

Dorset County Council

Draft Internal Audit Plan 2018-19

Summary

The Internal Audit Plan represents a summary of the planned audit reviews that the internal audit team will deliver throughout the 2018/19 financial year.

For 2018/19, we have structured our draft plan around the Authority's four corporate outcomes as well as the eight themes of a healthy organisation.



Background and Approach to Audit Planning 2018/19

Internal Audit provides an independent and objective opinion on risk management, governance, and the control environment by evaluating its effectiveness.

Prior to the start of each financial year, SWAP, in conjunction with senior management, put together a proposed plan of audit work to provide assurance over a range of areas encompassing risk management, governance and internal control. This plan of work is constructed following review of DCC risk registers, as well as using SWAP's own risk assessment from our work across other partners. We also look to accommodate specific requests for assurance or advisory work from management. As with previous years the plan will remain flexible to respond to new and emerging risks as and when they are identified.

For the 2018/19 Internal Audit Plan, we have looked to align our programme of work with the Authority's four corporate outcomes and eight themes of the healthy organisation model. For all of our audit work we will look to incorporate the overarching themes of performance, compliance and value for money.

The outcomes of each of the audits in our planned programme of work, will provide officers and members with assurance that the current risks faced by the Authority in these areas are adequately controlled and managed. It will also allow us to form our overall end-of-year audit opinion.

It should be noted that the audit titles, scopes and plan days are only indicative at this stage for planning our resources. At the start of each audit, an initial discussion will be held to agree the specific terms of reference for the piece of work, which includes the objective and scope for the review.

Alongside our annual audit plan, we have included our Internal Audit Charter (Appendix 1). This includes the role, responsibility and status of internal audit within Dorset County Council.

Link to Corporate Outcome or Healthy Organisation Theme	Areas of Coverage and Brief Rationale	Audit Sponsor	Total Days 18/19
<p>Safe Everyone should feel safe, wherever they are</p>	<p>Fostering To evaluate the success of the initiative to increase the number of in-house foster carers, imperative to the reduction in the numbers of expensive placements for looked after children</p> <p>Children’s Social Care Caseload Management Following the investment of £1M to recruit additional Social Workers with the aim of reducing caseloads and making Dorset an attractive work environment for social care staff - To evaluate the success of this initiative and the mechanisms in place to ensure caseloads remain at manageable levels</p> <p>Effectiveness of Social Care Practice A review of the process of case file audits and the measurement of the impact of these on improving social care practice</p> <p>Readiness for Ofsted Inspection To provide assurance on the effectiveness of targeted Ofsted preparation work</p> <p>Mental Health Act To review the demands on the Out of Hours Service as a result of the Mental Health Act</p> <p>Deprivation of Liberty To assess the completion of statutory assessments within the required timescales</p>	<p>Nick Jarman</p> <p>Nick Jarman</p> <p>Nick Jarman</p> <p>Nick Jarman</p> <p>Helen Coombes</p> <p>Helen Coombes</p>	<p>105 Days</p>
<p>Healthy People are healthy and make good lifestyle choices</p>	<p>Livewell Dorset transfer To review the processes in place to ensure a smooth transfer for Public Health</p> <p>Dorset Waste Partnership An allocation of audit time for the Dorset Waste Partnership, to include reviews of Value for Money, and Enforcement</p> <p>Continuing Health Care A review of the pace of progress and success levels of CHC claim with CCG</p>	<p>David Phillips</p> <p>Karyn Punchard</p> <p>Helen Coombes</p>	<p>70 Days</p>
<p>Independent To live independent lives and have a choice over how we live</p>	<p>Thematic School Review: A process of visiting a sample of maintained schools to identify potential improvements and best practice to be shared across all Dorset maintained schools</p> <ul style="list-style-type: none"> Standards in Dorset Schools 	<p>Nick Jarman</p>	

