



Audit Agenda

Wednesday 21 November 2018 at 7.30 pm

Conference Room 2 - The Forum

The Councillors listed below are requested to attend the above meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Membership

Councillor Birnie
Councillor Douris
Councillor McLean

Councillor Silwal
Councillor Taylor (Chair)
Councillor Tindall

Substitute Members:

Councillors G Adshead, Anderson, England, Link, Pringle and Ransley

For further information, please contact Corporate and Democratic Support or 01442 228209

AGENDA

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence

2. DECLARATIONS OF INTEREST

To receive any declarations of interest

A member with a disclosable pecuniary interest or a personal interest in a matter who attends a meeting of the authority at which the matter is considered -

- (i) must disclose the interest at the start of the meeting or when the interest becomes apparent

and, if the interest is a disclosable pecuniary interest, or a personal interest which is also prejudicial

- (ii) may not participate in any discussion or vote on the matter (and must withdraw to the public seating area) unless they have been granted a dispensation.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Members' Register of Interests, or is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal and prejudicial interests are defined in Part 2 of the Code of Conduct For Members

[If a member is in any doubt as to whether they have an interest which should be declared they should seek the advice of the Monitoring Officer before the start of the meeting]

3. MINUTES AND ACTIONS (Pages 4 - 7)

To confirm the minutes of the previous meeting and consider the actions

4. PUBLIC PARTICIPATION

An opportunity for members of the public to make statements and ask questions in accordance with the rules as to Public Participation

5. STRATEGIC RISK REGISTER REVIEW

To update the committee on the review of the Risk Register.

6. STRATEGIC RISK REGISTER

To consider the position on the current Risk Register 2018/19.

7. EXTERNAL AUDIT PROGRESS REPORT

To consider a verbal update on the early stages of the audit risk assessment and planning process.

8. INTERNAL AUDIT PROGRESS REPORT (Pages 8 - 19)

9. INTERNAL AUDIT: SERVICE REPORTS (Pages 20 - 42)

To consider the following reports:

- ICT Asset Management
- Commercial Asset Management (Garages)

10. AUDIT COMMITTEE WORK PROGRAMME - NOVEMBER 2018 (Pages 43 - 44)

To consider the Audit Committee Work Programme for November 2018.

Agenda Item 3

DACORUM BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

12 SEPTEMBER 2018

Present:

Councillors: Taylor (Chairman) McLean
Douris Silwal

Also Attended: Councillor Elliot, Portfolio Holder for Finance & Resources.

Officers: J Deane Corporate Director (Finance and Operations)
N Howcutt Assistant Director (Finance & Resources)
K Soley (Communications & Consultation Team Leader)
J Doyle Group Manager (Democratic Services)

Others: M Towler Mazars
S Ironmonger Grant Thornton
A Conlan Grant Thornton

The meeting began at 7.30 pm

67. APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillors Birnie and Tindall.

68. DECLARATIONS OF INTEREST

There were no declarations of interest.

69. MINUTES AND ACTIONS (Agenda Item 3)

The minutes of the meeting held on 25 July 2018 were agreed by the members present and signed by the Chairman. There were no action points to consider. Councillors Douris and Taylor requested that any future record of 'action points' should be reported in the same style as that being used for the Finance and Resources Overview & Scrutiny Committee.

70. PUBLIC PARTICIPATION (Agenda Item 4)

None.

71. STRATEGIC RISK REGISTER – QUARTER 1 (Agenda Item 5)

J Deane, Corporate Director (Finance and Operations) introduced the item, saying there were no significant changes to the risk scores to be reported and that the document had been checked and signed-off by the Leadership Team. The revised Risk Register is due to be considered at the next meeting of the Cabinet (18 Sept).

Cllr Silwall clarified the risk scoring system being adopted and confirmed that it is not changing in the revised version being considered at Cabinet.

72. LOCAL GOVERNMENT OMBUDSMAN - ANNUAL REVIEW LETTER 2018 (Agenda Item 6)

N Howcutt; Assistant Director (Finance & Resources) took the committee through the various elements of the report and suggested conclusions to be drawn from it.

He pointed out that the vast majority of the complaints to the Ombudsman had resulted in decisions in the Council's favour. He stressed that this is a good result. However, two complaints had resulted in the Ombudsman making recommendations for action to be taken by the Council. NH outlined the complaints and advised that they are seen as lessons learned. The actually involved time taken to respond to complaints and not the subject matter of the complaint. He advised that since they occurred we have updated our procedures and officers now received reminders to ensure that all deadlines are met.

S Ironmonger of Grant Thornton was asked for her opinion and she advised that highlighting delays in addressing complaints is part of the Ombudsman methodology, the council needs to take heed of comments made and use them as an opportunity to learn; but DBC should keep this in perspective, as two slight negatives out of 36 complaints received is not a significant number.

Councillor Douris was advised that a reply to the MP was one of the delayed responses and that these are now being dealt with using the same improved reminder process as other complaints.

Councillor McLean was anxious to know if the finding against DBC could result in a fine. NH advised that no fine is suggested as yet and that he would advise the committee if one was imposed.

Cllr Douris pointed out that he expected to see a report on our responses to Freedom of Information requests and Cllr Taylor advised that he would speak to Cllr Tindall who is also expecting an update.

73. AUDIT OPINION /ANNUAL REPORT 2017/18 UPDATE (Agenda Item 7)

S Ironmonger of Grant Thornton updated the committee on the current position. She confirmed the unqualified opinion on the 2017/18 accounts as set out in the executive summary.

