



Dacorum Borough Council

**Draft Internal Audit Operational Plan  
2013/15**

April 2014

This report has been prepared on the basis of the limitations set out on page 9.

# CONTENTS

## PAGE

<b>1. Background</b>	<b>1</b>
<b>2. 2013/15 Audit Planning</b>	<b>1</b>
<b>Appendix A - Internal Audit Plan 2013/15</b>	<b>2</b>
<b>Statement of Responsibility</b>	<b>6</b>

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## 1. Background

This document sets out the draft internal audit operational plan for Dacorum Borough Council for discussion and approval by the Audit Committee. The purpose of this plan is to identify the work required to achieve a reasonable level of assurance to be provided by Internal Audit in compliance with the Code of Practice for Internal Audit.

The fundamental role of Internal Audit is to provide senior management and the Audit Committee with independent assurance on the adequacy, effectiveness and efficiency of the system of internal control, and to report major weaknesses together with recommendations for improvement. This role is fulfilled by carrying out appropriate audit work in accordance with an annual operational plan as approved by the Audit Committee.

## 2. 2013/15 Audit Planning

As part of the audit planning, for 2013/15 we have prepared a proposed plan of internal audit work for the period 1 November 2013 to 31 March 2015.

The Internal Audit Plan 2013/15 was developed based on:

- Discussions with key members of management;
- Review of the risks and priorities contained in DBC's strategic and operational risk registers;
- Review of DBC's key objectives, plans and frameworks;
- Reference to previous audit and assurance work and the progress towards implementing recommendations; and
- Discussions with our external audit colleagues in respect of the content of the plan.

The Internal Audit Plan 2013/15 detailed in Appendix A particularly seeks to:

- Address areas of specific concern identified by management; and
- Provide independent assurance where high reliance is placed by management on first and second layers of defence.

The Internal Audit Plan will remain flexible during the current financial year to adapt, as required, to the changing needs of DBC. Any proposed changes to the Internal Audit Plan, in year, will be presented to the Audit Committee for approval. Appendix A contains the proposed timings of the audits for 2014/15.

## Internal Audit Plan 2013/15

## Appendix A

Assurance Requirement	Area	Scope	Risk no.	Risk Category	Planned Days 2013/14	Proposed Quarter 2013/14	Planned Days 2014/15	Proposed Quarter 2014/15
Core Financial Systems	Main Accounting	Covering adequacy and effectiveness of controls including access control, journals, virements, etc. CRSA to be applied.	F1, F3, FR – F01	Operational	7	Q4	7	Q4
	Budgetary Control	To cover strategic approach to co-ordinating budgetary control, monitoring and reporting, and also testing a sample of departments.	F1, F3, FR – F01	Operational			8	Q2
	Accounts Receivable	Covering adequacy and effectiveness of controls over the Accounts Receivable system. CRSA to be applied.	FR – R03	Operational	7	Q3	7	Q3
	Accounts Payable	Covering adequacy and effectiveness of controls over the payment of creditor invoices. CRSA to be applied.	F1, F3, FR – F01	Operational	7	Q3	7	Q3
	Treasury Management, Cash & Bank	Covering adequacy and effectiveness of controls over investments, loans, management information, etc. CRSA to be applied.	F1, F3, FR – F01	Operational	7	Q3	7	Q3
	Payroll and Pensions Administration	Covering adequacy and effectiveness of controls over starters, leavers, amendments, etc. CRSA to be applied.	F1, F3, FR – F01	Operational	10	Q3		
	Council Tax	Covering adequacy and effectiveness of controls including liabilities, billing, cash collection, recovery and accounting. CRSA to be applied.	F1, F3, FR – F01	Operational	10	Q4		
	NNDR	Covering adequacy and effectiveness of controls including Business Rate Retention Scheme, liabilities, billing, cash collection, recovery and accounting. CRSA to be applied.	F1, F3, FR – F01	Operational / Business Change	10	Q4		
	Housing Benefit & Council Tax Support	Covering adequacy and effectiveness of controls including new claims, size criteria, benefit caps, amendments, backdated benefits, payments and reconciliations. CRSA to be applied.	FR – R02	Operational / Business Change	10	Q4		
	Housing Rents	Covering adequacy and effectiveness of controls over the management of housing rents and service charges.	F1, F3, FR – F01	Operational	7	Q4		
	Housing Repairs	Covering adequacy and effectiveness of controls over the management of planned and responsive repairs.	F1, F3, FR – F01	Operational			10	Q4
<b>Core Financial Systems Total</b>					<b>75</b>		<b>46</b>	

