



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2018/19

COMMITTEE:

AUDIT COMMITTEE

25th March 2019

Item No. 8
DRAFT ANNUAL AUDIT PLAN 2019/20

REPORT OF:-

**HEAD OF REGIONAL AUDIT SERVICE IN CONSULTATION WITH THE
DIRECTOR OF FINANCE AND DIGITAL SERVICES (RCTCBC)**

Author: Mark Thomas (Head of Regional Audit Service)

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1. PURPOSE OF THE REPORT

1.1 This report provides Members with the draft Annual Audit Plan for 2019/20.

2. RECOMMENDATIONS

It is recommended that Members:

2.1 Form an opinion on the adequacy of the draft Annual Audit Plan for 2019/20 (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 2019/20 in its current form or suggest amendments to the plan in line with Audit Committee feedback and present a revised draft plan to the next Audit Committee.

3. REASON FOR RECOMMENDATION

- 3.1 To help ensure that Audit Committee discharges its responsibilities in respect of reviewing and forming an opinion on the overall control environment in place across the Council.

4. BACKGROUND

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

- 4.2 Internal Audit's Charter (subject to approval by Audit Committee) 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, 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, 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.

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

- Strategic Risk Register;
- Corporate Plan;
- Key Financial Systems;
- Fraud, Bribery & Corruption Risk Assessment;
- 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,

- 4.4 Whilst the Public Sector Internal Audit Standards require a risk based audit plan (achieved via the use of the Strategic Risk Register & Corporate Plan, along with discussions with relevant Officers 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 4.3 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 2019/20;
- Enable Audit Committee to monitor the adequacy of the risk management framework and the associated control environment of the Council for 2019/20 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 2019/20.

4.5 To ensure the Regional Audit Service has sufficient resources available to undertake the number of audit reviews identified within the draft Annual Audit Plan, an Audit Needs Assessment took place with 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 Regional Audit Service will have adequate resources available during the forthcoming financial year to deliver an end-of-year audit opinion on behalf of Rhondda Cynon Taf County Borough Council. For Members information, during the first year of the Regional Audit Service, some flexibility will need to be applied to the delivery of the audit plans across all four local authorities as progress is made to recruit a full complement of staff and exploring opportunities to undertake cross-cutting and / or thematic reviews across each organisation.

4.6 The draft Annual Audit Plan 2019/20 is attached at **Appendix A** (and contains 12 reviews that are proposed to be carried forward from the 2018/19 Audit Plan (subject to Audit Committee approval) - these have been highlighted with the prefix 'C/F' within Appendix A for ease of reference); **Appendix B** provides an analysis of time not allocated to specific service areas; and **Appendix C** provides a summary of audit days allocated to service areas.

5. EQUALITY AND DIVERSITY IMPLICATIONS

5.1 There are no equality and diversity implications as a result of the recommendations set out in the report.

6. CONSULTATION

6.1 There are no consultation implications as a result of the recommendations set out in the report.

7. FINANCIAL IMPLICATION(S)

7.1 There are no financial implications as a result of the recommendations set out in the report.

8. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 8.1 The provision of regular information in respect of the Council’s Internal Audit Service supports the Council in demonstrating compliance with the Accounts and Audit (Wales) (Amendment) Regulations 2018.
- 8.2 Regulation 7 (Internal Audit) of Part 3 of the 2018 Regulations directs that: “A *relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.*”

9. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT

THE COUNCIL’S CORPORATE PLAN PRIORITIES

- 9.1 The work of Internal Audit aims to support the delivery of the priorities contained within the Council’s Corporate Plan – *The Way Ahead*, in particular ‘Living Within Our Means’ through ensuring that appropriate internal controls are in place to effectively manage resources.

WELL-BEING OF FUTURE GENERATIONS ACT

- 9.2 The Sustainable Development Principles, in particular Prevention, can be applied to the systematic reviews undertaken in order to provide assurance that risks to the achievement of objectives are being managed.