She then went on to outline the progress with the 2018/19 Accounts and drew attention to the deliverables and timescales set out in page seven of the report.

There was a short discussion on the sector update; and the Herts CC and other Herts' councils possible bid for the handling of business rates.

74. INTERNAL AUDIT PROGRESS REPORT (Agenda Item 8)

The Internal Auditor, M Towler of Mazars, introduced the second report of the year. In their opinion, good progress is being made through the various audits; two reports have been finalised so far; and all undertakings have been met. As far as the follow-ups are concerned there are two outstanding from the 17/18 audit year and these will be dealt with in the agenda for this meeting.

75 INTERNAL AUDIT SERVICE REPORTS (Agenda Item 9)

The committee considered the Mazars report on the audit of **General Data Protection Regulations**

(Evaluation assurance: **Substantial**. Testing assurance: **Substantial**).

The audit raised two Priority 2 recommendations and one priority 3 recommendation as follows:

Recommendation 1: Framework to be implemented for conducting Privacy Impact Assessments in line with the guidance on such processes contained in GDPR (Priority 2).

Recommendation 2: All staff to complete GDPR mandatory training (Priority 2)

Recommendation 3: Incident Management Policy to be updated with a workflow document (Priority 3)

The committee took into account the responses of J Worts, Information Security Team Leader to the recommendations and circulated with the agenda.

Cllr Taylor expressed regret that no full record had been kept of the names and number of staff who had attended the staff training at Cupid Green, but assured the committee that the attendance had been good and all staff were aware that their attendance is mandatory.

He then went on to lead a discussion on the provision of training for Councillors, stressing that they should be treated the same as staff and attendance at training should be mandatory. Cllr Douris wanted the Member training to be 'obligatory'.

MT advised that he has found no evidence that member training is mandatory in any of the authorities he examined. However he stressed that it is a 'must' that anyone who has access to and handles data must undergo some form of training. In his opinion the Information Commissioner would expect this as a minimum.

JD confirmed that 400 of the council's 490 staff have been trained, though some training attendance had not been recorded. He advised the committee that a revised 'flow-chart' had been produced in response to recommendation 3 and the process examined and reduced to three simple steps.

Cllr McLean wanted to know what DBCs position would be if our IT was 'hacked'? Would we be liable; could we be fined; and is there a budget to deal with such a contingency. Both J Deane and the auditors pointed out that in such a case we would have to evidence that we had taken all reasonable steps to avoid such an incident and have policies and procedures in place to mitigate the effects of any error. All large organisations are being very careful and doing all they can to protect data and DBC are doing all we can to protect our residents data as we do not wish to fall foul of the Information Commissioners Office. Cllr McLean was reassured by the fact that we had an officer designated to monitor the Council's GDPR arrangements.

The committee considered the Mazars report on the audit of **Social Media**

(Evaluation assurance: **Full**. Testing assurance: **Substantial**).

The audit raised two Priority 3 recommendations as follows:

Recommendation 1: The responsibility for providing training on Social Media should be formally assigned (Priority 3); and

Recommendation 2: The Social Media training process should be formalised and updated when necessary to take into account developments in Social Media (Priority 3)

The audit was introduced by MT who went through the recommendations and his dealings with the Communications section.

Cllr McLean asked who responds on the council's behalf to social media postings: is it an individual or a group. His concern was that an errant individual might damage the council's reputation with an inappropriate post. K Soley, Communications & Consultation Team Leader, advised the committee that in general, individual staff members have the potential to respond though the monitoring software used at Dacorum prevents council systems being abused or used as a means of abusing others.

76. AUDIT COMMITTEE WORK PROGRAMME (Agenda Item 10)

The committee considered the work programme for 2018/19.

The committee noted that the Revised Risk Register would be considered at Cabinet on 18 Sept and that they would be made aware of any revisions at a future meeting.

Resolved: That the work programme for 2018/19 be agreed.

The meeting ended at 20.10 pm.



DACORUM BOROUGH COUNCIL

INTERNAL AUDIT PROGRESS REPORT

Audit Committee – November 21 2018

Status of our reports

This report ("Report") was prepared by Mazars LLP at the request of Dacorum Borough Council and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of Dacorum Borough Council and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in Appendix C of this report for further information about responsibilities, limitations and confidentiality.

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Introduction

This progress report to the Audit Committee covers the work carried out during the period April 1st 2018 to October 31st 2018 by Mazars.

Appendix 1 outlines progress to date against the 2018/19 Internal Audit Plan.

Background

The purpose of the internal audit plan is to identify the work required to achieve a reasonable level of assurance to be provided by Mazars in compliance with the Code of Practice for Internal Audit.

The fundamental role of Internal Audit is to provide senior management and Members 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, normally in accordance with a strategic plan and an annual operational plan, as approved by the Corporate Director (Finance & Operations) and the Audit Committee.

As internal audit is a major source of assurance that the Council is effectively managing the principal risks to the achievement of its corporate objectives, a key rationale for the development of the internal audit plan was the Council's own Corporate and Service Risk Registers and how the internal audit plan can provide this assurance.