Assurance Requirement	Area	Scope	Risk no.	Risk Category	Planned Days 2013/14	Proposed Quarter 2013/14	Planned Days 2014/15	Proposed Quarter 2014/15
<b>Operational Risks</b>	Procurement	Covering adequacy and effectiveness of the Council's corporate approach to procurement with regards to Housing Repairs.	F2	Operational / Emerging			12	Q4
	Contract Management	Covering adequacy and effectiveness of the Council's corporate approach to contract management. Focus on specification of Customer Services Unit.	F2, HL – M01	Operational / Emerging	8	Q4		
	Planning	Covering adequacy and effectiveness of key controls over the planning process.	ND I01	Operational	8	Q4		
	Human Resources	Covering adequacy and effectiveness of key controls over recruitment, workforce planning, sickness absence and training.	I2, ND – I03	Operational	8	Q4		
	Partnership Arrangements	Review the arrangements in place for joint strategic needs assessments and the changes in commissioning services.	F3, M1	Operational			10	Q1
	Customer Services	Focus on areas such as effectiveness of customer service centre, customer feedback and complaints, and the telephony project	M2	Operational			10	Q3
	Capital Projects	To review the Council's project management of the significant capital developments that are underway (sale of civic centre, public sector quarter) and the links to the current strategic review of land assets. The review will also look at the whole approach that the Council takes to project management, with a focus on particular projects.	F2, M2	Operational			10	Q4
	Efficiency Savings	Review of the process in place for ensuring savings are being made, eg. Identification and project management of savings, budgetary control	F1, F3	Operational			10	Q4
<b>Operational Risks Total</b>					<b>24</b>		<b>52</b>	

Assurance Requirement	Area	Scope	Risk no.	Risk Category	Planned Days 2013/14	Proposed Quarter 2013/14	Planned Days 2014/15	Proposed Quarter 2014/15
<b>Strategic Risks</b>	Regeneration	Project management assurance in respect of significant regeneration schemes.	M1, M4	External / Emerging			10	Q2
	Asset Management	Assurance over the design and application of controls relating to areas such as asset management strategy, capital accounting, partnership arrangements with voluntary sector / local community groups, etc.	FR – F05	Operational / Business Change			10	Q2
	Community Infrastructure Levy	Covering adequacy and effectiveness of controls over the introduction of the levy, including its collection and accounting processes.	M1, M4	Operational / Emerging			7	Q1
	Performance Management	Covering adequacy and effectiveness of the Council's strategic approach to performance management (including management information, target setting, reporting, roles and responsibilities etc) following the re-structuring of the Council.	M2	Operational			10	Q1
	Emergency Planning	Covering adequacy and effectiveness of key controls over emergency planning and readiness.	LDR – R04	Business Change / External			8	Q2
<b>Strategic Risks Total</b>					<b>0</b>		<b>45</b>	

Assurance Requirement	Area	Scope	Risk no.	Risk Category	Planned Days 2013/14	Planned Quarter 2013/14	Planned Days 2014/15	Proposed Quarter 2014/15
<b>ICT</b>	Data Security and PCI DSS	The specific scope will be agreed with management but would look to provide assurance over information governance, customer data security and adherence to Caldicott.	STCO_RO4	Operational			20	Q4
	ICT Development – new systems	The specific scope will be agreed with management but would look to provide assurance over pre and post implementation reviews, with focus on strength of controls.	STCO_RO4	Operational / Business Change			15	Q2

Dacorum Borough Council

<b>ICT Total</b>					<b>0</b>		<b>35</b>	
<b>Governance, Fraud &amp; Other Assurance Methods</b>	Corporate Governance	Covering adequacy and effectiveness of corporate governance arrangements.	FR – I01, M2	All	8	Q4	5	Q3
	Counter Fraud	Internal Audit will continue to work with the Council in the development of a fraud risk register, the provision of fraud awareness training, pro-active fraud exercises, etc.	All	All			15	TBC
	Control Risk Self Assessment	The use of CRSA to provide assurance that managers understand their requirements and take ownership of their responsibilities. To be utilised on a number of the core financials and will be issued prior to fieldwork and used to scope the audit.	F1, F3, FR – F01	Operational	8	Q3 and Q4	7	
	Continuous Auditing	Data analysis scripts will be written on which both identify anomalies as well as comparing the number of anomalies occurring on a period by period basis.	F1, F3, FR – F01	Operational	8	Q4	7	
<b>Fraud &amp; Other Assurance Methods Total</b>					<b>24</b>		<b>34</b>	
<b>Other</b>	Follow-up of Recommendations	Follow-up of all priority 1 and 2 recommendations made in final reports issued.			5		10	
	Management				12		25	
	Ad Hoc	Contingency allocation to be utilised upon agreement of the Assistant Director (Finance & Resources). Risk Management Trees & Bushes Team			10		20 10 10	Q1 Q1
<b>Other Total</b>					<b>27</b>		<b>75</b>	
<b>Total</b>					<b>126</b>		<b>287</b>	

## Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Our procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

### Mazars Public Sector Internal Audit Limited

London

April 2014

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