

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2016/17

COMMITTEE:

AUDIT COMMITTEE

20th March 2017

Item No. 8
Draft Annual Audit Plan 2017/18

REPORT OF:-

GROUP DIRECTOR, CORPORATE AND FRONTLINE SERVICES

Author: Marc Crumbie (Operational Audit Manager)

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1. **PURPOSE OF THE REPORT**

This report provides Members with the draft Annual Audit Plan for 2017/18.

2. **RECOMMENDATIONS**

It is recommended that Members:

2.1 Form an opinion on the adequacy of the draft Annual Audit Plan for 2017/18 (included as **Appendix A**) having regard to its ability to monitor the adequacy of the risk management framework and the associated control environment of the Council based on the proposed audit reviews set out for the forthcoming year.

2.2 Determine whether to approve the draft Annual Audit Plan for 2017/18 in its current form or instruct the Operational Audit Manager to make amendments to the plan in line with Audit Committee feedback and present a revised draft plan to the next Audit Committee.

3. **BACKGROUND**

3.1 The United Kingdom Public Sector Internal Audit Standards (Performance Standard '2010 Planning') provides the framework within which an audit plan should be compiled.

3.2 Internal Audit's Charter provides the methodology by which the annual plan is compiled, as follows:

Resourcing

When compiling the draft Annual Audit Plan, a full consultation process takes place with all key stakeholders during January and February each year. The

Council's Strategic Risk Register is used to drive initial discussions with all Lead Officers. In addition to using the Strategic Risk Register, consultation also takes place with Group Directors, Service Directors and Heads of Service, the Annual Audit Plan takes into account the outcomes of previous audit work in the area(s) and the views of External Audit.

The Annual Audit Plan is fixed for a period of one year and outlines the assignments to be carried out, their respective priorities and the estimated resources needed. The plan differentiates between assurance and consultancy work, and is flexible to be able to reflect the changing risks and priorities of the organisation. The aim is to establish a risk based audit plan that also covers the Council's overall control environment as far as practicable (as required within the Public Sector Internal Audit Standards). Contingencies are included within the Annual Audit Plan in order for Internal Audit to respond to any emerging issues within the year.

3.3 Information and areas taken into account when compiling the Annual Audit Plan are:

- Strategic Risk Register;
- Corporate Plan;
- Core Financial Systems;
- Grant Claims that require Internal Audit certification;
- Follow-up reviews requested by Audit Committee;
- Audit reviews that are carried forward from the previous audit plan; and
- Recommendations from External Inspectors / Regulators,

3.4 Whilst the Public Sector Internal Audit Standards require a risk based audit plan (achieved via the use of the Strategic Risk Register and discussions with 'risk owners' to target resources), the Standards also require an audit plan to cover the Council's overall control environment as far as practicable. By taking into account the sources of information noted in 3.3 above, this supports Internal Audit (and Audit Committee) to achieve the following:

- Comply with the Public Sector Internal Audit Standards in compiling the draft Annual Audit Plan for 2017/18;
- Enable Audit Committee to monitor the adequacy of the risk management framework and the associated control environment of the Council for 2017/18 based on the audit reviews set out in the draft Annual Audit Plan; and
- Enables Internal Audit to form an opinion on the overall control environment for 2017/18.

3.5 To ensure the Internal Audit Service has sufficient resources available to undertake the number of audit reviews identified within the draft Annual Audit Plan, the Operational Audit Manager has undertaken an Audit Needs Assessment with the Group Director Corporate & Frontline Services (the Council's Section 151 Officer) as required by section '2030 Resource Management' of the Public Sector Internal Audit Standards. The outcome of this exercise has confirmed the Internal Audit Service will have adequate resources available during the forthcoming financial year to deliver the

proposed Annual Audit Plan for 2017/18 and a summary setting out how the total number of auditor days available has been calculated is provided at Appendix B. Appendices C and D show how and where these days are proposed to be allocated.