Progress to Date

Progress against the 2018/19 Internal Audit plan is shown in Appendix 1 and shows the status of work to date and the number of days delivered. At the time of this report, progress against the plan is as follows:

Number of audits in plan	14	
Number of audits finalised	4	29%
Number of audits issued at draft		
Number of audits currently in progress	1	7%
Number of audits with planned start dates	4	29%
Number of audits with start dates to be agreed	5	35%
Total	14	100%

We have issued the following Final reports since the last Audit Committee meeting:

- ICT Asset Management (Evaluation assurance: **Full**. Testing assurance: **Substantial**)
- Commercial Asset Management (Garages) (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)

Follow-up of Recommendations

2017/18 and 2018/19

The table below details the recommendations raised in the audit reports for 2017/18 and 2018/19. The summary of the outcome of our follow up work to the 31st October 2018 is shown in the table below:





Year	Total Recommendations	Implemented / no longer relevant	%	Implemented / partly implemented / no longer relevant	%
2017/18	20	20	100%	20	100%
2018/19	11	6	55%	6	55%
Total	31	26	84%	26	84%

Appendix 2 provides a summary of the status of all recommendations where the proposed implementation date was before 31st October 2018.

Definition of Assurance & Priorities

Audit assessment

In order to provide management with an assessment of the adequacy and effectiveness of their systems of internal control, the following definitions are used:

Level	Symbol	Evaluation Assessment	Testing Assessment
Full		There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied.
Substantial		Whilst there is a basically sound system of internal control design, there are weaknesses in design which may place some of the system objectives at risk.	There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
Limited		Weaknesses in the system of internal control design are such as to put the system objectives at risk.	The level of non-compliance puts the system objectives at risk.
Nil		Control is generally weak leaving the system open to significant error or abuse.	Significant non-compliance with basic controls leaves the system open to error or abuse.

The assessment gradings provided here are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board and as such the grading of 'Full' does not imply that there are no risks to the stated control objectives.

Grading of recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
Priority 1	Recommendations which are fundamental to the system and upon which the organisation should take immediate action.
Priority 2	Recommendations which, although not fundamental to the system, provide scope for improvements to be made.
Priority 3	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed.
System Improvement Opportunity	Issues concerning potential opportunities for management to improve the operational efficiency and/or effectiveness of the system.

Priority 1 Recommendations

No Priority 1 recommendations have been raised in the final reports issued since the last Audit Committee meeting.

Appendix 1 – Status of Audit Work 2018/19

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
Core Financial Systems	Main Accounting	Audits previously given a high level of assurance: continuous auditing methods will be used in these areas to cover the adequacy and effectiveness of the Key Controls in place across the four area	20		Q2-Q4							
	Treasury Management, Cash & Bank											
	Accounts Receivable											
	Accounts Payable											
	Budgetary Control	To cover strategic approach to co-ordinating budgetary control, monitoring and reporting, and also testing a sample of departments.	8		Q4							
	Council Tax	Covering adequacy and effectiveness of controls including liabilities, billing, cash collection, recovery and accounting. CRSA to be applied.	8	0.5	Q3	ToR Issued						Planned to start December
	NNDR	Covering adequacy and effectiveness of controls including Business Rate Retention Scheme, liabilities, billing, cash collection, recovery and accounting. CRSA to be applied.	8	0.5	Q3	ToR Issued						Planned to start December
	Housing Benefit and 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.	8	0.5	Q3	ToR Issued						Planned to start December
Core Financial Systems Total			52	1.5								

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
Operational Risks	Business Continuity	Covering adequacy and effectiveness of the Council's arrangements for Business Continuity including maintenance and testing of plans.	10	6	Q3	WIP						
	Planning	Covering adequacy and effectiveness of controls in place over planning applications, including new national changes.	10		Q4							
	Housing Rents	Covering adequacy and effectiveness of controls over the management of housing rents and service charges, including collection of rent arrears.	10	10	Q1	Final Issued	Full	Substantial	-	1	2	
Operational Risks Total			30	16								
Strategic Risks	General Data Protection Regulation	Covering adequacy and effectiveness of controls over preparations for General Data Protection Regulations.	15	15	Q2	Final Issued	Substantial	Substantial	-	2	1	
	Commercial Asset Management	Covering adequacy and effectiveness of controls over management of garages within the Borough.	15	15	Q2	Final Issued	Substantial	Substantial	-	2	1	
	Procurement	To provide assurance over the Council's controls in place in relation to the governance and evaluation of significant contracts. The review will focus on particular projects.	15	0.5	Q3	ToR Issued						Planned to start December
Strategic Risks Total			45	30.5								
Governance, Fraud & other Assurance Methods	Governance and Risk Management	The use of CRSA to provide assurance that managers understand their requirements and take ownership of their responsibilities. Risk management workshops and training.	28	2	Q2-Q4		N/A					

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
	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.	10		Q2-4							
	Benefits/Savings Realisation	To provide assurance that processes are in place to measure such initiatives. Suggested areas of review are the CSU and PAYE/VAT health checks.	10		Q3							
Governance, Fraud & other Assurance Methods			48	2								
ICT	ICT Asset Management	Covering controls over Policies and Procedures, Asset Register, Security of Hardware and Software, Loss Management and Disposals.	10	10	Q3	Final Issued	Full	Substantial	-	2	-	
	Change Management		15									
ICT total			25	10								
Other	Follow-up of Recommendations	Follow-up of all priority 1 and 2 recommendations made in final reports issued.	10	3								
	Management		20	5								
	Ad Hoc	Contingency allocation to be utilised upon agreement of the Assistant Director (Finance & Resources).	20									
Other total			50	8								
TOTAL			250	68								

Appendix 2 – Follow-up of Recommendations

A follow-up audit has been undertaken in accordance with the 2018/19 audit plan. The objective was to confirm the extent to which the recommendations made in 2017/18 internal audit final reports have been implemented.

The tables below provides a summary of the status of all 2017/18 recommendations raised in final reports issued.