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	<p><i>A review of the progress students make in Dorset Schools and the work of the DCC advisory team in supporting these improvements</i></p> <p>Individual School Audits <i>Tailored school audits undertaken at specific schools, identified through a risk-based approach</i></p> <p>Deferred Payments <i>DCC have a duty to offer deferred payment agreements, so people are not forced to sell their home in their lifetime to pay for care. This review will assess the effectiveness of the procedures in place to ensure that the value of the asset is maintained, and debts accrued appropriately accounted for</i></p>	<p>Nick Jarman</p> <p>Helen Coombes</p>	<p>50 Days</p>
<p>Prosperous <i>A thriving local economy provides us all with more opportunities</i></p>	<p>Management of Grants <i>Review of the management of grants across the Environment & Economy Directorate with a particular focus on Coast and Countryside grants</i></p> <p>Dorset Travel <i>The service is not currently shaped for a smaller budget resulting from a reduction in bus routes and subsequent reduction in concessionary fares. An audit review will aim to assist with this assessment work</i></p> <p>Local Enterprise Partnership <i>The scope of specific audit work to be confirmed, but will assist with scrutiny work undertaken by the Audit and Governance Committee</i></p> <p>Brexit Member/Officer Sub-Group <i>To provide internal audit expertise to support this group</i></p> <p>Grant Certification Work <i>To undertake various grant certification work across the authority, including regular sign off of the Dorset Family Matters Grant claim</i></p>	<p>Mike Harries</p> <p>Mike Harries</p> <p>Richard Bates</p> <p>Mike Harries</p> <p>Various</p>	<p>55 Days</p>
<p>Corporate Governance <i>Corporate Governance refers to the strategic management practices and values and beliefs by which the Council operates</i></p>	<p>Targeted Work for Audit & Governance Committee <i>The Audit & Governance Committee have identified a number of key areas for focussed scrutiny work, namely: ICT, HR, Procurement and Billing and oversight of the LEP. SWAP will be able to provide active support to the Committee in their scrutiny work</i></p> <p>Scheme of Delegation <i>Work to support the preparation and implementation of a revised Scheme of Delegation for the new authority</i></p> <p>Fraud/Whistleblowing <i>A targeted review using data analytics to identify areas of potential fraud</i></p>	<p>David Harris</p> <p>Jonathan Mair</p> <p>Jonathan Mair</p>	<p>65 Days</p>

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<p>Financial Management Effective Financial Management is the bedrock of any successful organisation and is vital to the ongoing ability of local authorities to deliver services that the public wants</p>	<p>Achievement of Savings Targets 2018-19 <i>A review of the planned savings within the 2018-19 budget and the achievement of these.</i></p> <p>Assumptions in Budget Planning 2018-19 <i>The budget for 2018-19 is based on a number of assumptions. What was the basis of the assumptions and how accurate are they.</i></p> <p>Pension Fund Investments Transfer <i>The pension fund investment management will be transferring to Brunel Investments Partnership meaning that DCC will no longer appoint fund managers. An audit review will assess the readiness for the transfer of £2.88B of assets</i></p> <p>Integration of A&CS Financial Assessments Team into Financial Services <i>The Financial Assessment Team will be moving under the management of Financial Services. This review will assess how the performance of the team is assessed</i></p> <p>Compliance with IR35 <i>A further audit to assess ongoing compliance with the IR35 regulations</i></p> <p>Reserves <i>A review of the use and movement of reserves across recent years</i></p> <p>Medium Term Financial Strategy <i>A review of the effectiveness of the medium term financial strategy</i></p> <p>Reactive Fraud Work <i>A provision of time to allow for fraud investigations</i></p>	<p>Richard Bates</p> <p>Richard Bates</p> <p>Richard Bates</p> <p>Richard Bates</p> <p>Richard Bates</p> <p>Richard Bates</p> <p>Richard Bates</p> <p>Richard Bates</p> <p>Various</p>	<p>130 Days</p>
<p>Risk Management Organisations which can demonstrate and operate under a structured and active risk management approach, are far more likely to be able to focus upon their key priorities and outcomes and, in doing so, take informed and robust decisions</p>	<p>Risk Management <i>A review of risk management across the authority with particular emphasis on risk management within project management. This review will assess the treatment and proactive responses to risks, rather than the identification of risks</i></p>	<p>Jonathan Mair</p>	<p>20 days</p>

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<p>Performance Management Performance management provides a transparent platform upon which the service is accountable to its citizens and service users for the effectiveness of its service provision and delivery of its objectives</p>	<p>Staff Performance Management <i>A review of the completion and quality of PDR's along with the assessment of completion of appropriate competencies in the award of competency increments</i></p> <p>Data and Performance Team <i>A review to assess whether the team is delivering expected outcomes for the organisation</i></p> <p>Data Quality – Mosaic <i>A review to assess the quality of data outputs from the system and whether the data produced is adequate to make timely and informed decisions</i></p> <p>Outcomes Tracker <i>A review of the of the outcomes tracker – does it contain clear, accurate and transparent information for staff, Members, and the public</i></p> <p>Follow up of previously agreed recommendations <i>Follow up of prior year 'Partial' audits and the implementation status of agreed actions</i></p>	<p>Jonathan Mair</p> <p>Jonathan Mair</p> <p>Helen Coombes/ Nick Jarman</p> <p>Jonathan Mair</p> <p>Various</p>	<p>135 Days</p>
<p>Commissioning & Procurement Assessing Procurement & Commissioning activity of a Local Authority is a critical determinant in establishing its effectiveness in both being able to deliver benefit for its community, but also in showing whether it can maximise value for money for its taxpayers</p>	<p>Public Health Contract Compliance <i>A review of the processes to ensure that services delivered under contract are compliant</i></p> <p>Dorset Care Framework <i>A review of the effectiveness of the new care framework and readiness to undertake joint commissioning with the CCG</i></p> <p>Property Maintenance Framework <i>A review of the new arrangements with a specific review of governance arrangements and the effectiveness in delivering improved services and reduced costs</i></p> <p>Supplier Resilience <i>To review the processes in place to mitigate against supplier chain failure and to identify the high-risk contracts in place</i></p>	<p>David Phillips</p> <p>Helen Coombes</p> <p>Richard Bates</p> <p>Richard Bates</p>	<p>60 Days</p>
<p>Information Management Effective Information Management will</p>	<p>General Data Protection Regulation <i>An audit to assess the level of ongoing compliance with GDPR</i></p>	<p>Jonathan Mair</p>	

