

	PRIORITY	STATUS	Start Fieldwork	Finish Fieldwork	Date Draft Report Issued	End of Fieldwork to Issue Draft Report (Days)	Management Responses	Timeliness of Management Response (Days)	Final Report	Management response to issuing final report (Days)
YGG CASTELLAU	Medium	Final Report Issued	20/06/2016	21/06/2016	22/08/2016	62	10/10/2016	49	19/10/2016	9
YGG LLANTRISANT	Medium	Final Report Issued	12/10/2016	20/10/2016	11/11/2016	22	10/01/2017	60	19/01/2017	9
OUR LADY'S RC PRIMARY SCHOOL	Medium	Final Report Issued	19/01/2017	25/01/2017	31/01/2017	6	01/02/2017	1	01/02/2017	0
PENYWAUN PRIMARY	Medium	Final Report Issued	04/05/2016	04/05/2016	26/05/2016	22	20/07/2016	55	27/07/2016	7
LLWYDCOED PRIMARY	Medium	Draft Due by 31st March	10/03/2017			0		0		0
TREHOPCYN PRIMARY	Medium	Draft Due by 31st March	14/03/2017			0		0		0
CORPORATE GOVERNANCE AT PRIMARIES	High	Final Report Issued	07/07/2016	31/08/2016	31/08/2016	0	20/12/2016	111	20/12/2016	0
PRIMARY SCHOOL SELF ASSESSMENT	Medium	Draft Report Issued	20/02/2017	20/02/2017	27/02/2017	7		0		0
ACCESS & ENGAGEMENT & INCLUSION										
EDUCATION OTHER THAN AT SCHOOL	High	Full Carried Forward into 2017/18								

	PRIORITY	STATUS	Start Fieldwork	Finish Fieldwork	Date Draft Report Issued	End of Fieldwork to Issue Draft Report (Days)	Management Responses	Timeliness of Management Response (Days)	Final Report	Management response to issuing final report (Days)
COLEG TAI	Medium	Draft Report Issued	23/01/2017	31/01/2017	01/03/2017	29		0		0
SCHOOLS & COMMUNITY										
POST 16 GRANT	High	Final Report Issued	12/01/2017	25/01/2017	31/01/2017	6	31/01/2017	0	31/01/2017	0
FRAMEWORK FOR EXCELLENCE IN TEACHING	High	Cancelled								
EDUCATION IMPROVEMENT GRANT	High	Final Report Issued	23/05/2016	24/06/2016	29/06/2016	5	23/11/2016	147	23/11/2016	0
LEASED EQUIPMENT IN SCHOOLS	Medium	Cancelled								
S.E.N. SCHOOLS										
YSGOL HEN FELIN	Medium	Final Report Issued	16/06/2016	13/07/2016	19/07/2016	6	19/09/2016	62	20/09/2016	1
SECONDARY SCHOOLS										
TONYPANDY COMMUNITY COLLEGE	High	Final Report Issued	28/06/2016	12/07/2016	31/08/2016	50	21/09/2016	21	18/10/2016	27
YSGOL GYFUN Y CYMER	High	Final Report Issued	14/06/2016	28/06/2016	18/07/2016	20	31/10/2016	105	08/11/2016	8
PONTYPRIDD HIGH SCHOOL	High	Draft Report Issued	05/12/2016	06/01/2017	31/01/2017	25		0		0

	PRIORITY	STATUS	Start Fieldwork	Finish Fieldwork	Date Draft Report Issued	End of Fieldwork to Issue Draft Report (Days)	Management Responses	Timeliness of Management Response (Days)	Final Report	Management response to issuing final report (Days)
ABERDARE COMMUNITY SCHOOL	High	Final Report Issued	04/10/2016	12/10/2016	24/11/2016	43	13/12/2016	19	05/01/2017	23
FERNDALE COMMUNITY SCHOOL	High	Draft Due by 31st March	28/11/2016	06/03/2017		0		0		0
TONYREFAIL SCHOOL	High	Draft Report Issued	21/11/2016	29/11/2016	23/01/2017	55		0		0
PORTH COMMUNITY SCHOOL	High	Draft Due by 31st March	21/03/2017			0		0		0
YSGOL GYFUN GARTH OLWG	High	Full Carried Forward into 2017/18								
WHOLE AUTHORITY ARRANGEMENTS										
PERFORMANCE INDICATORS	High	Final Report Issued	03/08/2016	31/08/2016	31/08/2016	0	09/11/2016	70	10/11/2016	1
OPERATIONAL RISK MANAGEMENT	High	Final Report Issued	30/08/2016	07/10/2016	21/11/2016	45	09/01/2017	49	10/01/2017	1
AMGEN										
CREDITORS	Medium	Final Report Issued	01/12/2016	06/01/2017	18/01/2017	12	07/02/2017	20	07/02/2017	0
DEBTORS	Medium	Final Report Issued	10/11/2016	09/12/2016	16/12/2016	7	22/12/2016	6	04/01/2017	13