2017/18

Title	Raised	Implemented	Partly Implemented	Outstanding	No longer relevant	Original Due Date	Revised Due Date	Not yet due	Resp. Officer
Housing Rents	2	2	-	-	-	30 Sept 2017	31 Dec 2017	-	Katie Kiely
Off Payroll Engagement	1	1	-	-	-	31 Dec 2017	-	-	Sally Nunn
ICT Cyber Security	4	4	-	-	-	30 Sep 2017	31 Jan 2018	-	Ben Trueman
Information Governance	2	2	-	-	-	31 Mar 2018	-	-	John Worts
Council Tax	1	1	-	-	-	30 June 2018	-	-	Chris Baker
Community Contracts	1	1	-	-	-	31 Jan 2018	-	-	Alex Care
Capital Programme	2	2	-	-	-	31 Jul 2018	-	-	Fiona Jump
Core Financial Systems	1	1	-	-	-	28 Feb 2018	-	-	Fiona Jump
Empty Properties	1	1	-	-	-	30 Jun 2018	-	-	Natasha Beresford
Housing Benefit and Council Tax Support	1	1	-	-	-	31 Jan 2018	-	-	Matthew Kelly
Community Infrastructure Levy	2	2	-	-	-	31 Jul 2018	-	-	Chris Taylor
Social Media	2	2	-	-	-	31 August 2018	-	-	Matt Rawdon
Total	20	20	-	-	-				

2018/19

Title	Raised	Implem ented	Partly Impleme nted	Outstanding	No longer relevant	Original Due Date	Revised Due Date	Not yet due	Resp. Officer
Housing Rents	3	3	-	-	-	31 Oct 2018			Katie Kiely
GDPR	3	3	-	-	-	31 Oct 2018	-	-	John Worts
Commercial Asset Management (Garages)	3	-	-	-	-	31 Jan 2019	-	3	Layna Warden
IT Asset Management	2	-	-	-	-	31 May 2019	-	2	Gary Osler
Total	11	6	-	-	-			5	

Appendix 3 - Statement of Responsibility

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

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any 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.

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.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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Agenda Item 9



Dacorum Borough Council Final Internal Audit Report IT Asset Management

November 2018

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

CONFIDENTIAL

Distribution List:

Gary Osler – ICT Operations Team Leader

Matt Rawdon – Group Manager, People and Performance

Ben Trueman – Group Manager, Technology & Digital Transformation

Linda Roberts – Assistant Director, Performance, People and Innovation

Nigel Howcutt – Assistant Director, Finance & Resources

James Deane – Corporate Director (Finance and Operations) (Final Report Only)

Sally Marshall – Chief Executive (Final Report only)

Key Dates:

Date of fieldwork: 10th October 2018

Date of draft report: 2nd November 2018

Receipt of responses: 12th November 2018

Date of final report: 13th November 2018

Status of our reports

This report ("Report") was prepared by Mazars LLP at the request of Dacorum Borough Council and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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1. Executive Summary

1.1. Background

As part of the agreed 2018/2019 Audit Plan, Mazars have undertaken a review of the controls in place at Dacorum to ensure that controls have been adequately designed and implemented. IT asset management helps the Council manage their systems more effectively and saves time and money by avoiding unnecessary asset purchases and promoting the efficient use of existing resources.

We are grateful to the ICT Operations Team Leader, and other council staff for their assistance provided to us during the course of the audit.

This report summarises the results of the internal audit work and, therefore does not include all matters that came to our attention during the audit. Such matters have been discussed with relevant staff.

1.2. Audit Objective and Scope

The overall objective of the audit was to evaluate and test controls over the following areas:

- IT Asset Management Policy;
- IT asset register;
- Equipment security;
- Documented procedures; and
- Disposal policy.

Further detail on scope of the audit is provided in Section 2 of the report.

1.3. Summary Assessment

Our audit of DBC's internal controls in operation found that there is a sound system of internal control designed to achieve the system objectives. There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

Our assessment in terms of the design of, and compliance with, the system of internal control covered is set out below:

Evaluation Assessment	Testing Assessment
Full	Substantial

Management should be aware that our internal audit work was performed according to UK Public Sector Internal Audit Standards (PSIAS) which are different from audits performed in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. Similarly, the assurance gradings provided in our internal audit report are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.

The classifications of our audit assessments and priority ratings definitions for our recommendations are set out in more detail in Appendix A, whilst further analysis of the control environment is shown in Section 3.

1.4. **Key Findings**

Two priority two recommendations were raised where we believe there is scope for improvement within the control environment. These are set out below:

- There should be an annual sample check of the Asset Register and this should be documented for hardware and software (Priority 2).
- A reconciliation should be carried out between Finance and ICT to ensure all assets over the de minimus capital threshold stated within the CMDB (Configuration Management Database) are recorded within the Council's Fixed Asset Register (Priority 2).

Full details of the audit findings and recommendations are shown in Section 4 of the report.

1.5. **Management Response**

We received the management responses in a timely manner and these have been included in the main body of the report.

1.6. **Acknowledgement**

We would like to take this opportunity to thank all staff involved for their time and co-operation during the course of this visit.

2. Scope of Assignment

2.1. Background

As part of the agreed 2018/2019 Audit Plan, Mazars have undertaken a review of the controls in place at Dacorum Borough Council in relation to IT Asset Management.

