



Dacorum Borough Council

**Draft Internal Audit Operational Plan  
2015/16**

June 2015

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 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. 2015/16 Audit Planning

As part of the audit planning, for 2015/16 we have prepared a proposed plan of internal audit work for the period 1 April 2015 to 31 March 2016.

The Internal Audit Plan 2015/16 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 2015/16 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 2015/16.

## Internal Audit Plan 2015/16

## Appendix A

Assurance Requirement	Area	Scope	Risk no.	Risk Category	Planned Days 2015/16	Proposed Quarter 2015/16
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 2015/16, any controls where there is perceived to be a weakness, and a judgmental sample of other controls in operation across the four areas.	F1	Operational	21	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.	F1,	Operational	8	Q4
	Council Tax	Covering adequacy and effectiveness of controls including liabilities, billing, cash collection, recovery and accounting. CRSA to be applied.	F1,	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.	F1,	Operational / Business Change	8	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.	F1,	Operational / Business Change	10	Q4
<b>Core Financial Systems Total</b>					<b>55</b>	

Assurance Requirement	Area	Scope	Risk no.	Risk Category	Planned Days 2015/16	Proposed Quarter 2015/16
Operational Risks	Housing Repairs	Covering adequacy and effectiveness of controls over the management of planned and responsive repairs and the demonstration of value for money. The audit will also cover contract management arrangements in place.	F1, F2	Operational	12	Q2
	Parking	Covering adequacy and effectiveness of the controls in place over income collection for on street and off street parking. The audit will also cover contract management arrangements in place.	F2	Operational	12	Q2
	Licencing	Covering adequacy and effectiveness of key controls over applications for and granting of licences and enforcement of those licences.	M2	Operational	8	Q2
	Members Training and Expenses	Covering adequacy and effectiveness of key controls over training and expenses following the elections.	CE_M02	Operational	8	Q4
	Housing Lettings	Covering adequacy and effectiveness of key controls over the allocations process once properties are available to let.	M2	Operational	10	Q4
<b>Operational Risks Total</b>					<b>50</b>	
Assurance Requirement	Area	Scope	Risk no.	Risk Category	Planned Days 2015/16	Proposed Quarter 2015/16
Strategic Risks	Regeneration	Project management assurance in respect of significant regeneration schemes and assurance over grant spending.	M1, CE_F01	External / Emerging	10	Q1
	Partnership Arrangements	Review the arrangements in place for joint strategic needs assessments and the changes in commissioning services and the controls in place for data and information sharing.	F2, M3, CE_M03	Operational / Business Change	10	Q3
	Health and Safety	Covering adequacy and effectiveness of controls over Health and Safety	I2	Operational	7	Q3
	Data Security	Covering adequacy and effectiveness of the Council's strategic approach to data security.	R3	Operational	7	Q2
	Performance Management	Covering adequacy and effectiveness of controls in place regarding the performance management framework and progress in delivering strategic objectives.	FR_F03	Operational	10	Q3
<b>Strategic Risks Total</b>					<b>44</b>	

Assurance Requirement	Area	Scope	Risk no.	Risk Category	Planned Days 2015/16	Proposed Quarter 2015/16
ICT	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 the Caldicott requirements.	R3	Operational		Q1
	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.	CE_R09, CE_R11	Operational / Business Change		Q3
<b>ICT Total</b>					<b>30</b>	
<b>Governance, Fraud &amp; Other Assurance Methods</b>	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	10	Q1-Q4
	Control Risk Self Assessment including the Corporate Governance Framework	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, M2	All	13	Q1-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.	F1	Operational	10	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.	F1, M2, CE_R08	Operational	10	Q3
<b>Fraud &amp; Other Assurance Methods Total</b>					<b>43</b>	
<b>Other</b>	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). Risk Management Workshops Right to Buy			10 10 10	
<b>Other Total</b>					<b>65</b>	
<b>Total</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

#### June 2015

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