

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2015/16

COMMITTEE:

AUDIT COMMITTEE

31st March 2016

Item No. 6
Draft Annual Audit Plan 2016/17

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 2016/17.

2. **RECOMMENDATIONS**

It is recommended that Members:

2.1 Form an opinion on the adequacy of the draft Annual Audit Plan for 2016/17 (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 2016/17 in its current form or instruct the Head of Internal Audit 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 taken into account when compiling the Annual Audit Plan is:
- Strategic Risk Register;
 - Priority Action Plans / 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 reference to the strategic risk register and associated discussions with 'risk owners'), 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 2016/17;
 - Enable Audit Committee to monitor the adequacy of the risk management framework and the associated control environment of the Council for 2016/17 based on the audit reviews set out in the draft Annual Audit Plan; and
 - Enable the Head of Internal Audit to form an opinion on the overall control environment for 2016/17.
- 3.5 To ensure that 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 undertook 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. A summary illustrating 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 12 reviews that are proposed to be carried forward from the 2015/16 audit plan and also contains follow-up reviews previously requested by Audit Committee.
- 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' of where the audit materialised.

4. SUMMARY

- 4.1 The draft Annual Audit Plan for 2016/17 has been compiled in accordance with the Public Sector Internal Audit Standards.
- 4.2 The core aim of the annual audit plan is to establish a balanced Internal Audit Plan that covers the entire control environment of the Council as far as is practicable based upon areas identified as high risk and high priority. In order to undertake a balanced workload we plan to complete a mix of assurance and consultancy work, the outcomes of which will contribute to the Head of Internal Audit's Annual Report 2016/17 where it concludes with an opinion on the Council's overall control environment.
- 4.3 In line with the Terms of Reference for Audit Committee, the Committee has responsibility for reviewing the content of the draft plan and where deemed appropriate, recommend amendments or approve its content for 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

31st March 2016

Report of the Group Director, Corporate Services and Frontline Services

Author: Marc Crumbie (Operational Audit Manager).

Item

File Ref:

6. Draft Annual Audit Plan 2016/17

IA / MC

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APPENDIX A

Draft Annual Audit Plan 2016/17

	RISK / PRIORITY	DAYS	PLANNED QTR	TYPE OF WORK	SOURCE FROM WHICH THE AUDIT HAS BEEN IDENTIFIED
WHOLE AUTHORITY ARRANGEMENTS					
PERFORMANCE INDICATORS	HIGH	20	2	ASSURANCE	PRIORITY PLANS
OPERATIONAL RISK MANAGEMENT	HIGH	20	1	ASSURANCE	GOVERNANCE
CORPORATE SAFEGUARDING ARRANGEMENTS	HIGH	10	1	CONSULTANCY	WAO REVIEW & GOVERNANCE
TOTAL DAYS FOR WHOLE AUTHORITY ARRANGEMENTS		50			
CHIEF EXECUTIVE'S DIVISION					
CABINET OFFICE & PUBLIC RELATIONS					
THEATRES	MEDIUM	20	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
RHONDDA HERITAGE PARK - FOLLOW-UP	MEDIUM	20	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
HUMAN RESOURCES					
SICKNESS ABSENCE - COMPLIANCE	HIGH	20	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
LEGAL AND DEMOCRATIC SERVICES					
INSURANCE	MEDIUM	15	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
REGENERATION & PLANNING					
VIBRANT AND VIABLE PLACES (C/F)	HIGH	20	2	ASSURANCE	STRATEGIC RISK REGISTER
ENTERPRISE GRANTS	MEDIUM	20	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TOTAL DAYS FOR THE CHIEF EXECUTIVE'S DIVISION:		115			
COMMUNITY & CHILDREN'S SERVICES					
CHILDREN'S SERVICES					
PLACEMENTS & CONTACTS	HIGH	20	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
CHILDREN'S SERVICES - REVISED OPERATING MODEL (C/F)	HIGH	20	1	ASSURANCE	STRATEGIC RISK REGISTER