2.2. Scope of the Audit

The review focused on providing an independent and objective opinion on the degree to which the Council manages the risks associated with IT asset management, and assessed whether the current arrangements are robust and sufficient relative to the risk identified in relation to the following areas:

- IT Asset Management Policy is in place to aid managing the IT estate, the policy is up to date and available to all IT staff. Responsibility for asset management has been designated.
- All assets are updated to the IT asset register and detailed records are held of hardware equipment and software. The IT asset register is up-to date and an independent annual check of the asset register is completed. Access to the asset register is restricted.
- New equipment or equipment awaiting disposal is held securely, equipment is securely marked and visibly protected. Software licences and original media are held centrally.
- Documented procedures are in place to manage any loss of IT equipment in the council and losses are logged in a database or register.
- A disposal policy and procedure is in place for assets. Disposal facilities are available for the secure disposal of data and IT assets and disposal or destruction certificates are provided.











The audit approach was developed by an assessment of risks and management controls operating within each area of the scope. The following procedures were adopted:

- Identification of the role and objective of each area;
- Identification of risks relating to the auditable area and the controls in place that enable the control objectives to be achieved;
- Evaluation and testing of controls within the system.

3. Assessment of Control Environment

The following table sets out in summary the control objectives we have covered as part of this audit. Our assessment of risk based on the adequacy of controls in place, the effectiveness of the controls tested and any resultant recommendations.

The classifications of our assessment of risk for the design and operation of controls are set out in more detail in Appendix A.

Control Objectives Assessed	Design of Controls	Operation of Controls	Recommendations Raised
An IT Asset Management Policy is in place to aid managing the IT estate, the policy is up to date and available to all IT staff. Responsibility for asset management has been designated.			
All assets are updated to the IT asset register and detailed records are held of hardware equipment and software. The IT asset register is up-to date and an independent annual check of the asset register is completed. Access to the asset register is restricted.			Recommendation 1 (P2)
New equipment or equipment awaiting disposal is held securely. Equipment is securely marked and visibly protected. Software licences and original media are held centrally.			
Documented procedures are in place to manage loss of IT equipment in the council. Losses are logged in a database or register.			Recommendation 2 (P2)
A disposal policy and procedure is in place for assets. Disposal facilities are available for the secure disposal of data and IT assets and disposal or destruction certificates are provided.			

The classifications of our assessment of risk for the design and operation of controls are set out in more detail in Appendix A.

4. Observations and Recommendations

Recommendation 1: Annual sample check of software and hardware assets. (Priority 2).

Recommendation

There should be an annual sample check of the Asset register and this should be documented for hardware and software. This could be linked with checks of equipment not logged in for 90 days.

Observation

From discussions with the ICT Operations Team Leader, and some compliance testing of the CMDB system, it was found that assets are updated to the IT asset register and detailed records are held of hardware equipment. Software is being recorded on an excel spreadsheet currently. It has been agreed that this will also be transferred over to the CMDB to enable all information to be held in one place.

The IT register is kept up-to date by the service desk staff, but there are no annual checks of the asset register being completed to ensure all assets are still held within the council's environment.

Where an asset register is not maintained and kept up to date, there is a risk that items will not be appropriately logged for insurance purposes and any losses will not be identifiable.

Responsibility:

Group Manager (Technology and Digital Transformation)

Management response / deadline:

ICT are happy to accept this recommendation and will undertake and document the first annual sample check at the end of the Financial Year (April 2019).

We will link the sample check to check of equipment not logged in for 90 days, using the Dovestones True Last Logon software, which is installed on the Service Desk server.





**Recommendation 2: Reconciliation between Finance and ICT assets registers.
(Priority 2).**

<p>Recommendation</p> <p>A reconciliation should be carried out between finance and ICT to ensure all assets over the de minimus capital threshold that are stated within the CMDB are recorded within the Council's Fixed Asset Register.</p>
<p>Observation</p> <p>From discussions with the Accountant and ICT Operations Team Leader, it was noted that IT assets purchased from the ICT capital budget are recorded in the council's fixed asset register and are included within the council's statement of accounts.</p> <p>Currently there are no reconciliations carried out between finance and ICT to ensure all ICT assets above the de minimus capital threshold are recorded within the Council's fixed asset register, enabling timely depreciation of assets, or maximise ROI.</p> <p>As finance are not carrying out any reconciliations to the IT asset register, the accountant stated "IT's asset register holds information in greater detail than the fixed asset register. Finance are recording similar groups of equipment as one asset". Reconciling can help to ensure disposals and assets are recorded and valued accurately and correctly.</p>
<p>Responsibility:</p> <p>Group Manager (Technology and Digital Transformation)</p> <p>Group Manager (Financial Services)</p>
<p>Management response / deadline:</p> <p>Finance and ICT will work together to implement a reconciliation process within a 6 month period. The aim of this reconciliation would be to provide assurance that data held in the Council's asset register in respect of IT equipment supports the asset register's purpose - to ensure that assets above our capital de minimus are recorded, valued and depreciated appropriately.</p>

Appendix A - Reporting Definitions

Audit assessment

In order to provide management with an assessment of the adequacy and effectiveness of their systems of internal control, the following definitions are used:

Level	Symbol	Evaluation Assessment	Testing Assessment
Full		There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied.
Substantial		Whilst there is a basically sound system of internal control design, there are weaknesses in design which may place some of the system objectives at risk.	There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
Limited		Weaknesses in the system of internal control design are such as to put the system objectives at risk.	The level of non-compliance puts the system objectives at risk.
Nil		Control is generally weak leaving the system open to significant error or abuse.	Significant non-compliance with basic controls leaves the system open to error or abuse.