- 3.6 The draft plan contains 11 reviews that are proposed to be carried forward from the 2016/17 Audit Plan and also contains 2 follow-up reviews.
- 3.7 The External Audit Manager has been consulted.
- 3.8 The draft Annual Audit Plan is attached at **Appendix A** and provides information that shows the 'source' from where the audit materialised.

4. SUMMARY

- 4.1 The draft Annual Audit Plan for 2017/18 has been compiled in accordance with the Public Sector Internal Audit Standards and the Council's Audit Charter.
- 4.2 The outcome of the Audit Needs Assessment undertaken by the Operational Audit Manager, in consultation with the Group Director Corporate and Frontline Services (the Council's S 151 Officer), has confirmed the Internal Audit Service will have adequate resources available during the forthcoming financial year to deliver the draft Annual Audit Plan for 2017/18.
- 4.3 The Council's Audit Committee, in line with its Terms of Reference, are requested to review the draft Annual Audit Plan for 2017/18 and if deemed appropriate approve its content for delivery during the forthcoming financial year.

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, Corporate and Frontline Services

Author: Marc Crumby (Operational Audit Manager).

Item

File Ref:

8. Draft Annual Audit Plan 2017/18

IA / MC

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APPENDIX A

Draft Annual Audit Plan 2017/18 (Including the planned quarter within which the audit is due to commence)

	RISK / PRIORITY	DAYS	QTR	TYPE OF WORK	SOURCE FROM WHICH THE AUDIT HAS BEEN IDENTIFIED / REASON FOR INCLUSION
WHOLE AUTHORITY ARRANGEMENTS					
PERFORMANCE INDICATORS	HIGH	20	1	ASSURANCE	CORPORATE PLAN PRIORITIES
OPERATIONAL RISK MANAGEMENT	HIGH	15	1	ASSURANCE	RISK MANAGEMENT ARRANGEMENTS
ANTI-FRAUD, BRIBERY & CORRUPTION	HIGH	20	3	ASSURANCE	GOVERNANCE
TOTAL DAYS WHOLE AUTHORITY ARRANGEMENTS		55			
CHIEF EXECUTIVE'S DIVISION					
<u>CABINET OFFICE & PUBLIC RELATIONS</u>					
THEATRES	MEDIUM	15	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
<u>HUMAN RESOURCES</u>					
SICKNESS ABSENCE MANAGEMENT	HIGH	20	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
<u>LEGAL AND DEMOCRATIC SERVICES</u>					
CORPORATE GOVERNANCE UNIT	MEDIUM	20	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
<u>REGENERATION & PLANNING</u>					
WELSH CHURCH ACTS FUND	MEDIUM	15	2	ASSURANCE	REQUESTED BY WALES AUDIT OFFICE
TOTAL DAYS CHIEF EXECUTIVE'S DIVISION:		70			

	RISK / PRIORITY	DAYS	QTR	TYPE OF WORK	SOURCE FROM WHICH THE AUDIT HAS BEEN IDENTIFIED / REASON FOR INCLUSION
COMMUNITY & CHILDREN'S SERVICES					
<u>ADULT SERVICES</u>					
SUPPORT AT HOME	HIGH	20	3	ASSURANCE	STRATEGIC RISK REGISTER
VISION PRODUCTS – Carried forward from 2016/17	MEDIUM	20	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
THE PANEL PROCESS - Carried forward from 2016/17	HIGH	20	4	ASSURANCE	STRATEGIC RISK REGISTER
MASH - ADULTS - Carried forward from 2016/17	HIGH	20	1	ASSURANCE	STRATEGIC RISK REGISTER
DEFERRED PAYMENTS	HIGH	20	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
<u>CHILDREN'S SERVICES</u>					
MASH - CHILDREN'S SERVICE - Carried forward from 2016/17	HIGH	20	1	ASSURANCE	STRATEGIC RISK REGISTER
REVISED OPERATING MODEL - Carried forward from 2016/17	HIGH	10	1	ASSURANCE	CORPORATE PLAN
ADOPTION SUPPORT PAYMENTS	HIGH	20	3	ASSURANCE	STRATEGIC RISK REGISTER
AFTERCARE 16+ PAYMENTS	MEDIUM	20	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
<u>PUBLIC HEALTH AND PROTECTION</u>					
LLWYDCOED CREMATORIUM	LOW	5	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
BEREAVEMENT SERVICES SELF ASSESSMENT REPORT	LOW	5	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TACKLING POVERTY - Carried forward from 2016/17	HIGH	20	3	ASSURANCE	STRATEGIC RISK REGISTER

