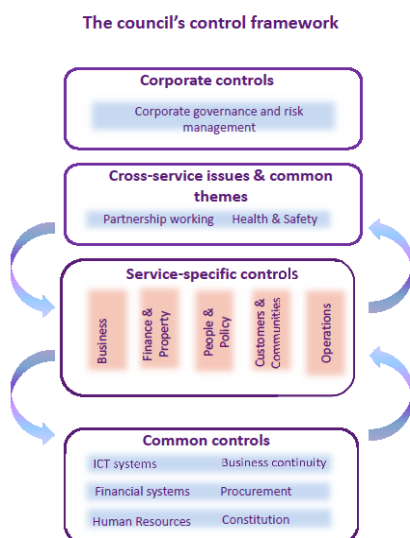


Rossendale Borough Council revised internal audit plan, 2016/17

1. The council's Audit and Accounts Committee approved an internal audit plan at its meeting on 15 March 2016, designed to provide the assurance that the chief executive and leader of the council need that the risks to the council's objectives are being adequately and effectively controlled. As the plan has been discussed in more detail with the council's senior management team, it is appropriate to share this again with the Audit and Accounts Committee.
2. In March a framework was set out for the council's controls that recognised corporate, cross-service, service-specific and common controls, and the audit plan sought to address controls of each type. We set out these controls as follows:



Corporate controls: These controls relate to the overall governance arrangements of the county council as a whole, and are therefore largely limited to corporate governance, risk management, and information governance.

Cross-service controls: These are the controls that support the council's work across some or all of its service areas, either where two or more teams provide a single service, or where risks are common to a number of (or all) service teams. Very few risks are managed by a single corporate solution but similar controls may be implemented across a number of teams to address the same or similar risks.

Service-specific controls: The controls designed to manage the risks arising from the provision of particular services and from individual service areas.

Common controls: These are the controls that under-pin the council's work whatever service is being provided and in whatever service or directorate. They manage the elements of the council's day to day operations that are operated in common across the whole organisation, such as financial and ICT services, and human resources.

3. Consideration should also be given to the audit evidence that will be necessary to support an overall opinion that addresses the council's governance, risk management and control during the year. An internal audit plan designed to obtain that evidence will need to encompass the following and, because the overall opinion covers a twelve month financial period, the evidence to support it must relate to the controls in operation for that period.
 - Coverage of the key components of each part of the opinion:
 - Governance;
 - Risk management; and
 - Control.
 - Sufficient coverage of the council's operations as a whole, so that a fair assessment may be made across the organisation.
 - Coverage of the controls that serve to mitigate the council's most significant risks to an acceptable level.
 - Coverage of the controls that operate most broadly to mitigate the council's risks in the greatest number of individual instances.
 - Assessment of the actions being taken to develop improved controls in the areas of greatest unmitigated risk.

4. Professional standards and good practice also require use to follow up the actions agreed by management to mitigate risks identified through the audit process.
5. The plan approved in March included provision for work on the Empty Homes Improvement Strategy, housing management and rents, and the town centre redevelopment plans for Bacup and Rawtensall. At this point, each of those areas remains highly relevant and it is appropriate to set out how this work will provide the overall assurance the council requires for the year.
6. The revised programme of work for 2016/17 is set out in the table at the end of this document.

Revisions to the plan approved in March 2016

7. The work under the Empty Homes Improvement Strategy (now the Rossendale Improvement Strategy) has now been more specifically defined to cover decision making and democratic oversight, performance monitoring and procurement.
8. The Audit and Accounts Committee was informed at its meeting in March that the council's Risk Management Strategy had been updated. Although this is still being embedded within the council, the identification and management of risk was another key element of the Empty Homes Programme and work has been added to the plan to reflect the council's renewed focus on risk management.
9. Whilst the council is likely to transfer its refurbished and tenanted properties to a qualified housing provider/ managing agent in the near future, it has continued to refurbish and manage these properties for the first six months of the year. Audit work to provide assurance over this refurbishment and management programme will begin during September.
10. Following discussions with the Head of Finance and Property Services and the Chief Executive, the council's use of the Disabled Facilities Grant (DFG) which was discussed at the Audit Committee in June 2016 has also been added to the plan and has started.

Progress on the audit plan

11. Following discussions with the council's senior managers, audit work is now planned for the remainder of the year. As noted above, work has started on the use of the DFG, and will start immediately on the management of the housing inherited from the Empty Homes Programme. The council's work to redevelop the town centres has now begun, and an audit of phase one of the programme will also start in October.
12. We have completed the audit of the National Non Domestic Rates (NNDR) system and the outcomes of that work are reported separately.

CONTROLS ASSURANCE	ELEMENT WITHIN THE OVERALL OPINION	Estimated audit days		
Corporate and cross-service controls				
Decision making and democratic oversight	Governance	10	30	
Performance monitoring	Governance	10		
Operation of the Risk Management Strategy	Risk management	10		
Service-specific controls				
Housing management	Coverage of controls that mitigate the council's most significant risks	15	45	
Town centre redevelopment		15		
Use of Disabled Facilities Grant funding	Coverage of the council's operations as a whole	15		
Common controls				
<i>Full risk and control evaluation:</i>				
Procurement	Governance	14	90	
<i>Compliance testing of established controls:</i>				
Accounts payable	Coverage of controls that mitigate the council's most significant risks (financial risks) and mitigate the council's risks in the greatest number of individual instances	9		
Accounts receivable		9		
Council tax		8		
General ledger, budget setting and monitoring		9		
Housing benefits		8		
Income collection and banking		8		
National non domestic rates (NNDR)		8		
Payroll		9		
Treasury management		8		
Other work				
Follow up of completed reviews			10	45
Management of the Internal Audit Service			20	
Counter fraud (including operation of the National Fraud Initiative)		10		
Contingency		5		
Total resource for the council			210	