The assessment gradings provided here are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board and as such the grading of 'Full' does not imply that there are no risks to the stated control objectives.

Grading of recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
Priority 1	Recommendations which are fundamental to the system and upon which the organisation should take immediate action.
Priority 2	Recommendations which, although not fundamental to the system, provide scope for improvements to be made.
Priority 3	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed.
System Improvement Opportunity	Issues concerning potential opportunities for management to improve the operational efficiency and/or effectiveness of the system.

Appendix B - Staff Interviewed

The following personnel were consulted:

Audit sponsor: Nigel Howcutt – Assistant Director, Finance & Resources

Audit Contacts: Matt Rawdon – Group Manager, People and Performance

Gary Osler – ICT Operations Team Leader

Andrew Linden – Commissioning, Procurement and Compliance Manager

Jackie Doyle – Service Accountant

We would like to thank the staff involved for their co-operation during the audit.

Appendix C Statement of Responsibility

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

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any 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.

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.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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Registered in England and Wales No 0C308299.



Dacorum Borough Council

Final Internal Audit Report

Commercial Asset Management (Garages)

November 2018

This report has been prepared on the basis of the limitations set out on page 10.

CONFIDENTIAL

Distribution List:

Layna Warden – Group Manager (Tenants and Leaseholders)

Richard Rice – Group Manager (Commercial Assets & Property Development)

Fiona Williamson - Assistant Director (Housing)

Nigel Howcutt - Assistant Director (Finance and Resources)

Mark Gaynor – Corporate Director (Housing and Regeneration (Final Only)

James Deane - Corporate Director (Finance and Operations)(Final Only)

Sally Marshall - Chief Executive (Final Only)

Key Dates:

Date of fieldwork: 10th September 2018

Date of draft report: 31st October 2018

Receipt of responses: 12th November 2018

Date of final report: 13th November 2018

Status of our reports

This report ("Report") was prepared by Mazars LLP at the request of Dacorum Borough Council and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of Dacorum Borough Council and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in Appendix C of this report for further information about responsibilities, limitations and confidentiality.

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1. Executive Summary

1.1. Background

As part of the Internal Audit Plan for 2018/19, we completed a risk based audit of the processes in place for Commercial Asset Management (Garages).

1.2. Audit Objective and Scope

The overall objective of this audit was to provide assurance over the adequacy and effectiveness of current controls over the management of garages within the Borough, and provide guidance on how to improve the current controls going forward.

In summary, the scope covered the following areas: Policies and Procedures, Disposals, Vacant/Void Garages, Maintenance/Repairs, Budgeting and Income, Debt Recovery, Monitoring and Repossession and Management Information.

Summary Assessment

Our audit of the Council's internal controls operating over the management of garages found there whilst there is a basically sound system of internal control design, there are weaknesses in design which may place some of the system objectives at risk. While controls are generally operating effectively, there are weaknesses which put some of the system objectives at risk.

Our assessment in terms of the design of, and compliance with, the system of internal control covered is set out below:

Evaluation Assessment	Testing Assessment
Substantial	Substantial

Management should be aware that our internal audit work was performed according to UK Public Sector Internal Audit Standards (PSIAS) which are different from audits performed in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. Similarly, the assurance gradings provided in our internal audit report are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.

The classifications of our audit assessments and priority ratings definitions for our recommendations are set out in more detail in Appendix A, whilst further analysis of the control environment over Commercial Asset Management (Garages) is shown in Section 3.

1.3. Key Findings

We have raised two priority 2 recommendations and one priority 3 recommendation, where we believe there is scope for improvement within the control environment. These are set out below:

- Management of Garages (Priority 2)
- Maintenance and Repairs – Process and Procedure (Priority 2)
- Management Information – Lack of KPIs (Priority 3)

It was noted at the time of audit that there was a lack of progress on disposals of garages that were agreed by cabinet in September 2014. A Garages Disposal Strategy was being drafted and is due to be discussed at the Budget Review Group in November 2018 and therefore no specific recommendation has been raised.

Full details of the audit findings and recommendations are shown in Section 4 of the report.

1.4. Management Response

We received the management responses in a timely manner and these have been included in the main body of the report.

1.5. Acknowledgement

We would like to take this opportunity to thank all staff involved for their time and co-operation during the course of this visit.

2. Scope of Assignment

2.1. Objective

The overall objective of this audit was to provide assurance that the systems of control in respect of Commercial Asset Management (Garages), with regards to the areas set out in section 2.3, are adequate and are being consistently applied.

2.2. Approach and Methodology

The following procedures were adopted to identify and assess risks and controls and thus enable us to recommend control improvements:

- discussions with key members of staff to ascertain the nature of the systems in operation;
- evaluation of the current systems of internal control through walk-through and other non- statistical sample testing;
- identification of control weaknesses and potential process improvement opportunities;
- discussion of our findings with management and further development of our recommendations; and
- preparation and agreement of a draft report with the process owner.

2.3. Areas Covered

The audit was carried out to evaluate and test controls over the following areas:

Policies, Procedures, Roles & Responsibilities

Appropriate, policies and procedures are in place for staff to manage the Council's garages portfolio in an operationally and financially effective manner. Roles and responsibilities of key officers have been documented and communicated.

Disposals

A clear plan for the disposals of garages is in place and is based on maximising income or capital receipts. There are clear procedures in place for the disposal of garages that are designed to minimise vacancy time. Appropriate authorisation for disposal of garages is part of the procedures.