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<p><i>facilitate and support effective working, better decision-making, improved customer service and business transformation</i></p>	<p>ICT Key Controls <i>Annual review of the key controls with the ICT environment</i></p> <p>Mosaic Post Implementation Review <i>Mosaic went live in November 2017; this review will examine controls such as systems access, workflow and change management, incident and problem management along with availability management</i></p> <p>Cyber Security <i>Management of firewall infrastructure</i></p> <p>WAN Management <i>Review to ensure maximum availability and resilience of the network</i></p> <p>Software Licensing <i>A review of Software Licence management and control, due to the increase of cloud based and hosted services</i></p> <p>Local Government Reorganisation – Technology Convergence <i>To examine specific programmes and work streams that will be identified for the technology aspect of LGR</i></p>	<p>Richard Pascoe</p> <p>Helen Coombes/ Nick Jarman</p> <p>Richard Pascoe</p> <p>Richard Pascoe</p> <p>Richard Pascoe</p> <p>Richard Pascoe</p>	<p>105 Days</p>
<p>Programme & Project Management <i>Organisations which can demonstrate and operate under a structured and active approach are far more likely to be able to focus their efforts and successfully achieve the delivery of anticipated outcomes</i></p>	<p>Preparations for Local Government Reorganisation <i>An allocation of audit time to review/provide support across the organisation as it approaches the implementation of a new Council.</i></p> <p><i>Audit work will be aligned to appropriate gateway reviews across the LGR programme. Potential areas for audit focus include:</i></p> <ul style="list-style-type: none"> • <i>Process and systems compatibility and convergence</i> • <i>Cultural implications/staff morale/communications</i> • <i>Member structure</i> • <i>Operating Model</i> • <i>Disaggregation</i> • <i>Due Diligence and Change Management</i> • <i>Asset Management (equipment, buildings, vehicles and cash)</i> • <i>Convergence of ICT platforms</i> • <i>Programme management</i> <p>Transformation Work <i>To be undertaken in the event of a postponement of LGR</i></p>	<p>Debbie Ward/ Jonathan Mair</p> <p>Debbie Ward/ Jonathan Mair</p>	<p>175 Days</p>

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<p>People & Asset Management</p> <p><i>Organisations which can demonstrate and operate under a structured and active approach to asset management are far more likely to be able to focus any available investment against key priorities and, as a direct result, deliver improved outcomes</i></p>	<p>Role of the Dorset Manager</p> <p><i>A review to ensure that there is adequate guidance/ procedural instruction/training for the role of a Dorset Manager, and then an assessment of compliance with this across the authority</i></p>	Jonathan Mair	<p>30 Days</p>
<p>Other</p>	<p>Ad Hoc Audit Advice Contingency for Emerging Risk Areas Audit Planning and Committee Reporting</p>		<p>67 Days</p>

The Internal Audit Charter

Purpose

The purpose of this Charter is to set out the nature, role, responsibility, status and authority of internal auditing within Dorset County Council, and to outline the scope of internal audit work.

Approval

This Charter was last approved by the Audit & Governance Committee on 13th March 2017 and is reviewed each year to confirm it remains accurate and up to date.

Provision of Internal Audit Services

The internal audit service is provided by the South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled company. This charter should be read in conjunction with the Service Agreement, which forms part of the legal agreement between the SWAP partners.

The budget for the provision of the internal audit service is determined by the Council, in conjunction with the Members Meeting. The general financial provisions are laid down in the legal agreement, including the level of financial contribution by the Council, and may only be amended by unanimous agreement of the Members Meeting. The budget is based on an audit needs assessment that was carried out when determining the Council's level of contribution to SWAP. This is reviewed each year by the Head of Internal Audit, Chief Financial Officer (as s151 Officer) in consultation with the Chief Executive of SWAP.