	RISK / PRIORITY	DAYS	QTR	TYPE OF WORK	SOURCE FROM WHICH THE AUDIT HAS BEEN IDENTIFIED / REASON FOR INCLUSION
SINGLE POINT OF ACCESS	HIGH	20	2	ASSURANCE	CORPORATE PLAN
LEISURE SERVICE REVIEW	MEDIUM	20	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
<u>TRANSFORMATION</u>					
CONTRACT MANAGEMENT	HIGH	20	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TOTAL DAYS COMMUNITY & CHILDREN'S SERVICES		260			
CORPORATE & FRONTLINE SERVICES					
<u>CORPORATE ESTATES & PROCUREMENT</u>					
ORGANISED CRIME PROCUREMENT REVIEW	HIGH	20	4	ASSURANCE	RISK MANAGEMENT ARRANGEMENTS
OPERATIONAL PROCUREMENT	HIGH	20	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
<u>FINANCIAL SERVICES</u>					
BUDGETARY CONTROL - Carried forward from 2016/17	HIGH	20	1	ASSURANCE	CORE FINANCIAL SYSTEM
GENERAL LEDGER & ACCOUNTING	LOW	10	3	ASSURANCE	CORE FINANCIAL SYSTEM
TAXATION	HIGH	20	3	ASSURANCE	CORE FINANCIAL SYSTEM
CAPITAL ACCOUNTING & ASSET REGISTER	MEDIUM	20	3	ASSURANCE	CORE FINANCIAL SYSTEM
TREASURY MANAGEMENT	HIGH	10	3	ASSURANCE	CORE FINANCIAL SYSTEM
PAYROLL - Carried forward from 2016/17	MEDIUM	10	3	ASSURANCE	CORE FINANCIAL SYSTEM

	RISK / PRIORITY	DAYS	QTR	TYPE OF WORK	SOURCE FROM WHICH THE AUDIT HAS BEEN IDENTIFIED / REASON FOR INCLUSION
CREDITORS	MEDIUM	20	3	ASSURANCE	CORE FINANCIAL SYSTEM
PENSIONS	MEDIUM	20	3	ASSURANCE	CORE FINANCIAL SYSTEM
INCOME, DEBTORS & DEBT RECOVERY	MEDIUM	20	3	ASSURANCE	CORE FINANCIAL SYSTEM
HOUSING BENEFITS	MEDIUM	20	3	ASSURANCE	CORE FINANCIAL SYSTEM
COUNCIL TAX	MEDIUM	20	3	ASSURANCE	CORE FINANCIAL SYSTEM
NON-DOMESTIC RATES	MEDIUM	20	3	ASSURANCE	CORE FINANCIAL SYSTEM
ADMINISTRATION OF TRUST FUNDS	LOW	5	3	ASSURANCE	GRANT CERTIFICATION
<u>HIGHWAYS & STREETCARE</u>					
HIGHWAYS	HIGH	15	2	ASSURANCE	STRATEGIC RISK REGISTER
WASTE SERVICES	HIGH	15	1	ASSURANCE	STRATEGIC RISK REGISTER
FLEET MANAGEMENT & MAINTENANCE	HIGH	10	2	ASSURANCE	FOLLOW-UP
<u>IT</u>					
DISASTER RECOVERY - Carried forward from 2016/17	HIGH	10	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
INFORMATION MANAGEMENT	HIGH	5	N/A	CONSULTANCY	OVERALL CONTROL ENVIRONMENT
TOTAL DAYS CORPORATE & FRONTLINE SERVICES		310			
EDUCATION & LIFELONG LEARNING					