Vacant / Void Garages

All vacant or void properties should be identified and robust procedures should be in place to ensure that void times are minimised. Appropriate management of waiting lists to ensure that garages are re-let in a timely manner and waiting times for garages are reduced. There is alignment between planned maintenance work and vacant garages to ensure income is not lost whilst maintenance is undertaken.

Maintenance / Repairs

Expenditure on properties is subject to sound control, including the maintenance of properties, stock condition surveys and the procedures for emergency works. The planned maintenance and repairs for garages are undertaken on a priority basis to ensure that there is an efficient use of budgets focused on maximising income and reducing expenditure on potential disposal sites.

Budgeting and Income

The charging structure set for garages is completed by a suitably qualified person, takes consideration of key factors including the implications on overall income levels for the council and this is documented and authorised appropriately. Annual reviews of the current rent levels are carried out by a suitably qualified person and include input from the Income team in regards to overall impact for the councils Finances. The annual income budget for garages is set based on the existing level of garages held to ensure an appropriate target is set taking into account disposals, levels of voids and levels of rent arrears. All income due to the Council for Council garages is collected in full and recorded accurately within the Council's systems.

Debt Recovery, Monitoring and Repossession

All efforts are made to maximise the income recovered in full and in a timely manner in accordance with the team recovery procedures. Where non-compliance with licence conditions and/or non-payment is identified, the Council promptly repossesses the garage.















Management Information

Management information is accurate, complete, relevant, and timely to allow effective management decision making. Performance of the service is maximised and that any failure to fully achieve service objectives is identified and addressed. The service operates within the agreed financial constraints. Any variances are promptly identified and an effective course of action taken.

3. Assessment of Control Environment

The following table sets out in summary the control objectives we have covered as part of this audit, our assessment of risk based on the adequacy of controls in place, the effectiveness of the controls tested and any resultant recommendations.

The classifications of our assessment of risk for the design and operation of controls are set out in more detail in Appendix A.

Control Objectives Assessed	Design of Controls	Operation of Controls	Recommendations Raised
Policies, Procedures, Roles & Responsibilities			Recommendation 1
Disposals			
Vacant / Void Garages			
Maintenance / Repairs			Recommendation 2
Budgeting and Income			
Debt Recovery, Monitoring and Repossession			
Management Information			Recommendation 3

The classifications of our assessment of risk for the design and operation of controls are set out in more detail in Appendix A.

4. Observations and Recommendations

Recommendation 1: Management of Garages (Priority 2)

<p>Recommendation</p> <p>The roles and responsibilities for overall management of the garages should be clearly defined and clear lines of communication between all those responsible should be established.</p> <p>A performance reporting framework should be developed, which will ensure that relevant information is available to aid decision making.</p>
<p>Observation</p> <p>The responsibilities for managing different elements of the Garages lies across a number of roles including the Garages Manager, Housing Officers, Finance Staff and the Interim Group Manager Property and Place.</p> <p>On a monthly basis, a management meeting takes place where these various roles meet to discuss key factors in regards to garages including performance against budget, repairs and maintenance, void levels, arrears levels etc.</p> <p>However, it was noted there is a risk of conflicting management objectives between the disposal of garages to generate capital receipts and the need to increase revenue through increased letting and therefore increased garages rent. Moreover there was a lack of awareness across those responsible on the progress being made on garages including status of disposals and new repairs approvals limits.</p> <p>Therefore there is a risk that poor communication and conflicting management objectives result in ineffective management of the garages at the Council.</p>
<p>Responsibility</p> <p>Group Manager (Tenants and Leaseholders) and Group Manager (Commercial Assets & Property Development)</p>
<p>Management response / deadline</p> <p>The monthly garage meeting has good representative from all services that have responsibility for delivery. Standing items are on the agenda and minutes and actions are recorded.</p> <p>A report which details the void status, income collection levels and any changes is already circulated on a monthly basis. This will be incorporated as a regular agenda item along with KPI performance to ensure a focus on overall performance is considered across the services so decisions can be based on evidence and strategic direction.</p> <p>A formal Terms of Reference will be created for this meeting to set out the roles and responsibilities of relevant officers. This document will capture the Councils strategic objectives for the next 3 years in relation to managing garages and will set out the key delivery drivers of the group meeting to achieve these objectives. The Group Manager - Tenants and Leaseholders and Group Manager - Commercial Assets & Property Development will be jointly responsible for reporting on these outcomes to relevant members of the Corporate Management Team. These objectives will be circulated to staff and partners ensuring that all are working towards clearly defined goals.</p> <p>Deadline 31 January 2019</p>

Recommendation 2: Maintenance and Repairs – Process and Procedure (Priority 2)

<p>Recommendation</p> <p>An internal documented procedure should be updated to reflect the current guidelines for arranging repairs and all staff involved in the garage repairs process should be fully aware of the current process to follow.</p>
<p>Observation</p> <p>The procedures that are to be followed, when repairs need to be carried out on garages, should be documented to ensure that correct working practices are followed.</p> <p>There is no up to date, formally documented procedure in place for repairs that guides members of staff at Dacorum. There is a handbook available to tenants, which informs tenants that they can contact Osbourne (the contractor used for repairs) directly to arrange repair work. Audit were informed that any Dacorum staff who identify works that are required will contact the Garage Management Officer (GMO), who will raise this with Osbourne.</p> <p>The process for making garage repairs was updated in August 2018, shortly before the audit was undertaken, and the authority limit for garages was reduced from £3k to £300 to be more aligned with overall cost of garages. Audit were informed that meetings were held with Osbornes and the repairs surveyors to make them aware of this process. However to ensure the new process is fully embedded with all staff in the garage repairs process the new procedures should be produced and be clearly communicated to all staff. There is a risk that staff are not aware of and are not following the correct repairs process that is in place leading to ineffective use of repairs budgets.</p>
<p>Responsibility</p> <p>Group Manager (Property and Place)</p>
<p>Management response / deadline</p> <p>The permanent Group Manager for Property and Place has now been appointed and is responsible for overseeing the procedures that relate to the garage repairs and maintenance.</p> <p>Updates to the procedure documents will be undertaken to reflect the revisions in the process, including reductions in financial thresholds The procedure documents will be communicated to all responsible staff members at Team Meetings and issued on the team site to ensure these are embedded in the day-to-day operation of the service.</p> <p>Deadline 31st December 2018</p>