10. CONCLUSION

- 10.1 The draft Annual Audit Plan for 2019/20 has been compiled in accordance with the Public Sector Internal Audit Standards and the Council’s Audit Charter.
- 10.2 The outcome of the Audit Needs Assessment has confirmed the Regional Audit Service will have adequate resources available during the forthcoming financial year to deliver an audit opinion on behalf of Rhondda Cynon Taf County Borough Council.
- 10.3 The Council’s Audit Committee, in line with its Terms of Reference, are requested to review the draft Annual Audit Plan for 2019/20 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

25th March 2019

**HEAD OF REGIONAL AUDIT SERVICE IN CONSULTATION WITH THE
DIRECTOR OF FINANCE AND DIGITAL SERVICES (RCTCBC)**

Author: Mark Thomas (Head of Regional Audit Service)

Item

8. Draft Annual Audit Plan 2019/20

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APPENDIX A

Draft Annual Audit Plan 2019/20 (including the planned quarter within which the audit is due to commence)

	RISK / PRIORITY	DAYS	PLANNED QTR	TYPE OF WORK	TYPE / SOURCE OF ASSURANCE
CHIEF EXECUTIVE					
HUMAN RESOURCES					
SICKNESS ABSENCE – SCHOOLS	HIGH	20	3	ASSURANCE	STRATEGIC RISK REGISTER
PURCHASE CARDS - NON-SCHOOLS SPEND	MEDIUM	15	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
FINANCE & DIGITAL SERVICES					
ADMINISTRATION OF TRUST FUNDS	LOW	5	3	ASSURANCE	GRANT CERTIFICATION
DEBTORS	HIGH	15	3	ASSURANCE	CORE FINANCIAL SYSTEM
PENSIONS	HIGH	20	4	ASSURANCE	CORE FINANCIAL SYSTEM
GENERAL LEDGER	LOW	10	3	ASSURANCE	CORE FINANCIAL SYSTEM
TREASURY MANAGEMENT	MEDIUM	10	3	ASSURANCE	CORE FINANCIAL SYSTEM
DIGITALISATION	HIGH	20	3	ASSURANCE	CORPORATE PLAN PRIORITY
DATA CENTRE / INFRASTRUCTURE	HIGH	5	2	CONSULTANCY	PROJECT
BUSINESS SUPPORT UNIT	HIGH	15	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
VALUE FOR MONEY	HIGH	20	3	ASSURANCE	VALUE FOR MONEY

	RISK / PRIORITY	DAYS	PLANNED QTR	TYPE OF WORK	TYPE / SOURCE OF ASSURANCE
CORPORATE ESTATES					
21 st CENTURY SCHOOLS - CAPITAL PROJECT C/F	HIGH	20	1	ASSURANCE	CORPORATE PLAN PRIORITY & STRATEGIC RISK REGISTER
LEGAL SERVICES					
LEGAL SERVICES	MEDIUM	20	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TOTAL DAYS: CHIEF EXECUTIVE		195			
PROSPERITY, DEVELOPMENT & FRONTLINE SERVICES					
HIGHWAYS & STREETCARE					
HIGHWAYS - CAPITAL PROGRAMME C/F	HIGH	15	1	ASSURANCE	STRATEGIC RISK REGISTER
STREET LIGHTING	MEDIUM	15	TBD	ASSURANCE	CORPORATE PLAN PRIORITY
MANAGEMENT OF FUEL – PARKS	HIGH	15	TBD	ASSURANCE	FRAUD, BRIBERY & CORRUPTION
ENFORCEMENT	MEDIUM	10	TBD	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PARKING SERVICES	MEDIUM	10	TBD	ASSURANCE	OVERALL CONTROL ENVIRONMENT
WASTE SERVICES C/F	HIGH	15	1	ASSURANCE	CORPORATE PLAN PRIORITY
PROSPERITY & DEVELOPMENT					
BUILDING CONTROL	MEDIUM	20	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TOTAL DAYS: PROSPERITY, DEVELOPMENT & FRONTLINE SERVICES		100			