	PRIORITY	STATUS	Start Fieldwork	Finish Fieldwork	Date Draft Report Issued	End of Fieldwork to Issue Draft Report (Days)	Management Responses	Timeliness of Management Response (Days)	Final Report	Management response to issuing final report (Days)
PAYROLL	Medium	Final Report Issued	05/12/2016	09/12/2016	16/12/2016	7	19/12/2016	3	05/01/2017	17
GENERAL LEDGER	Low	Final Report Issued	12/12/2016	22/12/2016	22/12/2016	0	22/12/2016	0	03/01/2017	12
CENTRAL SOUTH CONSORTIUM (CSC) JOINT EDUCATION SERVICE										
CSC - PAYROLL	Medium	Final Report Issued	12/10/2016	21/11/2016	23/11/2016	2	28/11/2016	5	29/11/2016	1
CSC - CREDITORS	Medium	Final Report Issued	12/10/2016	17/10/2016	19/10/2016	2	21/11/2016	33	23/11/2016	2
CSC - DEBTORS	Medium	Final Report Issued	12/10/2016	18/11/2016	25/11/2016	7	28/11/2016	3	29/11/2016	1
CSC - GENERAL LEDGER	Low	Final Report Issued	12/10/2016	25/11/2016	29/11/2016	4	09/12/2016	10	03/01/2017	25

Appendix 3A – Public Sector Internal Audit Standards (incorporating the external assessment undertaken during 2016/17 and the action plan that resulted from the 2016/17 self assessment completed by the Internal Audit Service)

Public Sector Internal Audit Standards (PSIAS)**Peer Review of Rhondda Cynon Taf County Borough Council - Internal Audit Service****March 2017****Welsh Operational Audit Manager Group**

<u>Date of Assessment Fieldwork</u>	January to February 2017
<u>Date of Report Issue</u>	March 2017
<u>Report Status</u>	Finalised
<u>Report Author</u>	Richard Harris Head of Internal Audit – Caerphilly County Borough Council
<u>Issued to</u>	Marc Crumbie – Operational Audit Manager Rhondda Cynon Taf County Borough Council Paul Griffiths – Service Director, Performance & Improvement Rhondda Cynon Taf County Borough Council

1. Introduction

The Public Sector Internal Audit Standards (the 'Standards') became effective from 1st April 2013 and introduced a requirement for an external assessment of all internal audit services, which must be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation.

The two possible approaches to external assessments outlined in the Standards included either a full external assessment or an internal self-assessment which is validated by an external reviewer.

Following a report presented to Rhondda Cynon Taf County Borough Council's Audit Committee on [7th December 2015](#), Members resolved to:

- *approve that Rhondda Cynon Taf County Borough Council participates in the peer review process in respect of an External Assessment which reviews conformance against the Public Sector Internal Audit Standards at least once every 5 years. Once the peer review is complete then the report will be presented at a future Audit Committee.*

2. Purpose

The purpose of the external validation is to help improve the delivery of the audit service to an organisation. The assessment is designed to be a supportive process that identifies opportunities for development which ultimately help to enhance the value of the audit function to the authority.

3. Background

A self-assessment review of conformance against the Standards was undertaken by the Internal Audit Service during the early part of quarter 1 2016/17. The results of this self assessment identified a relatively small number of areas that were considered as needing to be addressed, however they were not considered to be of a high priority.

The validation exercise was undertaken by examining this self assessment and considering both its completeness and robustness and forming a conclusion about the issues identified. An examination of key documentation was carried out and explanations around operational practices were sought from the Operational Audit Manager.

4. Findings

- 4.1 The self assessment was undertaken based upon all of the required standards, it was presented in a different format to that provided within the CIPFA Local Government Application Note, however the validation exercise has confirmed that on the whole the content is the same albeit the terminology or phrasing is different.
- 4.2 The narrative produced as part of the self assessment was considered to be comprehensive with numerous references to documentary evidence in support of the statements made.
- 4.3 All documentary evidence requested was provided and the detail within correlated to the statements made within the self assessment.

4.4 The self assessment highlighted 12 areas where improvements could be made and upon examination these have been found to fall into one of two categories i.e. those relating to additional clarification within existing documentation (9) and those that need some further consideration (3).