Recommendation 3: Management Information – KPI's (Priority 3)**Recommendation**

A number of additional Key Performance Indicators should be considered to allow for a more effective review of Garages performance. These could include but not be limited to:

- Void Levels;
- Arrears Levels;
- No. of Commencements;
- No. of Repossessions;
- Average no. of days between lets; and
- Value and Quantity of Garage reactionary repairs.

Moreover, we have noted from the housing sector, that other granular performance measures are commonly used, such as the time taken to collect keys to enable repairs to take place, the time taken until works are completed and ready for re-let.

Observation

The Council uses the Rocket system to monitor performance and the agreed Key Performance Indicators (KPI's) for the Council are stored on the system to allow this to take place.

There are currently only three KPI for Garages, which relate to achieving the budgeted income, number of lets and number of terminations in the month.

There is a risk that an effective oversight of Garages performance does not take place due to lack of appropriate key performance indicators.

Responsibility

Group Manager (Tenants and Leaseholders)

Management response / deadline





A review of possible indicators will be carried out to ensure that performance is effectively monitored. These will cover a number of service areas to enable scrutiny across repairs, lettings and number of voids. All KPIs will be discussed at each monthly garage meeting so decisions can be made based on this evidence. Best practice will be considered when creating all new indicators and these will be reviewed to be incorporated into the performance framework set out in Recommendation 1.

Deadline – 16th November 2018

Appendix A – Reporting Definitions

Audit assessment

In order to provide management with an assessment of the adequacy and effectiveness of their systems of internal control, the following definitions are used:

Level	Symbol	Adequacy of System Design	Effectiveness of Operating Controls
Full		There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied, or any weaknesses identified do not affect key controls and are unlikely to impair the achievement of the objectives of the system.
Substantial		Whilst there is a basically sound system of internal control design, there are weaknesses in design which may place some of the system objectives at risk.	While controls are generally operating effectively, there are weaknesses which put some of the system objectives at risk.
Limited		Weaknesses in the system of internal control design are such as to put the system objectives at risk.	The level of non-compliance puts the system objectives at risk.
Nil		Control is generally weak leaving the system open to significant error or abuse.	Significant non-compliance with basic controls leaves the system open to error or abuse.

The assessment gradings provided here are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board and as such the grading of 'Full' does not imply that there are no risks to the stated control objectives.

Grading of recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
Priority 1	Recommendations which are fundamental to the system and upon which the organisation should take immediate action. Major issues for the attention of senior management and the Audit Committee
Priority 2	Recommendations which, although not fundamental to the system, provide scope for improvements to be made. Recommendations for local management action in their areas of responsibility.
Priority 3	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed. Detailed problems of a minor nature resolved on site through discussions with local management.

Appendix B - Staff Interviewed

The following personnel were consulted:

- Vindhya Shetty – Debit Control Officer
- Aadil Ahmed - Housing Officer, Income
- Katie Kiely – Team Leader
- Corey Hackett - Garages Manager
- Iqra Meer - Risk and Compliance Officer (Housing)
- Ian Prendergast - Interim Group Manager Property and Place
- Layna Warden – Group Manager (Tenants and Leaseholders)
- Fiona Jump – Group Manager (Finance and Resources)
- Richard Rice – Group Manager (Commercial Assets and Property Development)
- Fiona Williamson - Assistant Director (Housing)

We would like to thank the staff involved for their co-operation during the audit.

Appendix C Statement of Responsibility

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

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any 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.

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.

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Agenda Item 10

November 2018

AUDIT COMMITTEE: Work Programme 2018-19

MEETING DATE	DEADLINE TO MONITORING OFFICER	DEADLINE TO MEMBER SUPPORT	ITEMS:	WHO RESPONSIBLE
21/11/18		12/11/18	External Audit Progress Report	Grant Thornton
			Internal Audit Progress Report	Internal Audit (Mazars)
			Completed Service Reports <ul style="list-style-type: none"> • ICT • Council Tax • NNDR • Benefits 	Internal Audit (Mazars)
			Strategic Risk Register	DBC - Finance
06/02/19		28/1/19	External Audit Progress Report	Grant Thornton
			Internal Audit Progress Report	Internal Audit (Mazars)
			Completed Service Reports <ul style="list-style-type: none"> • Core Financials • Business Continuity • Procurement • Benefits/Savings Realisation 	Internal Audit (Mazars)
			Strategic Risk Register	DBC - Finance
27/03/19		18/03/19	External Audit Progress Report	Grant Thornton

			Internal Audit Progress Report	Internal Audit (Mazars)
			Progress Report <ul style="list-style-type: none"> • Budgetary Control • Governance and Risk Management • Planning 	Internal Audit (Mazars)
			Strategic Risk Register	DBC - Finance