Role of Internal Audit

The Accounts and Audit (England) Regulations 2015, state that: *"A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the public sector internal auditing standards or guidance."*

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Responsibilities of Management and of Internal Audit

Management¹

Management is responsible for determining the scope, except where specified by statute, of internal audit work and for deciding the action to be taken on the outcome of, or findings from, their work. Management is responsible for ensuring SWAP has:

- the support of management and the Council; and
- direct access and freedom to report to senior management, including the Council's Chief Executive and the Audit & Governance Committee.

Management is responsible for maintaining internal controls, including proper accounting records and other management information suitable for running the Authority. Management is also responsible for the appropriate and effective management of risk.

Internal Audit

Internal audit is responsible for operating under the policies established by management in line with best practice.

Internal audit is responsible for conducting its work in accordance with the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS); SWAP has been independently assessed and found to be in Conformance with the Standards.

¹ In this instance Management refers to the Corporate Leadership Team

Internal audit is not responsible for any of the activities which it audits. SWAP staff will not assume responsibility for the design, installation, operation or control of any procedures. Members of SWAP who have transferred in to the department from other areas in Dorset County Council will not be asked to review any aspects of their previous department's work until one year has passed since they left that area.

Relationship with the External Auditors/Other Regulatory Bodies

Internal Audit will co-ordinate its work with others wherever this is beneficial to the organisation.

Status of Internal Audit in the Organisation

The Chief Executive of SWAP is responsible to the SWAP Board of Directors and the Members Meeting. The Chief Executive of SWAP and the Assistant Director also report to the Head of Internal Audit, Chief Financial Officer (as s151 Officer), and reports to the Audit & Governance Committee as set out below.

Appointment or removal of the Chief Executive of SWAP is the sole responsibility of the Members Meeting.

Scope and authority of Internal Audit work

There are no restrictions placed upon the scope of internal audit's work. SWAP staff engaged on internal audit work are entitled to receive and have access to whatever information or explanations they consider necessary to fulfil their responsibilities to senior management. In this regard, internal audit may have access to any records, personnel or physical property of Dorset County Council.

Internal audit work will normally include, but is not restricted to:

- reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- evaluating and appraising the risks associated with areas under review and make proposals for improving the management of risks;
- appraise the effectiveness and reliability of the enterprise risk management framework and recommend improvements where necessary;
- assist management and Members to identify risks and controls with regard to the objectives of the Council and its services;

- reviewing the systems established by management to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports, and determining whether Dorset County Council is in compliance;

- reviewing the means of safeguarding assets and, as appropriate, verifying the existence of assets;

- appraising the economy, efficiency and effectiveness with which resources are employed;

- reviewing operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned.

- reviewing the operations of the council in support of the Council's anti-fraud and corruption policy.

- at the specific request of management, internal audit may provide consultancy services provided:
 - the internal auditor's independence is not compromised
 - the internal audit service has the necessary skills to carry out the assignment, or can obtain such skills without undue cost or delay
 - the scope of the consultancy assignment is clearly defined and management have made proper provision for resources within the annual audit plan
 - management understand that the work being undertaken is not internal audit work.

Planning and Reporting

SWAP will submit to the Audit & Governance Committee, for approval, an annual internal audit plan, setting out the recommended scope of their work in the period.

The annual plan will be developed with reference to the risks the organisation will be facing in the forthcoming year, whilst providing a balance of current and on-going risks, reviewed on a cyclical basis. The plan will be reviewed on a quarterly basis to ensure it remains adequately resourced, current and addresses new and emerging risks.

SWAP will carry out the work as agreed, report the outcome and findings, and will make recommendations on the action to be taken as a result to the appropriate manager and Corporate Director. SWAP will report at least four times a year to the Audit Committee. SWAP will also report a summary of their findings, including any persistent and outstanding issues, to the Audit & Governance Committee on a regular basis.

Internal audit reports will normally be by means of a brief presentation to the relevant manager accompanied by a detailed report in writing. The detailed report will be copied to the relevant line management, who will already have been made fully aware of the detail and whose co-operation in preparing the summary report will have been sought. The detailed report will also be copied to the Head of Internal Audit, Chief Financial Officer (as s151 Officer) and to other relevant line management.

The Chief Executive of SWAP will submit an annual report to the Audit & Governance Committee providing an overall opinion of the status of risk and internal control within the council, based on the internal audit work conducted during the previous year.

In addition to the reporting lines outlined above, the Chief Executive of SWAP and the Assistant Director have the unreserved right to report directly to the Leader of the Council, the Chairman of the Audit Committee, the Council's Chief Executive Officer or the External Audit Manager.

February 2018