

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2017/18

COMMITTEE:

AUDIT COMMITTEE

16th October 2017

Item No. 5
Revised Audit Plan 2017/18

REPORT OF:-

GROUP DIRECTOR, CORPORATE & FRONTLINE SERVICES

**Author: Marc Crumbie (Temporary Head of Internal Audit & Procurement
Development Programmes)**

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1. PURPOSE OF THE REPORT

The purpose of this report is to provide Members with a draft revised Internal Audit Plan for financial year 2017/18.

2. RECOMMENDATIONS

It is recommended that:

- 2.1 Members form an opinion as to whether or not the draft revised plan focuses the resources of the Internal Audit Service on the right areas of priority and risk (in accordance with the Public Sector Internal Audit Standards) and will enable an overall opinion on the standard of internal control to be provided at the end of the financial year.
- 2.2 Subject to Members consideration of 2.1, approve the revised plan in its current form or instruct the Temporary Head of Internal Audit & Procurement Development Programmes to make amendments to the plan in line with Audit Committee feedback and present a revised plan to the next Audit Committee.

3. BACKGROUND

- 3.1 The United Kingdom Public Sector Internal Audit Standards (from hereon the 'Standards') provides the framework within which an audit plan should be compiled.
- 3.2 The audit plan for 2017/18 was compiled in accordance with the Standards and was reported to and approved by Audit Committee at its meeting on [20th March 2017](#).

- 3.3 The Standards provide the following framework in respect of how an audit plan can be updated:

[Standard] 2010 Planning

The chief audit executive [Head of Audit] must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.

Interpretation:

*To develop the risk-based plan, the chief audit executive consults with senior management and the board [Audit Committee] and obtains an understanding of the organisation's strategies, key business objectives, associated risks and risk management processes. **The chief audit executive must review and adjust the plan, as necessary**, in response to changes in the organisation's business, risks, operations, programmes, systems, and controls.*

[Standard] 2020 Communication and Approval

*The chief audit executive must communicate the internal audit activity's plans and resource requirements, **including significant interim changes**, to senior management and the board for review and approval.*

4. DELIVERY OF THE 2017/18 AUDIT PLAN

- 4.1 As Members will be aware, a standard item on the agenda for each Audit Committee is to receive a summary of all finalised Internal Audit assignments. During 2017/18 the Audit Committee concluded that there was insufficient assurance on the standard of internal control for the following assignments:
- Ferndale Community School;
 - Tonyrefail Community School;
 - Pontypridd High School;
 - Ty Gwyn;
 - Contract management of independent fostering and residential placements;
 - Management of sickness absence in Schools; and
 - Penpych Community Primary School (specifically the School Private Fund).
- 4.2 As a result of the above and in accordance with its Terms of Reference, the Audit Committee requested follow-up reviews for each of the assignments set out at 4.1.
- 4.3 In addition to Audit Committee's request, it is the opinion of the Temporary Head of Internal Audit and Procurement Delivery Programmes that emerging findings from audit assignments currently underway will require follow up reviews (including Porth Comprehensive School that is included within Agenda Item 6 'Finalised Audit Assignments' of the 16th October 2017 Audit Committee). Subject to Audit Committee's review of these assignments, when reported, the Temporary Head of Internal Audit and Procurement Delivery

Programmes has estimated that the audit time required to undertake follow up work for these specific reviews would be 80 days.

4.4 Taking into account all the additional audit reviews that are recommended for inclusion with the revised plan (i.e. those set out at paragraphs 4.1 and 4.3), and in accordance with the Standards, this report provides:

- A list of audits together with the resources originally allocated that are proposed to be removed from the audit plan – Appendix A
- A list of audits together with the resources that will require a follow-up that are to be included within the revised plan – Appendix B
- The revised audit plan for 2017/18 that takes into account the changes described above – Appendix C.

