



# Dorset Council

## 2019-20 Internal Audit Plan – October-March

**Internal Audit ■ Risk ■ Special Investigations ■ Consultancy**

## The Internal Audit Plan 2019-20

This internal audit plan represents a summary of the proposed audit coverage that the internal audit team will deliver within the second half of the 2019/20 financial year.

Delivery of an internal audit programme of work that provides sufficient and appropriate coverage, will enable SWAP to provide a well-informed and comprehensive year-end annual internal audit opinion.

To develop an audit plan with appropriate coverage, SWAP have consulted with members of the Dorset Council Senior Leadership Team, as well as considering common high-risk areas for large local authorities.



### Approach to Internal Audit Planning 2019-20

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

Prior to the start of each financial year, SWAP, in conjunction with senior management, typically put together a proposed plan of audit work. The objective of our planning process and subsequent plans is to put us in a position to provide a well-informed and comprehensive annual audit opinion, based on sufficient and appropriate coverage of key business objectives, associated risks, and risk management processes.

However due to the fact that Dorset Council is still in its infancy, with the organisation's corporate objectives yet to be finalised, it has been difficult to align internal audit work with longer-term key organisational objectives and risks. Our approach to internal audit planning for 2019/20 has therefore also changed to reflect this. Instead of preparing a full twelve-month plan, we prepared a six-month 'Agile', work plan prior to the start of the financial year, containing a number of key areas of initial coverage.

We have been able to regularly re-visit and adjust our programme of audit work to ensure that it matches the changing risk profile of the organisation's operations, systems and controls. In addition, we have now prepared a second half-year plan which is detailed in **Appendix A** below. This plan has been compiled in consultation with Senior Management as well as SWAP's own risk assessment, including consideration of high-risk areas facing other local authorities.

In time SWAP will aim to align its audit work programme to the risk management process and the longer-term objectives of the Council which will be detailed within a Corporate Plan. The risk management process is currently under development and input is required from senior managers within the council to identify and assess the effectiveness of controls and the impact of residual risks within their service.

In order to help facilitate this process during a time of turbulence for the council, SWAP has allocated some time within the second half-year plan to assist Service Managers in populating their risk registers along gaining a better understanding of the control environment and risk profile of Dorset Council.



SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

## The Internal Audit Plan 2019-12

**Going forwards, we will look to align our audit programme of work with the risk management process and the longer-term objectives of the Council which will be detailed within a Corporate Plan.**

It should be noted that internal audit is only one source of assurance, and the outcomes of internal audit reviews should be considered alongside other sources, as part of the 'three lines of defence' assurance model. Key findings from our internal audit work should also be considered in conjunction with completion of the Authority's Annual Governance Statement.

**It is the responsibility of the Council's Senior Leadership Team (SLT), and the Audit and Governance Committee, to determine that the audit coverage contained within the proposed audit plan is sufficient and appropriate in providing independent assurance against the key risks faced by the organisation.**

## The Internal Audit Plan: SWAP

SWAP Internal Audit Services is a public sector, not-for-profit partnership, owned by the public sector partners that it serves. The SWAP Partnership now includes public sector partners, crossing eight Counties, but also providing services throughout the UK.



### Your Internal Audit Service

As a company, SWAP has adopted the following values, which we ask our clients to assess us against following every piece of work that we do:

- Candid
- Relevant
- Inclusive
- Innovative
- Dedicated

#### Audit Resources

The level of internal audit resource for 2019/20 was agreed by the Shadow Executive prior to the start of the financial year. The current internal audit resources available represent a sufficient and appropriate mix of seniority and skill to be effectively deployed to deliver the planned work. The key contacts in respect of your internal audit service for Dorset Council will be:

**Rupert Bamberger, Assistant Director – [rupert.bamberger@swapaudit.co.uk](mailto:rupert.bamberger@swapaudit.co.uk), 07720 312464**

**Sally White, Principal Auditor – [sally.white@swapaudit.co.uk](mailto:sally.white@swapaudit.co.uk), 01305 224488**

#### Conformance with Public Sector Internal Audit Standards

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

At least every five years, SWAP is subject to an External Quality Assessment of Internal Audit Activity. The last of these was carried out in March 2016 which confirmed conformance with the PSIAS.

#### Conflicts of Interest

We are not aware of any conflicts of interest within Dorset Council that would present an impairment to our independence or objectivity. Furthermore, we are satisfied that we will conform with our IIA Code of Ethics in relation to Integrity, Objectivity, Confidentiality, & Competency.