	RISK / PRIORITY	DAYS	PLANNED QTR	TYPE OF WORK	TYPE / SOURCE OF ASSURANCE
COMMUNITY & CHILDREN'S SERVICES					
ADULT SERVICES					
DIRECT PAYMENTS C/F	HIGH	10	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
BROKER SERVICE C/F	HIGH	20	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
WCCIS	HIGH	20	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
THE REVIEW TEAM C/F	MEDIUM	20	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
FAIRER CHARGING	HIGH	20	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
CHILDREN'S SERVICES					
CONTRACT MANAGEMENT - PLACEMENTS C/F	HIGH	20	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
ADOPTION SUPPORT & FOSTER CARER PAYMENTS - FOLLOW-UP	HIGH	20	3	ASSURANCE	FOLLOW UP OF 18/19 REPORT
PUBLIC HEALTH & COMMUNITY SERVICES					
LLWYDCOED CREMATORIUM	LOW	5	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
ENGAGEMENT, INTERVENTION & PREVENTION C/F	HIGH	20	4	ASSURANCE	CORPORATE PLAN PRIORITY
YOUTH OFFENDING SERVICE C/F	MEDIUM	15	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
LEISURE SERVICES - CASH COLLECTION & BANKING	MEDIUM	20	2	ASSURANCE	FRAUD, BRIBERY & CORRUPTION
REGISTRATION SERVICES	LOW	10	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT

	RISK / PRIORITY	DAYS	PLANNED QTR	TYPE OF WORK	TYPE / SOURCE OF ASSURANCE
TOTAL DAYS: COMMUNITY & CHILDREN'S SERVICES		200			
EDUCATION & INCLUSION SERVICES					
EDUCATION IMPROVEMENT SERVICES					
EARLY YEARS PROVISION C/F	HIGH	20	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
ATTENDANCE & WELLBEING SERVICE					
ATTENDANCE : REFERRALS & INTERVENTION	HIGH	20	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
EXCLUSIONS	HIGH	20	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
SPECIAL SCHOOLS					
YSGOL HEN FELIN	HIGH	10	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
MAESGWYN SPECIAL SCHOOL	HIGH	10	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PRIMARY SCHOOLS					
PENRHIWCEIBER PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PENYGAWSI PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PERTHYCELYN COMMUNITY PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PONTYGWAITH PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
RHIGOS PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT

	RISK / PRIORITY	DAYS	PLANNED QTR	TYPE OF WORK	TYPE / SOURCE OF ASSURANCE
TON PENTRE JUNIOR	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TONYSGUBORIAU PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TREALAW PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
WILLIAMSTOWN PRIMARY	MEDIUM	4	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
YGG ABERCYNON	MEDIUM	4	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
YGG ABERDAR	MEDIUM	4	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
CRAIG YR HESG PRIMARY	MEDIUM	4	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
LLANHARAN PRIMARY	MEDIUM	4	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
MAERDY COMMUNITY PRIMARY	MEDIUM	4	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
MAES Y COED PRIMARY	MEDIUM	4	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PENGEULAN PRIMARY	MEDIUM	4	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PENYRENGLYN COMMUNITY PRIMARY	MEDIUM	4	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PONTYCLUN PRIMARY	MEDIUM	4	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
YNYSHIR PRIMARY	MEDIUM	4	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
YGG BODRINGALLT	MEDIUM	4	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
YGG TONYREFAIL	MEDIUM	4	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT

	RISK / PRIORITY	DAYS	PLANNED QTR	TYPE OF WORK	TYPE / SOURCE OF ASSURANCE
PRIMARY SCHOOL SELF ASSESSMENT REPORT 19/20	MEDIUM	4	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
COMPREHENSIVE SCHOOLS					
Y PANT COMPREHENSIVE SCHOOL FOLLOW UP	HIGH	20	2	ASSURANCE	FOLLOW UP OF 18/19 REPORT
HAWTHORN HIGH FOLLOW UP	HIGH	20	4	ASSURANCE	FOLLOW UP OF 18/19 REPORT
MIDDLE SCHOOLS					
YSGOL LLANHARI FOLLOW UP C/F	HIGH	20	1	ASSURANCE	FOLLOW UP OF 18/19 REPORT
TONYREFAIL COMMUNITY SCHOOL	HIGH	20	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
EDUCATION IMPROVEMENT GRANT	HIGH	15	2	ASSURANCE	GRANT CERTIFICATION
PUPIL DEPRIVATION GRANT	HIGH	15	2	ASSURANCE	GRANT CERTIFICATION
POST 16 GRANT	HIGH	4	4	ASSURANCE	GRANT CERTIFICATION
POST 16 PLANNING & FUNDING 19/20	HIGH	20	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TOTAL DAYS: EDUCATION & INCLUSION SERVICES		302			
WHOLE AUTHORITY ARRANGEMENTS					
PERFORMANCE INDICATORS	HIGH	20	1	ASSURANCE	CORPORATE PLAN PRIORITIES
INFORMATION MANAGEMENT	HIGH	2	3	CONSULTANCY	GOVERNANCE
ANTI-FRAUD, BRIBERY & CORRUPTION	HIGH	10	3	ASSURANCE	FRAUD, BRIBERY & CORRUPTION

	RISK / PRIORITY	DAYS	PLANNED QTR	TYPE OF WORK	TYPE / SOURCE OF ASSURANCE
OPERATIONAL RISK MANAGEMENT C/F	MEDIUM	15	2	ASSURANCE	RISK MANAGEMENT
TOTAL DAYS FOR WHOLE AUTHORITY ARRANGEMENTS		47			
CENTRAL SOUTH CONSORTIUM JOINT EDUCATION SERVICE					
CSC - EDUCATION IMPROVEMENT GRANT	HIGH	15	2	ASSURANCE	GRANT CERTIFICATION
CSC - PUPIL DEPRIVATION GRANT	HIGH	15	2	ASSURANCE	GRANT CERTIFICATION
CSC - GENERAL LEDGER	LOW	5	3	ASSURANCE	CORE FINANCIAL SYSTEM
TOTAL DAYS CENTRAL SOUTH CONSORTIUM		35			
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 – Time not allocated to service areas

QUALITY & ASSURANCE MONITORING	75
AUDIT ADVICE	10
AUDIT ADMIN	15
WALES AUDIT OFFICE LIASON	5
STAFF DEVELOPMENT & TRAINING	20
SECTION MEETINGS	10
AUDIT MANAGEMENT SYSTEM	10
INTERNAL AUDIT CHARTER & AUDIT MANUAL	5
PUBLIC SECTOR INTERNAL AUDIT STANDARDS	5
STRATEGIC INTERNAL AUDIT MANAGEMENT	17
COMMITTEE PREPARATION & ATTENDANCE	12
SPECIAL INVESTIGATIONS / UNPLANNED WORK	25
CONTINGENCY	45
INTERNAL AUDIT DRAFT PLAN - 2020/21	10
MANAGEMENT (PLANNING, CONTROLLING & REPORTING)	30
TOTAL DAYS 'OTHER'	294

Appendix C – Summary of 'audit' days allocated to service areas

OVERALL CALCULATIONS	DAYS
WHOLE AUTHORITY ARRANGEMENTS	47
CHIEF EXECUTIVE	195
COMMUNITY & CHILDREN'S SERVICES	200
PROSPERITY, DEVELOPMENT & FRONTLINE SERVICES	100
EDUCATION & INCLUSION SERVICES	302
CENTRAL SOUTH CONSORTIUM	35
AMGEN	20
TOTAL DAYS 'OTHER'	294
TOTAL PRODUCTIVE DAYS AVAILABLE	1193
TOTAL AVAILABLE DAYS	1193
DIFFERENCE LEFT TO ALLOCATE	0