4.5 The requirement to revise the Audit Plan demonstrates that the Audit Committee is actively scrutinising the reports that are presented to it and are taking action in accordance with its Terms of Reference. Following on, the Temporary Head of Internal Audit and Procurement Development Programmes considers that the proposed steps taken to compile a draft revised plan are in accordance with the Standards and will focus the resources of Internal Audit on areas of risk and priority without reducing the ability to deliver an appropriate annual opinion.

4.6 Prior to this report being reported to Audit Committee, the draft revised plan has been subject to review and discussion with the Council's Section 151 Officer, the Chair of Audit Committee and the Council's External Audit Manager. All have confirmed their agreement to the approach and the audit plan provided at Appendix C, subject to Audit Committee's consideration.

5. SUMMARY

5.1 The draft revised Audit Plan for 2017/18 has been compiled in accordance with the Standards and has been subject to appropriate consultation with relevant Stakeholders.

5.2 The outcome of the review will enable an audit plan to be delivered that will appropriately inform an annual opinion.

5.3 The Council's Audit Committee, in line with its Terms of Reference, are requested to review the information contained within this report and form an opinion on whether the revised plan is acceptable.

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

16th October 2017

Report of the Group Director, Corporate & Frontline Services

Author: Marc Crumbie (Temporary Head of Internal Audit & Procurement Development Programmes).

Item

File Ref:

5. Revised Audit Plan 2017/18

IA / MC

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APPENDIX A - AUDIT REVIEWS SUGGESTED FOR REMOVAL FROM THE 2017/18 AUDIT PLAN

AUDIT NAME	RISK / PRIORITY	CURRENT STATUS	ORIGINAL PLANNED DAYS	REASON FOR REMOVAL
CORPORATE GOVERNANCE UNIT	Medium	Not Started	20	No specific scope. Originally included in order to cover as much of the overall control environment as possible
AFTERCARE 16+ PAYMENTS	Medium	Not Started	20	No specific scope. Originally included in order to cover as much of the overall control environment as possible
BUDGETARY CONTROL	High	Not Started	20	Traditionally included in the audit plan on an annual basis due to it being classified as a core financial system. The Council's budget is subjected to scrutiny as part of the Council's quarterly performance reporting arrangements.
CAPITAL ACCOUNTING & ASSET REGISTER	Medium	Not Started	20	Traditionally included in the audit plan on an annual basis due to it being classified as a core financial system. Previous audit reviews undertaken have provided a good level of assurance (no significant issues have been identified).
HOUSING BENEFITS	Medium	Not Started	20	Traditionally included in the audit plan on an annual basis due to it being classified as a core financial system. Previous audit reviews undertaken have provided a good level of assurance (no significant issues have been identified).
COUNCIL TAX	Medium	Not Started	20	Traditionally included in the audit plan on an annual basis due to it being classified as a core financial system. Previous audit reviews undertaken have provided a good level of assurance (no significant issues have been identified).
NON DOMESTIC RATES	Medium	Not Started	20	Traditionally included in the audit plan on an annual basis due to it being classified as a core financial system. Previous audit reviews undertaken have provided a good level of assurance (no significant issues have been identified).
WASTE SERVICES	High	Not Started	15	Suggested for removal given the Council's positive progress made in respect of recycling targets and also the removal of this area from the Council's strategic risk register during qtr 1 of 2017/18

AUDIT NAME	RISK / PRIORITY	CURRENT STATUS	ORIGINAL PLANNED DAYS	REASON FOR REMOVAL
FLEET MANAGEMENT AND MAINTENANCE	High	Not Started	10	No specific scope. Originally included in order to cover as much of the overall control environment as possible. Previous audit reviews undertaken have provided a good level of assurance (no significant issues have been identified).
LIBRARY SERVICE	Medium	Not Started	20	No specific scope. Originally included in order to cover as much of the overall control environment as possible.
TOTAL DAYS:			185	

