



Dacorum Borough Council

Internal Audit Operational Plan 2016/17

April 2016

This report has been prepared on the basis of the limitations set out on page 5.

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1. Background

This document sets out the 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. 2016/17 Audit Planning

As part of the audit planning, for 2016/17 we have prepared a proposed plan of internal audit work for the period 1 April 2016 to 31 March 2017.

The Internal Audit Plan 2016/17 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; and
- Reference to previous audit and assurance work and the progress towards implementing recommendations.

The Internal Audit Plan 2016/17 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 2016/17.

Internal Audit Plan 2016/17

Appendix A

Assurance Requirement	Area	Scope	Risk no.	Risk Category	Planned Days 2016/17	Proposed Quarter 2016/17
Core Financial Systems	Main Accounting	Audits previously given Full Assurance: the audit will cover the adequacy and effectiveness of the Key Controls in place across the four areas. Other controls tested will include any new controls operating for the first time in 2016/17, any controls where there is perceived to be a weakness, and a judgmental sample of other controls in operation across the four areas.	F7	Operational	15	Q3
	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.	F7, FR_F03	Operational	7	Q4
	Council Tax	Covering adequacy and effectiveness of controls including liabilities, billing, cash collection, recovery and accounting. CRSA to be applied.	FR_R01	Operational	8	Q3
	NNDR	Covering adequacy and effectiveness of controls including Business Rate Retention Scheme, liabilities, billing, cash collection, recovery and accounting. CRSA to be applied.	FR_R01	Operational / Business Change	6	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	8	Q4
	Payroll and Pensions Administration	Covering adequacy and effectiveness of controls over starters, leavers, amendments, etc.	C6	Operational	8	Q3
Core Financial Systems Total					52	

Assurance Requirement	Area	Scope	Risk no.	Risk Category	Planned Days 2016/17	Proposed Quarter 2016/17
Operational Risks	Homelessness	Covering adequacy and effectiveness of controls over homelessness, including the approach to developing the Homelessness Prevention Strategy	HL_F02	Operational	10	Q2
	Contract Management	Covering adequacy and effectiveness of the Council's corporate approach to contract management.	ND_F01, HL_F03, CE_R08	Operational	10	Q2
	Housing Rents	Covering adequacy and effectiveness of controls over the management of housing rents and service charges, including collection of rent arrears.	F6	Operational	10	Q1
	Human Resources	Covering adequacy and effectiveness of key controls over recruitment, workforce planning, sickness absence and training	C5,C6, ND_I03	Operational	10	Q4
Operational Risks Total					40	
Assurance Requirement	Area	Scope	Risk no.	Risk Category	Planned Days 2016/17	Proposed Quarter 2016/17
Strategic Risks	Community Infrastructure Levy	Covering adequacy and effectiveness of controls over the introduction of the levy, including its collection and accounting processes.	I3	External / Emerging	15	Q1
	Programme/Project Management	Programme/Project management assurance in respect of Digital Dacorum. A sample of projects in the programme will be selected.	PP_R011	Business Change	15	Q3
	Commercial Asset Management	Assurance over the design and application of controls relating to areas such as asset management strategy, void management and performance management.	FR_I02	Operational	14	Q1
Strategic Risks Total					44	
Assurance Requirement	Area	Scope	Risk no.	Risk Category	Planned Days 2016/17	Proposed Quarter 2016/17
ICT	ICT Security	The specific scope will be agreed with management but would look to provide assurance over policies and procedures, access controls and incident management.	C7	Operational		Q3
	Digital Dacorum (including CRM)	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.	C7, R5	Operational / Business Change		Q1

ICT Total					30	
Governance, Fraud & Other Assurance Methods	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
	Governance and Risk Management	The use of CRSA to provide assurance that managers understand their requirements and take ownership of their responsibilities		All	10	Q4
	Continuous Auditing/Data Mining	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. Suggested areas of review are Payroll and Asset Management.		Operational	12	Q1-Q4
	Benefit/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.	C6, F7	Operational	10	Q3
Fraud & Other Assurance Methods Total					42	
Other	Follow-up of Recommendations	Follow-up of all priority 1 and 2 recommendations made in final reports issued.			10	
	Management (including Audit Committee Training)				25	
	Ad Hoc	Contingency allocation to be utilised upon agreement of the Director (Finance & Operations). -Housing Allocations -The Forum			15	Q1 Q3
					10 5	
Other Total					65	
Total					273	

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 LLP

London

April 2016

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