#### Consultancy Engagements

As part of our internal audit service, we may accept proposed consultancy engagements, based on the engagement's potential to improve management of risk, add value and improve the organisation's operations. Consultancy work that is accepted, will contribute to our annual opinion and will be included in our plan of work.

#### Approach to Fraud

Internal audit may assess the adequacy of the arrangements to prevent and detect irregularities, fraud and corruption. We have dedicated counter fraud resource available to undertake specific investigations if required.



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## The Internal Audit Plan: SWAP

Over and above our internal audit service delivery, SWAP will look to add value throughout the year wherever possible. This will include:

- **Benchmarking and sharing of best practice between our public-sector Partners**
- **Regular newsletters and bulletins containing emerging issues and risks**
- **Communication of fraud alerts received both regionally and nationally**
- **Annual Member training sessions**

However, the primary responsibility for preventing and detecting corruption, fraud and irregularities rests with management who should institute adequate systems of internal control, including clear objectives, segregation of duties and proper authorisation procedures.

### **Our Reporting**

A summary of internal audit activity will be reported quarterly to the Senior Leadership Team and the Audit & Governance Committee. This reporting will include any significant risk and control issues (including fraud risks), governance issues and other matters that require the attention of senior management and/or the Audit & Governance Committee. We will also report any response from management to a risk we have highlighted that, in our view, may be unacceptable to the organisation.

### **Internal Audit Performance:**

As part of our regular reporting to senior management and the Audit Committee, we will report on internal audit performance. The following performance targets will be used to measure the performance of our audit activity:

<b>Performance Measure</b>	<b>Performance Target</b>
<p style="text-align: center;"><b><u>Delivery of Annual Internal Audit Plan</u></b> Completed at Year End</p>	>90%
<p style="text-align: center;"><b><u>Quality of Audit Work</u></b> Overall Client Satisfaction <i>Did our audit work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation</i></p>	>95%
<p style="text-align: center;"><b><u>Outcomes from Audit Work</u></b> Value to the Organisation <i>Client view of whether our audit work met or exceeded expectations, in terms of value to their area</i></p>	>95%

*In order to ensure that during the first year of the new Dorset Council that the internal audit plan was sufficiently flexible to provide coverage of emerging risk and urgent assurance work, we initially provided an outline Quarter 1&2 plan. In consultation with SLT we have now prepared a proposed Internal Audit plan for October to March. It should be noted that the audit titles and high-level scopes included below 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.*

Link to Core Assurance Area	Areas of Coverage and Brief Rationale	Audit Sponsor/ Senior Management Lead
<p><b>Corporate Governance</b>  <i>Corporate Governance refers to the strategic management practices and values and beliefs by which the Council operates</i></p>	<p><b>Scheme of Nomination (Delegation)</b>  <i>A review of the schemes across the Directorates which have been updated following completion of tranche 1 of the structure</i></p> <p><b>Coroner's Service</b>  <i>A review to include the shared arrangements between DC and BCP</i></p>	<p><b>Jonathan Mair</b>  <i>Corporate Director for Legal and Democratic Services</i></p> <p><b>John Sellgren</b>  <i>Executive Director for Place</i></p>
<p><b>Financial Management</b>  <i>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</i></p>	<p><b>Achievement of Savings Plans</b>  <i>A review of the planned savings within the 2019-20 budget identified through the Shaping Dorset Programme and the achievement of these</i></p> <p><b>Key Financial Controls</b>  <i>A review of key financial controls in the following areas:</i></p> <p><b>Accounts Payable</b>  <b>Account Receivable</b>  <b>Payroll</b>  <b>Main Accounting</b>  <b>Treasury Management</b>  <b>Housing Benefits</b>  <b>Council Tax</b>  <b>Non-Domestic Rates</b></p> <p><b>Asset Valuation</b>  <i>A review of the process and preparedness for asset valuations for the 2019-20 accounts</i></p>	<p><b>Aidan Dunn</b>  <i>Executive Director Corporate Development</i></p>