APPENDIX B – AUDITS TO BE INCLUDED WITHIN THE REVISED PLAN FOR 2017/18

AUDIT NAME	DAYS TO BE ALLOCATED
Follow-up audits requested by Audit Committee:	
PENPYCH COMMUNITY PRIMARY SCHOOL (INCORPORATING A FULL REVIEW OF THE SCHOOL PRIVATE FUND)	20
MANAGEMENT OF SICKNESS ABSENCE IN SCHOOLS	Already included as a follow-up as part of the original audit plan for 2017/18
CONTRACT MANAGEMENT - INDEPENDENT FOSTERING AND RESIDENTIAL PLACEMENTS	Already included as a follow-up as part of the original audit plan for 2017/18
TY GWYN	20
PONTYPRIDD HIGH SCHOOL	20
TONYREFAIL COMMUNITY SCHOOL	20
FERNDALE COMMUNITY SCHOOL	20
Audit assignments not yet presented to Audit Committee but emerging findings are indicating a follow up review would be required (as recommended by the Temporary Head of Internal Audit and Procurement Delivery Programmes)	
Estimated number of days (for four follow up reviews)	80

TOTAL:

180 DAYS

APPENDIX C - PROPOSED (REVISED) AUDIT PLAN 2017/18

	PRIORITY	PLANNED QTR	STATUS	FIELDWORK START DATE	DATE DRAFT REPORT	DATE: FINAL REPORT
CHIEF EXECUTIVE						
CABINET OFFICE & PUBLIC RELATIONS						
THEATRES	Medium	QTR 3	In Progress	30/08/2017		
HUMAN RESOURCES						
SICKNESS ABSENCE MANAGEMENT IN SCHOOLS (FOLLOW-UP)	High	QTR 3	Planned			
REGENERATION & PLANNING						
WELSH CHURCH ACTS FUND	Medium	QTR 3	Planned			
COMMUNITY & CHILDREN'S SERVICES						
ADULT SERVICES						
SUPPORT AT HOME	High	QTR 3	Planned			
COMMUNITY CARE						
VISION PRODUCTS	Medium	QTR 2	In Progress	26/06/2017		
THE PANEL PROCESS	High	QTR 4	Planned			

	PRIORITY	PLANNED QTR	STATUS	FIELDWORK START DATE	DATE DRAFT REPORT	DATE: FINAL REPORT
MASH - ADULT SERVICES	High	QTR 4	Planned			
DIRECT SERVICES, BUSINESS & HOUSING						
DEFERRED PAYMENTS	High	QTR 4	Planned			
CHILDREN'S SERVICES						
MASH - CHILDREN'S SERVICES	High	QTR 2	Draft Report	18/07/2017	4/10/2017	
CHILDREN'S SERVICES - REVISED OPERATING MODEL	High	QTR 1	Draft Report	05/05/2017	16/06/2017	
ADOPTION SUPPORT PAYMENTS	High	QTR 3	Planned			
CONTRACT MANAGEMENT OF INDEPENDENT FOSTERING AND RESIDENTIAL PLACEMENTS (FOLLOW-UP)	High	QTR 4	Planned			
PUBLIC HEALTH AND PROTECTION						
LLWYDCOED CREMATORIUM	Low	QTR 2	Final Report	27/07/2017	02/08/2017	21/9/2017
BEREAVEMENT SERVICES SELF ASSESSMENT REPORT	Low	QTR 2	In Progress	05/09/2017		
TACKLING POVERTY	High	QTR 3	Planned			
SINGLE POINT OF ACCESS	High	QTR 3	In Progress	13/9/2017		

	PRIORITY	PLANNED QTR	STATUS	FIELDWORK START DATE	DATE DRAFT REPORT	DATE: FINAL REPORT
LEISURE SERVICES REVIEW	Medium	QTR 1	Draft Report	22/05/2017	02/08/2017	
CORPORATE & FRONTLINE SERVICES						
CORPORATE ESTATES & PROCUREMENT						
ORGANISED CRIME PROCUREMENT REVIEW	High	QTR 4	Planned			
OPERATIONAL PROCUREMENT	High	QTR 4	Planned			
FINANCIAL SERVICES						
GENERAL LEDGER & ACCOUNTING	Low	QTR 3	Final Report	20/9/2017	28/9/2017	28/9/2017
TAXATION	High	QTR 3	Planned			
TREASURY MANAGEMENT	High	QTR 3	Final Report	6/9/2017	18/9/2017	19/9/2017
PAYROLL	Medium	QTR 1	Final Report	01/04/2017	22/05/2017	29/8/2017
CREDITORS	Medium	QTR 3	Planned			
PENSIONS	Medium	QTR 3	Planned			
INCOME, DEBTORS & DEBT RECOVERY	Medium	QTR 3	Planned			

