



Dacorum Borough Council

Draft Internal Audit Operational Plan 2019/20

January 2019

This report has been prepared on the basis of the limitations set out on page 6.

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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 at the end of this report for further information about responsibilities, limitations and confidentiality.

1. Background

This document sets out the Internal Audit operational plan for Dacorum Borough Council (DBC) 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.

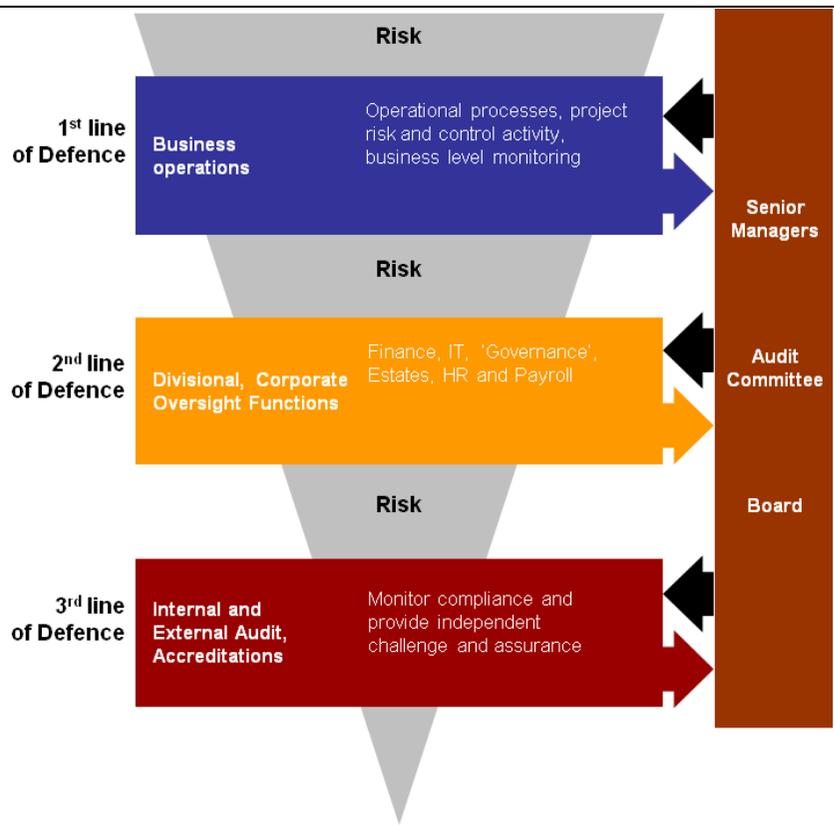
2. 2019/20 Audit Planning

As part of the audit planning for 2019/20, we have prepared a proposed plan of internal audit work for the period 1 April 2019 to 31 March 2020.

The Internal Audit Plan 2019/20 was developed based on:

- Review of the risks and priorities contained in DBC's strategic and operational risk registers;
- Review of DBC's key objectives, plans and frameworks; and
- Reference to previous audit and assurance work and the progress towards implementing recommendations.

Our strategy is based upon a three lines of defence model of assurance, which is shown in the diagram below. Internal audit seeks to identify assurances provided through the first and second lines of defence, and selects the most appropriate method for obtaining assurance to support the Head of Internal opinion and the Council's governance requirements.



The Internal Audit Plan 2019/20 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 2019/20.