	RISK / PRIORITY	DAYS	QTR	TYPE OF WORK	SOURCE FROM WHICH THE AUDIT HAS BEEN IDENTIFIED / REASON FOR INCLUSION
<u>ACCESS & ENGAGEMENT & INCLUSION</u>					
EDUCATION OTHER THAN AT SCHOOL - Carried forward from 2016/17	HIGH	20	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
ALTERNATIVE PROVISION REFERRALS	HIGH	20	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
<u>PRIMARY SCHOOLS</u>					
ABERDARE TOWN CHURCH IN WALES PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
BODRINGALLT PRIMARY	MEDIUM	4	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
BRYNNAU PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
GLENBOI PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
GWAUNMEISGYN PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
GWAUNCELYN PRIMARY	MEDIUM	4	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
HENDREFORGAN PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
LLANHARI PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
LLWYNCELYN INFANTS	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
LLANILLTUD FAERDREF PRIMARY	MEDIUM	4	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
LLWYNYPIA PRIMARY	MEDIUM	4	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
OAKLANDS PRIMARY	MEDIUM	4	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT

	RISK / PRIORITY	DAYS	QTR	TYPE OF WORK	SOURCE FROM WHICH THE AUDIT HAS BEEN IDENTIFIED / REASON FOR INCLUSION
PENPYCH COMMUNITY PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PENRHYS PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
SS GABRIEL & RAPHAEL PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TONYPANDY PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TRALLWNG INFANTS	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TREF Y RHYG PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TREORCHY PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TREROBART PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TYLORSTOWN PRIMARY	MEDIUM	4	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
YNYSBOETH PRIMARY	MEDIUM	4	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
YGG LLWYNCELYN	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PRIMARY SCHOOL SELF ASSESSMENT REPORT	MEDIUM	4	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
<u>MIDDLE SCHOOL</u>					
YSGOL LLANHARI	HIGH	20	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
<u>COMPREHENSIVE SCHOOLS</u>					
YGG GARTH OLWG - Carried forward from 2016/17	HIGH	15	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT

	RISK / PRIORITY	DAYS	QTR	TYPE OF WORK	SOURCE FROM WHICH THE AUDIT HAS BEEN IDENTIFIED / REASON FOR INCLUSION
Y PANT COMPREHENSIVE	HIGH	15	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
HAWTHORN HIGH SCHOOL	HIGH	15	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
NEWMAN RC COMPREHENSIVE	HIGH	15	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
YG RHYDYWAUN	HIGH	15	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
ST JOHN BAPTIST CHURCH IN WALES HIGH SCHOOL	HIGH	15	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
BRYNCELYNNOG COMPREHENSIVE	HIGH	15	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
<u>SPECIAL SCHOOLS</u>					
YSGOL HEN FELIN	HIGH	10	1	ASSURANCE	FOLLOW UP REQUESTED BY AUDIT COMMITTEE
PARK LANE SPECIAL SCHOOL	MEDIUM	15	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
YSGOL TY COCH	MEDIUM	15	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
<u>SCHOOLS & COMMUNITY</u>					
6 th FORM FUNDING	HIGH	20	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
POST 16 GRANT FUNDING	HIGH	4	4	ASSURANCE	GRANT CERTIFICATION
SAFEGUARDING ARRANGEMENTS	HIGH	20	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
LIBRARY SERVICE	MEDIUM	20	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TOTAL DAYS EDUCATION & LIFELONG LEARNING		365			