	PRIORITY	PLANNED QTR	STATUS	FIELDWORK START DATE	DATE DRAFT REPORT	DATE: FINAL REPORT
ADMINISTRATION OF TRUST FUNDS	Low	QTR 3	Final Report	10/8/2017	6/9/2017	27/9/2017
HIGHWAYS & STREETCARE						
HIGHWAYS	High	QTR 2	Planned			
IT						
DISASTER RECOVERY	High	QTR 1	In Progress	20/02/2017		
EDUCATION & LIFELONG LEARNING						
ACCESS & ENGAGEMENT & INCLUSION						
EDUCATION OTHER THAN AT SCHOOL	High	QTR 3	Planned			
ALTERNATIVE PROVISION REFERRALS	High	QTR 3	Planned			
PRIMARY SCHOOLS						
ABERDARE TOWN CHURCH IN WALES PRIMARY	Medium	QTR 1	Draft Report	26/04/2017	19/07/2017	
BODRINGALLT PRIMARY SCHOOL	Medium	QTR 3	Draft Report	28/9/2017	4/10/2017	
BRYNNAU PRIMARY	Medium	QTR 1	Draft Report	19/06/2017	30/06/2017	

	PRIORITY	PLANNED QTR	STATUS	FIELDWORK START DATE	DATE DRAFT REPORT	DATE: FINAL REPORT
GLENBOI PRIMARY	Medium	QTR 2	Draft Report	10/07/2017	03/08/2017	
GWAUNMEISGYN PRIMARY	Medium	QTR 1	Draft Report	10/05/2017	21/07/2017	
GWAUNCELYN PRIMARY SCHOOL	Medium	QTR 3	In Progress	28/9/2017		
HENDREFORGAN PRIMARY	Medium	QTR 1	Final Report	15/05/2017	20/07/2017	19/9/2017
LLANHARI PRIMARY	Medium	QTR 1	Draft Report	01/07/2017	11/08/2017	
LLWYNCELYN INFANTS	Medium	QTR 1	Final Report	17/05/2017	19/07/2017	25/9/2017
LLANILLTUD FAERDREF PRIMARY SCHOOL	Medium	QTR 3	Planned			
LLWYNPIA PRIMARY SCHOOL	Medium	QTR 3	Planned			
OAKLANDS PRIMARY	Medium	QTR 3	In Progress	19/9/2017		
PENPYCH COMMUNITY PRIMARY	Medium	QTR 1	Final Report	24/05/2017	29/06/2017	21/07/2017
PENRHYS PRIMARY	Medium	QTR 2	Draft Report	17/07/2017	07/08/2017	
SS GABRIEL & RAPHAEL PRIMARY	Medium	QTR 1	Final Report	02/05/2017	23/05/2017	26/07/2017
TONYPANDY PRIMARY	Medium	QTR 3	Planned			

	PRIORITY	PLANNED QTR	STATUS	FIELDWORK START DATE	DATE DRAFT REPORT	DATE: FINAL REPORT
TRALLWNG INFANTS	Medium	QTR 1	Draft Report	20/06/2017	11/08/2017	
TREF Y RHYG PRIMARY	Medium	QTR 1	Draft Report	06/06/2017	22/06/2017	
TREORCHY PRIMARY	Medium	QTR 1	Final Report	10/05/2017	02/06/2017	21/07/2017
TREROBART PRIMARY	Medium	QTR 2	Draft Report	04/07/2017	11/08/2017	
TYLORSTOWN PRIMARY SCHOOL	Medium	QTR 4	Planned			
YNYSBOETH PRIMARY	Medium	QTR 3	Planned			
YGG LLWYNCELYN	Medium	QTR 4	Planned			
PRIMARY SCHOOL SELF ASSESSMENT	Medium	QTR 4	Planned			
MIDDLE SCHOOLS						
YSGOL LLANHARI	High	QTR 3	Planned			
SECONDARY SCHOOLS						
YSGOL GYFUN GARTH OLWG	High	QTR 1	Draft Report	12/06/2017	5/10/2017	
Y PANT COMPREHENSIVE SCHOOL	High	QTR 1	Draft Report	05/06/2017	02/08/2017	