	RISK / PRIORITY	DAYS	PLANNED QTR	TYPE OF WORK	SOURCE FROM WHICH THE AUDIT HAS BEEN IDENTIFIED
MASH - CHILDREN'S SERVICES (C/F)	HIGH	20	1	ASSURANCE	STRATEGIC RISK REGISTER
COMMUNITY CARE					
THE PANEL PROCESS	HIGH	20	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
THE REVIEW OF CARE PACKAGES	HIGH	20	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
MASH - ADULT'S SERVICES	HIGH	20	1	ASSURANCE	STRATEGIC RISK REGISTER
VISION PRODUCTS	MEDIUM	20	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PUBLIC HEALTH AND PROTECTION					
TACKLING POVERTY	HIGH	20	3	ASSURANCE	KEY PROJECT
HOMELESSNESS (C/F)	HIGH	10	1	ASSURANCE	STRATEGIC RISK REGISTER
COMMON HOUSING SERVICES	HIGH	20	3	ASSURANCE	STRATEGIC RISK REGISTER
LEISURE SERVICES	MEDIUM	20	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
LLWYDCOED CREMATORIUM	LOW	5	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TRANSFORMATION					
CONTRACTING	HIGH	20	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
FINANCIAL MANAGEMENT	HIGH	15	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TOTAL DAYS COMMUNITY & CHILDREN'S SERVICES		250			
CORPORATE & FRONTLINE SERVICES					
CORPORATE ESTATES & PROCUREMENT					
ASBESTOS MANAGEMENT	HIGH	20	1	ASSURANCE	REQUEST BY AUDIT COMMITTEE
IT					
DISASTER RECOVERY	HIGH	20	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
FINANCIAL SERVICES					
BUDGETARY CONTROL	HIGH	20	3	ASSURANCE	CORE FINANCIAL SYSTEM
GENERAL LEDGER & ACCOUNTING	LOW	20	3	ASSURANCE	CORE FINANCIAL SYSTEM

	RISK / PRIORITY	DAYS	PLANNED QTR	TYPE OF WORK	SOURCE FROM WHICH THE AUDIT HAS BEEN IDENTIFIED
TAXATION	HIGH	20	3	ASSURANCE	CORE FINANCIAL SYSTEM
CAPITAL ACCOUNTING & ASSET REGISTER (C/F)	MEDIUM	20	3	ASSURANCE	CORE FINANCIAL SYSTEM
TREASURY MANAGEMENT	HIGH	20	3	ASSURANCE	CORE FINANCIAL SYSTEM
PAYROLL	MEDIUM	20	3	ASSURANCE	CORE FINANCIAL SYSTEM
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
NDR	MEDIUM	20	3	ASSURANCE	CORE FINANCIAL SYSTEM
ADMINISTRATION OF TRUST FUNDS	LOW	5	3	ASSURANCE	GRANT CERTIFICATION
HIGHWAYS & STREETCARE					
FLEET MANAGEMENT	HIGH	15	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
WASTE MANAGEMENT (C/F)	HIGH	20	2	ASSURANCE	STRATEGIC RISK REGISTER
TOTAL DAYS CORPORATE & FRONTLINE SERVICES		320			
EDUCATION & LIFELONG LEARNING					
ACCESS & ENGAGEMENT & INCLUSION					
COLEG TAI	MEDIUM	20	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
EDUCATION OTHER THAN AT SCHOOL	HIGH	10	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
SCHOOL & COMMUNITY					
POST 16 CERTIFICATION	HIGH	5	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
EDUCATION IMPROVEMENT GRANT	HIGH	30	1	ASSURANCE	GRANT CERTIFICATION
LEASED EQUIPMENT AT SCHOOLS	MEDIUM	20	3	ASSURANCE	VALUE FOR MONEY
FRAMEWORK FOR EXCELLENCE IN TEACHING (C/F)	HIGH	20	1	ASSURANCE	STRATEGIC RISK REGISTER

	RISK / PRIORITY	DAYS	PLANNED QTR	TYPE OF WORK	SOURCE FROM WHICH THE AUDIT HAS BEEN IDENTIFIED
PRIMARY SCHOOL					
ABERCYNON COMMUNITY PRIMARY	MEDIUM	4	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
ABERDARE PARK PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
ABERNANT PRIMARY	MEDIUM	4	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
BLAENGWAWR PRIMARY	MEDIUM	4	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
COED Y LAN PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
CWMBACH CIW PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
CWMCLYDACH PRIMARY SCHOOL	MEDIUM	4	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
DARRAN PARK PRIMARY	MEDIUM	4	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
HAFOD PRIMARY	MEDIUM	4	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
HEOL Y CELYN PRIMARY	MEDIUM	4	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PONTRHONDDA PRIMARY	MEDIUM	4	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PORTH INFANTS	MEDIUM	4	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PORTH JUNIORS	MEDIUM	4	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
ST MICHAEL'S RC PRIMARY	MEDIUM	4	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TON INFANTS	MEDIUM	4	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TONYREFAIL PRIMARY	MEDIUM	4	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
YGG BRONLLWYN	MEDIUM	4	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
YGG CASTELLAU	MEDIUM	4	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
YGG LLANTRISANT	MEDIUM	4	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
OUR LADY'S RC PRIMARY SCHOOL	MEDIUM	4	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PENYWAUN PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
LLWYDCOED PRIMARY	MEDIUM	4	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TREHOPCYN PRIMARY	MEDIUM	4	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT

	RISK / PRIORITY	DAYS	PLANNED QTR	TYPE OF WORK	SOURCE FROM WHICH THE AUDIT HAS BEEN IDENTIFIED
PRIMARY SCHOOL SELF ASSESSMENT	MEDIUM	4	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
CORPORATE GOVERNANCE AT PRIMARIES	HIGH	20	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
SPECIAL EDUCATIONAL NEEDS PROVISION					
YSGOL HEN FELIN	MEDIUM	20	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
COMPREHENSIVE SCHOOLS					
TONYPANDY COMMUNITY COLLEGE (C/F)	HIGH	15	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
YSGOL GYFUN Y CYMER (C/F)	HIGH	15	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PONTYPRIDD HIGH SCHOOL (C/F)	HIGH	15	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
ABERDARE COMMUNITY SCHOOL (C/F)	HIGH	15	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PORTH COMMUNITY SCHOOL	HIGH	15	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
YGG GARTH OLWG	HIGH	15	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TONYREFAIL SCHOOL	HIGH	15	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
FERNDALE COMMUNITY SCHOOL	HIGH	15	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TOTAL DAYS EDUCATION & LIFELONG LEARNING		361			
AMGEN					
PAYROLL	MEDIUM	5	3	ASSURANCE	CORE FINANCIAL SYSTEM
DEBTORS	MEDIUM	5	3	ASSURANCE	CORE FINANCIAL SYSTEM
CREDITORS	MEDIUM	5	3	ASSURANCE	CORE FINANCIAL SYSTEM
GENERAL LEDGER	LOW	5	3	ASSURANCE	CORE FINANCIAL SYSTEM
TOTAL DAYS AMGEN		20			
CENTRAL SOUTH CONSORTIUM JOINT EDUCATION SERVICE					
CENTRAL SOUTH CONSORTIUM JOINT EDUCATION SERVICE					
PAYROLL	MEDIUM	5	3	ASSURANCE	CORE FINANCIAL SYSTEM
DEBTORS	MEDIUM	5	3	ASSURANCE	CORE FINANCIAL SYSTEM

	RISK / PRIORITY	DAYS	PLANNED QTR	TYPE OF WORK	SOURCE FROM WHICH THE AUDIT HAS BEEN IDENTIFIED
CREDITORS	MEDIUM	5	3	ASSURANCE	CORE FINANCIAL SYSTEM
GENERAL LEDGER	LOW	5	3	ASSURANCE	CORE FINANCIAL SYSTEM
TOTAL DAYS CENTRAL SOUTH CONSORTIUM		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 A/L & B/H	Sickness Contingency*	
Auditor 1	365	261	FT	261	30	8	223	7	216
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 60%	157	18	8	131	4	127
				1,932	221	64		51	1,596

*Sickness (Average 3%) - based on 'Actual Days Available' Less Annual Leave and Bank Holidays

Total of Actual Days Available	1,932	days
Total 'Non-Productive'	336	days
Productive Time to be Allocated	1,596	days

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Appendix C – Time not allocated to each Group / Directorate

Area	'Non Audit' (Days)	'Other' Assurance Time (Days)
QUALITY & PERFORMANCE MONITORING	75	
AUDIT ADVICE		10
AUDIT ADMIN	25	
WAO 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	10	
STRATEGIC INTERNAL AUDIT MANAGEMENT	25	
GOVERNANCE		25
RISK MANAGEMENT		25
COMMITTEE PREPARATION & ATTENDANCE	20	
OTHER WORKING GROUPS		20
SPECIAL INVESTIGATIONS / UNPLANNED WORK		50
CONTINGENCY		75
INTERNAL AUDIT DRAFT PLAN – 2017/18	20	
MANAGEMENT (PLANNING, CONTROLLING & REPORTING)	30	
	Sub total:	255
		205
	Overall Total:	<u>460 Days</u>

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

	Days
WHOLE AUTHORITY ARRANGEMENTS	50
CHIEF EXECUTIVE'S DIVISION	115
COMMUNITY & CHILDREN'S SERVICES	250
CORPORATE & FRONTLINE SERVICES	320
EDUCATION & LIFELONG LEARNING	361
CENTRAL SOUTH CONSORTIUM	20
AMGEN	20
TIME NOT ALLOCATED TO EACH GROUP / DIRECTORATE	460
TOTAL PRODUCTIVE DAYS (PLANNED FOR)	1,596
TOTAL AVAILABLE DAYS	1,596
DIFFERENCE LEFT TO ALLOCATE	0

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