4.5 The self assessment conclusion that the issues identified are not considered to be of high priority is supported by this external validation. This external validation has identified a small number of additional points that need to be considered further.

4.5.1 Since the self assessment was undertaken the Operational Audit Manager has taken on additional non-audit duties which may conflict with the independence and objectivity requirements of the Standards. Consideration will need to be given to dealing with this issue to satisfy the requirements of the Standards.

Management Response:

Agreed and Implemented. A conflict of interest has been declared by the Operational Audit Manager in accordance with the Standards.

Independence and Objectivity in respect of potential Internal Audit work relating to the Council's Procurement Service is managed in accordance with the requirement of the Standards.

The Operational Audit Manager has no involvement in any internal audit work that relates to the Procurement Service. The management and review of any procurement related audit reviews (including the identification of audits for forthcoming financial years) is overseen by the Internal Audit's Group Audit Manager.

4.5.2 The non-conformance in respect of the Operational Audit Manager's qualification status needs to be reported to the Audit Committee. The self assessment has identified the issue however it is recommended that it be reported even if it is considered not to impact the overall scope or operation of the internal audit activity.

Management Response:

This will be reported to Audit Committee. Having considered this matter with the Council's Group Director, Corporate & Frontline Services, Management do not consider this a significant deviation from the Standards.

The Operational Audit Manager has in excess of 14 years experience of Internal Audit within the Local Government environment.

The Operational Audit Manager holds the Practitioners Qualification through examinations via the Institute of Internal Auditors.

Whilst he does not hold the MIIA or CIPFA qualification, his direct Line Manager (Service Director, Performance & Improvement) does hold the CIPFA qualification. In the event of any matters that are not within the technical competencies of the Operational Audit Manager, the Service Director, Performance & Resources will provide support. This has not been required to date.

- 4.5.3 Although the assessment has concluded that the quality assurance and improvement programme is satisfactory it is felt that the Audit Standards expect an agreed documented procedure to be in place which outlines the various components and provides the Audit Committee with an assurance that a formal process is being undertaken.

Management Response:

Agreed. The Audit Manual will be updated to reflect this recommendation. This will be actioned during quarter 1 of 2017/18 by the Operational Audit Manager.

5. Conclusions

- 5.1 In terms of this external validation, it is concluded that the Internal Audit Service of Rhondda Cynon Taf County Borough Council is currently conforming to the majority of the requirements of the Standards.
- 5.2 The impact of the non-conformances identified is not considered to be significant and the Internal Audit Service of Rhondda Cynon Taf County Borough Council complies with the Standards in all significant areas.
- 5.3 In respect of those issues identified in the self assessment and those highlighted above the Operational Audit Manager has agreed to present the findings and an action plan to the Audit Committee for consideration.

Head of Internal Audit - Caerphilly County Borough Council

Recommendations & Action Plan arising from the Internal Audit Self-Evaluation

APPENDIX 3B

REF & PRIORITY	FINDING	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY & TARGET DATE
<p>5.01.1 Low</p>	<p>1000.A1 Section 1.30 of the Internal Audit Charter specifies that Public Sector Internal Audit Standards (PSIAS) provides the following definition for assurance work; <i>'Assurance Services An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for the organisation. Examples may include financial, performance, compliance, system security and due diligence engagements.'</i> The nature of the assurance services provided to external parties (CSC and Amgen) also follows the above definition; however, the Internal Audit Charter does not reference this specifically.</p>	<p>Consideration should be given to expanding the definition of assurance services detailed in the Internal Audit Charter to include that these services can/are also provided to external parties.</p>	<p>Agreed. The Audit Charter will be updated and reported to the meeting of the Audit Committee scheduled for the 20th March 2017.</p>	<p>Operational Audit Manager March 2017</p>
<p>5.01.2 Low</p>	<p>1001.C1 Section 1.30 of the Internal Audit Charter on page 10 states that PSIAS provide the following definition for consultancy work; <i>'Consultancy Services Advisory and related client service activities, the nature and scope of which are agreed with the client are intended to add value and improve an organisation's governance, risk management and control processes without the Internal Auditor assuming management responsibility. Examples include counsel, advice, facilitation and training.'</i> The definition within the Internal Audit Charter covers the gamut of services that could be provided; however, as the nature of the consultancy work that the Internal Audit service provides currently involves acting as a 'critical friend ' on Project Boards, this is not referenced specifically.</p>	<p>Consideration should be given to expanding the definition of consultancy services detailed in the Internal Audit Charter to include specific reference to 'acting as a critical friend on Project Boards'.</p>	<p>Agreed. The Audit Charter will be updated and reported to the meeting of the Audit Committee scheduled for the 20th March 2017.</p>	<p>Operational Audit Manager March 2017</p>
<p>5.01.3 Low</p>	<p>1010 Section 1.29 on page 9 of the Internal Audit Charter details the definition of Internal Auditing, as; <i>'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</i></p>	<p>Consideration should be given to expanding section 1.4 of the Internal Audit Charter to state specifically the mandatory nature of the Definition of Internal Auditing, the Code of Ethics and the Standards.</p>	<p>Agreed. The Audit Charter will be updated and reported to the meeting of the Audit Committee scheduled for the 20th March 2017.</p>	<p>Operational Audit Manager March 2017</p>