	PRIORITY	PLANNED QTR	STATUS	FIELDWORK START DATE	DATE DRAFT REPORT	DATE: FINAL REPORT
HAWTHORN HIGH SCHOOL	High	QTR 1	Draft Report	15/05/2017	24/08/2017	
CARDINAL NEWMAN RC COMPREHENSIVE	High	QTR 4	Planned			
YG RHYDYWAUN	Medium	QTR 3	Planned			
ST JOHN BAPTIST CIW HIGH SCHOOL	Medium	QTR 4	Planned			
BRYNCELYNNOG COMPREHENSIVE SCHOOL	Medium	QTR 3	Planned			
S.E.N. SCHOOLS						
YSGOL HEN FELIN	High	QTR 1	Draft Report	27/04/2017	02/06/2017	
PARK LANE SPECIAL SCHOOL	Medium	QTR 1	Draft Report	20/06/2017	29/06/2017	
YSGOL TY COCH	Medium	QTR 1	Final Report	08/05/2017	23/06/2017	11/09/2017
SCHOOLS & COMMUNITY						
6th FORM FUNDING	High	QTR 3	Planned			
POST 16 GRANT	High	QTR 4	Planned			
SAFEGUARDING ARRANGEMENTS	High	QTR 2	In Progress	21/06/2017		

	PRIORITY	PLANNED QTR	STATUS	FIELDWORK START DATE	DATE DRAFT REPORT	DATE: FINAL REPORT
WHOLE AUTHORITY ARRANGEMENTS						
WHOLE AUTHORITY ARRANGEMENTS						
PERFORMANCE INDICATORS	High	QTR 2	In Progress	05/07/2017		
OPERATIONAL RISK MANAGEMENT	High	QTR 4	Planned			
ANTI-FRAUD, BRIBERY & CORRUPTION	High	QTR 4	Planned			
AMGEN						
AMGEN – PAYROLL	Medium	QTR 3	Planned			
AMGEN – DEBTORS	Medium	QTR 3	Planned			
AMGEN – CREDITORS	Medium	QTR 3	Planned			
AMGEN - GENERAL LEDGER	Low	QTR 3	In Progress	28/9/2017		
CENTRAL SOUTH CONSORTIUM JOINT EDUCATION SERVICE						
CSC – PAYROLL	Medium	QTR 3	Planned			
CSC – DEBTORS	Medium	QTR 3	Planned			

	PRIORITY	PLANNED QTR	STATUS	FIELDWORK START DATE	DATE DRAFT REPORT	DATE: FINAL REPORT
CSC – CREDITORS	Medium	QTR 3	Planned			
CSC - GENERAL LEDGER	Low	QTR 3	Planned			
FOLLOW-UPS THAT WERE NOT ALREADY INCLUDED WITHIN THE 2017/18 AUDIT PLAN						
PENPYCH COMMUNITY PRIMARY SCHOOL (INCORPORATING A FULL REVIEW OF THE SCHOOL PRIVATE FUND)	High	QTR 4	Planned			
TY GWYN	High	QTR 4	Planned			
PONTYPRIDD HIGH SCHOOL	High	QTR 4	Planned			
TONYREFAIL COMMUNITY SCHOOL	High	QTR 4	Planned			
FERNDALE COMMUNITY SCHOOL	High	QTR 4	Planned			
PROPOSED – provision for four other audit assignments where the emerging findings are indicating follow up reviews are required	High	QTR 4	Planned			