Internal Audit Plan 2019/20

Appendix A

Assurance Requirement	Area	Scope	Risk no.	Risk Category	Planned Days 2019/20	Proposed Quarter 2019/20	Prior Audit/Assurance
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 areas.	Key Financial Systems	Financial/Operational	16	Q1-Q4	2017/18 Full/Substantial
	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.	Key Financial Systems	Financial/Operational	8	Q4	2017/18 Full/Full
	Council Tax	Covering adequacy and effectiveness of controls including liabilities, billing, cash collection, recovery and accounting.	Key Financial Systems	Operational	8	Q3	2017/18 Full/Full
	NNDR	Covering adequacy and effectiveness of controls including Business Rate Retention Scheme, income maximisation, fair revenue distribution and appeals.	Key Financial Systems	Operational / Business Change	8	Q3	2017/18 Full/Full
	Housing Benefit & Council Tax Support	Covering adequacy and effectiveness of controls including new claims, size criteria, benefit caps, amendments, backdated benefits, payments and reconciliations.	Key Financial Systems	Operational / Business Change	8	Q3	2017/18 Full/Substantial
	Payroll & Pensions Administration	Covering of the adequacy and effectiveness of controls over starters, leavers, amendments, etc.	Key Financial Systems	Operational	8	Q1	2016/17 Full/Full
Core Financial Systems Total					56		

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Assurance Requirement	Area	Scope	Risk no.	Risk Category	Planned Days 2019/20	Proposed Quarter 2019/20	Prior Audit/Assurance
Operational Risks	Community Safety Partnerships	Covering adequacy and effectiveness of controls over community safety, including governance, monitoring of priorities, award of grant funding and performance management.	ND_R03	Operational	7	Q2	New
	Apprenticeships Scheme & Levy	Covering controls in place over compliance with the scheme requirements, maximisation of take up and integration into organisation	PP_R016	Financial/Operational	5	Q4	New
	Housing Rents	Covering adequacy and effectiveness of controls over the management of housing rents and service charges, including collection of rent arrears.	F6, F7	Financial	10	Q1	2018/19 Full / Substantial
Operational Risks Total					22		
Strategic Risks	VAT – Making Tax Digital	To confirm the Council's systems and processes are MTD compliant.	-	Regulatory/Financial	15	Q1	New
	Leisure Services Contract Management	Covering adequacy and effectiveness of controls over management and monitoring of the new Leisure Contract.	PP_R014	Infrastructure	12	Q2	New
	Capital Programme	To review the Council's controls in place to prevent slippage of significant capital projects. The review will also look at the whole approach that the Council takes with a focus on particular projects.	FR_F02	Reputational/Financial	15	Q3	2017/18 Full / Substantial
Strategic Risks Total					42		
ICT	Disaster Recovery	The specific areas will be agreed with management but suggestions could include IT Asset Management, Disaster Recovery, Change Management, IT Project Management	PP_R018	Technical/Operational	15	Q2 and Q3	
ICT/Comms	Social Media Review	Review present controls and training in place for officers involved in Social Media. Gap analysis on where we do and do not use SM and where improvements could be made.	PP_R015	Technical/Operational	10	Q2	
ICT Total					25		
Governance, Fraud & Other Assurance Methods	Fraud	A review of the Fraud training programme, processes and communications.	All	All	10	Q1	New
	Governance Role	Review of the new member induction and training processes and delivery. Prior to May and the next round of new member inductions and training post the 2019 elections.	All	Operational	10	Q3	New
	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	10	Q1-Q4	

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Assurance Requirement	Area	Scope	Risk no.	Risk Category	Planned Days 2019/20	Proposed Quarter 2019/20	Prior Audit/Assurance
	Governance and Risk Management	Resources to assist in the development of Corporate/ Directorate Risk Registers, the use of CRSA to provide assurance that managers understand their requirements and take ownership of their responsibilities. Risk Management workshops/training.		All	20	Q1-Q4	
Fraud & Other Assurance Methods Total					50		
Other	Follow-up of Recommendations	Follow-up of all priority 1 and 2 recommendations made in final reports issued.			10		
	Audit Management	Includes audit planning, annual audit report, committee reports, attending committee meetings, holding meetings with the External Auditor, giving advice on audit matters as well as general management of the internal audit service.			20		
	Ad Hoc	Contingency allocation to be utilised upon agreement of the Director (Finance & Operations).			25		
Other Total					55		
Total					250		

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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