REF & PRIORITY	FINDING	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY & TARGET DATE
	<p><i>objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.</i></p> <p>Section 1.4 on page 3 of the Internal Audit Charter states that '<i>PSIAS replaces the CIPFA Conduct of Practice for Internal Audit in Local Government in the United Kingdom 2006.</i>' and '<i>became effective from 1st April 2013.</i>'</p> <p>As the Standards replace the CIPFA Code of Conduct, effective from a specific date, the mandatory nature is implied but not stated specifically.</p>			
<p>5.01.4</p> <p>Low</p>	<p>1110</p> <p>In order to demonstrate the organisational independence of the Internal Audit activity, standard 1110 lists a number of examples to be used when assessing organisational independence.</p> <p><i>Public Sector Requirement</i></p> <p><i>The Chief Audit Executive must report functionally to the Board. The Chief Audit Executive must also establish effective communication with and have free and unfettered access to the Chief Executive (or equivalent) and the Chair of the Audit Committee.</i></p> <p>The Operational Audit Manager does have unfettered access to the Chief Executive, but this is not referenced specifically in the Internal Audit Charter.</p> <p>Audit Charter section 1.19 on page 7, feedback is received from the Chair of Audit Committee on a verbal basis but is not documented for performance appraisal purposes.</p>	<p>Consideration should be given to referencing specifically in the Internal Audit Charter that the Operational Audit Manager has unfettered access to the Chief Executive.</p> <p>Consideration should be given to formalising the Chair of Audit Committee's feedback for performance appraisal purposes.</p>	<p>Agreed. The Audit Charter will be updated and reported to the meeting of the Audit Committee scheduled for the 20th March 2017.</p> <p>Agreed. This matter will be discussed with the Chair of Audit Committee in readiness for the 2017/18 Municipal Year.</p>	<p>Operational Audit Manager March 2017</p> <p>Operational Audit Manager (June 2017)</p>
<p>5.01.5</p> <p>Low</p>	<p>1110.A1</p> <p>The Internal Audit activity is free from interference in determining the scope of activities as per the risk-based planning process. Auditors have access to all staff and records when performing work and there are agreed reporting mechanisms, which include Audit Committee. However, 'being free from interference' is not referenced directly in the Internal Audit Charter.</p>	<p>Consideration should be given to referencing directly in the Internal Audit Charter that the Internal Audit activity is free from interference in determining the scope of Internal Auditing, performing work and communicating results.</p>	<p>Agreed. The Audit Charter will be updated and reported to the meeting of the Audit Committee scheduled for the 20th March 2017.</p>	<p>Operational Audit Manager March 2017</p>
<p>5.01.6</p>	<p>1210</p>	<p>The qualification status should be</p>	<p>Agreed. This will be reported to</p>	<p>Service Director,</p>

REF & PRIORITY	FINDING	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY & TARGET DATE
<p>Medium</p>	<p><i>Public Sector requirement</i> <i>The Chief Audit Executive must hold a professional qualification (CMIAA, CCAB or equivalent) and be suitably experienced.</i> The Operational Audit Manager has the CPIAA qualification, (Chartered Practitioner, Institute of Internal Auditors) but doesn't hold either of the 2 qualifications listed CMIAA (Chartered Manager Internal Auditor, Institute of Internal Auditors) or CCAB qualified (i.e. qualified Accountant through one of the following 5 bodies, ICAEW, ACCA, CIPFA, ICAS and Chartered Accountants Ireland.)</p> <p>The Operational Audit Manager has 14 years of Internal Audit experience within Rhondda-Cynon-Taf County Borough Council and has a broad range of knowledge relating to the audit function, governance and risk management.</p>	<p>reported to the Council's Audit Committee to determine whether the professional qualification and work experience of the Operational Audit Manager meets the requirements of the Council.</p>	<p>the Council's Audit Committee along with the following information:</p> <p>Having considered this matter with the Council's Group Director, Corporate & Frontline Services, Management do not consider this a significant deviation from the Standards.</p> <p>The Operational Audit Manager has in excess of 14 years experience of Internal Audit within the Local Government environment.</p> <p>The Operational Audit Manager holds the Practitioners Qualification through examinations via the Institute of Internal Auditors</p> <p>Whilst he does not hold the CMIIA or CIPFA qualification, his direct Line Manager (Service Director, Performance & Improvement) does hold the CIPFA qualification. In the event of any matters that are not within the technical competencies of the Operational Audit Manager, the Service Director, Performance & Resources will provide support. This has not been required to date.</p>	<p>Performance & Improvement (Audit Committee 20th March 2017)</p>
<p>5.01.7 Low</p>	<p>Whilst no significant deviations have been identified to date, the requirement to report significant deviations from the Standards in the Annual Governance Statement is not referenced in the Internal Audit Charter.</p>	<p>Consideration should be given to updating the Internal Audit Charter to reflect the requirement that if significant deviations were to occur,</p>	<p>Agreed. The Audit Charter will be updated and reported to the meeting of the Audit Committee scheduled for the 20th March</p>	<p>Operational Audit Manager March 2017</p>