	RISK / PRIORITY	DAYS	QTR	TYPE OF WORK	SOURCE FROM WHICH THE AUDIT HAS BEEN IDENTIFIED / REASON FOR INCLUSION
CENTRAL SOUTH CONSORTIUM JOINT EDUCATION SERVICE					
CSC - PAYROLL	MEDIUM	5	3	ASSURANCE	CORE FINANCIAL SYSTEM
CSC - DEBTORS	MEDIUM	5	3	ASSURANCE	CORE FINANCIAL SYSTEM
CSC - CREDITORS	MEDIUM	5	3	ASSURANCE	CORE FINANCIAL SYSTEM
CSC - GENERAL LEDGER	LOW	5	3	ASSURANCE	CORE FINANCIAL SYSTEM
TOTAL DAYS CENTRAL SOUTH CONSORTIUM		20			
AMGEN					
AMGEN - PAYROLL	MEDIUM	5	3	ASSURANCE	CORE FINANCIAL SYSTEM
AMGEN - DEBTORS	MEDIUM	5	3	ASSURANCE	CORE FINANCIAL SYSTEM
AMGEN - CREDITORS	MEDIUM	5	3	ASSURANCE	CORE FINANCIAL SYSTEM
AMGEN - GENERAL LEDGER	LOW	5	3	ASSURANCE	CORE FINANCIAL SYSTEM
TOTAL DAYS AMGEN		20			

Appendix B – Number of Productive Days Available

	Total days Available	Days Available Less Weekends	Full Time or Part Time	Actual Days Available	NON-PRODUCTIVE TIME				Productive Time to be Allocated
					Annual Leave Entitlement	Bank Holidays	Total Days Available Less Annual Leave & Bank Holidays	Sickness Contingency*	
Auditor 1**	365	261	FT	130.5	17.5	4	109	3	106
Auditor 2	365	261	FT	261	30	8	223	7	216
Auditor 3	365	261	FT	261	30	8	223	7	216
Auditor 4	365	261	FT	261	30	8	223	7	216
Auditor 5	365	261	FT	261	30	8	223	7	216
Auditor 6	365	261	FT	261	30	8	223	7	216
Auditor 7	365	261	PT 80%	209	23	8	178	5	173
Auditor 8	365	261	PT 80%	209	23	8	178	5	173
				1,853.5	213.5	60		48	1,532

*Sickness - based on a 3% average of 'Total Days Available Less Annual Leave and Bank Holidays'.

** 50% time allocated to supporting the Council's procurement function.

Total of Actual Days Available	1,853.5	days
Total 'Non-Productive'	321.5	days
Productive Time to be Allocated	1,532	days

Appendix C – Time not allocated to each Group / Directorate

Area	'Non Audit' (Days)	'Other Assurance Time' (Days)
QUALITY & ASSURANCE MONITORING	70	
REVIEWS OF ETHICS-RELATED OBJECTIVES, PROGRAMMES AND ACTIVITIES		5
AUDIT ADVICE		10
AUDIT ADMIN	25	
WALES AUDIT OFFICE LIAISON	5	
STAFF DEVELOPMENT & TRAINING	20	
SECTION MEETINGS	10	
MKINSIGHT (AUDIT MANAGEMENT SYSTEM)	10	
INTERNAL AUDIT CHARTER & AUDIT MANUAL	5	
PUBLIC SECTOR INTERNAL AUDIT STANDARDS	5	
STRATEGIC INTERNAL AUDIT MANAGEMENT	35	
RISK MANAGEMENT & GOVERNANCE		30
COMMITTEE PREPARATION & ATTENDANCE	10	
OTHER WORKING GROUPS		20
SPECIAL INVESTIGATIONS / UNPLANNED WORK		50
CONTINGENCY		75
INTERNAL AUDIT DRAFT PLAN - 2018/19	20	
MANAGEMENT (PLANNING, CONTROLLING & REPORTING)	30	
Sub Total:	245	190
Overall Total	435 Days	

Appendix D – Summary of ‘audit’ days allocated to each Group

WHOLE AUTHORITY ARRANGEMENTS	55
CHIEF EXECUTIVE	70
COMMUNITY & CHILDREN'S SERVICES	260
CORPORATE & FRONTLINE SERVICES	310
EDUCATION & LIFELONG LEARNING	365
CENTRAL SOUTH CONSORTIUM	20
AMGEN	20

TIME NOT ALLOCATED TO EACH GROUP / DIRECTORATE	435
TOTAL PRODUCTIVE DAYS (PLANNED FOR)	1,535

TOTAL AVAILABLE DAYS	1,532
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DIFFERENCE LEFT TO ALLOCATE	-3
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