REF & PRIORITY	FINDING	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY & TARGET DATE
		then this would be reported in the Annual Governance Statement.	2017.	
5.01.8 Low	2060 As per section 1.70 on page 19 of the Internal Audit Charter ' <i>all high priority audit recommendations are reported to Audit Committee.</i> ' Audit Committee also now get the introduction, scope & objectives and the audit opinion. The Internal Audit Charter has not been updated to reflect this.	The Internal Audit Charter should be updated to reflect that Audit Committee now receive the introduction, scope & objectives and the audit opinion.	Agreed. The Audit Charter will be updated and reported to the meeting of the Audit Committee scheduled for the 20 th March 2017.	Operational Audit Manager March 2017
5.01.9 Medium	2110.A1 Public Sector Internal Audit Standard 2110.A1 states ' <i>the Internal Audit activity must evaluate the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities.</i> ' It is not clear how the Internal Audit Service can evaluate the organisation's ethics.	The finding should be reported to Audit Committee, for further consideration.	Audit resource has been allocated within the 2017/18 draft audit plan to review the Council's ethics-related objectives, programmes and activities in accordance with the Standards. The outcome of this work will be reported to Audit Committee when it is complete.	Operational Audit Manager Quarter 2 2017/18
5.01.10 Low	Unrestricted access to information: When undertaking audits for Amgen and the Central South Consortium, reference to unrestricted access to records is not included in the Terms of Reference and so further investigation is required to confirm that this is covered appropriately in the Service Level Agreements.	Management should clarify whether access to records is documented in the Service Level Agreements. If not, consideration should be given to including this requirement in the Terms of Reference.	The Internal Audit Service has Service Level Agreements in place with Amgen Cymru Ltd. and the Central South Consortium. The SLA makes reference to the Service having unrestricted access to records and staff.	Not Applicable
5.01.11 Low	2210.A1 Several factors are taken into account when scoping an assurance engagement, risks may be identified at the consultation exercise stage and recorded on the Internal Audit Plan; the Operational Manager will feed to auditors significant risks in the area from the Strategic Risk Register and quarterly review	Consideration should be given to implementing a preliminary risk assessment process / assessment template for all assurance engagements.	Agreed. A template will be developed (similar to the template used for Comprehensive Schools) and piloted during 2017/18.	Operational Audit Manager (Pilot – Quarter 1 2017/18)

REF & PRIORITY	FINDING	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY & TARGET DATE
	<p>meetings and risks are identified during scoping meetings, through discussion of the objectives of the service and gaining an understanding of the operational processes, in place. All these factors contribute to establishing the audit objectives.</p> <p>This preliminary risk assessment process is not documented formally.</p>			
<p>5.01.12 Medium</p>	<p>2330.A2 As per the Audit Manual page 32, the Operational Audit Manager will decide how long certain audit records should be retained and should be consulted prior to disposal of any records. The Electronic Management system along with storage on the Council's electronic network are the primary source of document storage and paper documentation should be retained if there is no alternative solution and this should be kept to a minimum. Scanning must be considered before paper documents are retained. For paper records, files tend to be kept for a year or two at most, however, all information retained electronically relating to individual audit reviews has been retained since financial year 1999/2000.</p>	<p>Management should obtain clarification of the Council's retention requirements.</p>	<p>Agreed. Management is aware that a revised Council-wide retentions Policy is currently being developed.</p> <p>As soon as the Policy is approved, the Internal Audit Service will ensure full compliance. In the interim, existing arrangements will continue.</p>	<p>Operational Audit Manager (Once the new Policy is in place)</p>

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