	<p><b>Preparations for 2020-21 Budget</b> <i>Review of the Medium-Term Financial Plans and the process for budget setting and how the corporate plan and the budget sit together</i></p> <p><b>Review of Reserves</b> <i>A review to ensure that work undertaken to bring together the reserves from legacy councils has been effective resulting in accurate reserve figures and that going forward there is effective governance around reserves, use of reserves and that provisions are reasonable</i></p> <p><b>Duplicate Payment Identification Work</b> <i>Use of data analytics software to identify potential duplicate payments for investigation by Accounts Payable staff</i></p> <p><b>National Fraud Initiative</b> <i>To assist the Council in the monitoring and investigation of matches</i></p> <p><b>Grants to Partnerships and voluntary organisations</b> <i>A review to ensure a consistent approach is being applied across the new Dorset Council</i></p>	<p><b>John Sellgren</b> <i>Executive Director for Place</i></p>
<p><b>Risk Management</b> <i>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</i></p>	<p><b>Risk Management</b> <i>Assistance in developing the authority-wide risk management framework and process</i></p>	<p><b>Jonathan Mair</b> <i>Corporate Director for Legal and Democratic Services</i></p>
<p><b>Performance Management</b> <i>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</i></p>	<p><b>Follow Up work</b> <i>An allocation of time to ensure that key audit recommendations made during the last year of the sovereign council's existence have adequately transferred to the new Council and have been or will be actioned</i></p> <p><b>Corporate Performance</b> <i>To provide assurance that the corporate performance process is enabling appropriate capture and monitoring of the Council's performance</i></p>	<p><b>Various</b></p> <p><b>Matt Prosser</b> <i>Chief Executive</i></p>

	<p><b>Building Control</b>  <i>To provide assurance around the processes, procedures and convergence of the teams</i></p> <p><b>Dorset HomeChoice</b>  <i>To provide assurance that the arrangements across this pan Dorset service are sound</i></p> <p><b>Education, Health and Care Plans</b>  <i>A review of quality assurance and monitoring processes &amp; procedures, and the impact of this upon judicial/ombudsman reviews</i></p> <p><b>School Off-Rolling</b>  <i>A school thematic review examining the possibility that pupils are taken off-roll and the funding remains with the school, rather than using alternative provision where the funding or part of the funding follows the pupil to the alternative provision</i></p> <p><b>Use of Pupil Premium</b>  <i>A thematic review to assess the use of pupil premium in schools ensuring adequate monitoring and assessment of the benefits and outcomes for pupils who attract the grant</i></p> <p><b>School Audits</b>  <i>Based on intelligence from Children’s Services to undertake school audits on specific areas of concern as and when required (either as thematic school audits, or individual specific schools)</i></p> <p><b>Youth Offending Service</b>  <i>The audit for this Pan Dorset service will be undertaken by BCP Internal Audit team and results will be provided to Executive Director for People-Children’s</i></p>	<p><b>John Sellgren</b>  <i>Executive Director for Place</i></p> <p><b>Sarah Parker</b>  <i>Executive Director for People – Children’s</i></p>
<p><b>Commissioning &amp; Procurement</b>  <i>Assessing Procurement &amp; 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</i></p>	<p><b>Commissioning and Contract Management in Children’s Services</b>  <i>To review the effectiveness of commissioning and contract management in Children’s Services with particular emphasis around high cost placements</i></p> <p><b>Commissioning and Contract Management in Adult Services</b>  <i>To review the effectiveness of commissioning and contract management in Adult Services with particular emphasis on accuracy of invoices and payments to providers</i></p>	<p><b>Sarah Parker</b>  <i>Executive Director for People – Children’s</i></p> <p><b>Mathew Kendall</b>  <i>Executive Director for People Adults and Housing</i></p> <p><b>Aidan Dunn</b>  <i>Executive Director Corporate Development</i></p>

<p><b>Information Management</b>  <i>Effective Information Management will facilitate and support effective working, better decision-making, improved customer service and business transformation</i></p>	<p><b>Software Licencing</b>  <i>A review of Software Licence management and control, due to the increase of cloud-based and hosted services</i></p> <p><b>Cyber Security</b>  <i>A high-level review to assess how the approach to cyber security has been revised as a result of a consolidated infrastructure</i></p> <p><b>Email Consolidation Project</b>  <i>A review of plans to have all DC staff migrated onto a single domain by January 2020 and to ensure that no data has been/will be lost and complies with regulatory and privacy controls</i></p>	<p><b>Aidan Dunn</b>  <i>Executive Director  Corporate Development</i></p>
<p><b>Programme &amp; Project Management</b>  <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><b>Land Charges</b>  <i>A review to assess the bringing together of the various Land Charge teams to ensure a consistent and effective approach</i></p>	<p><b>Jonathan Mair</b>  <i>Corporate Director for  Legal and Democratic Services</i></p>
<p><b>People &amp; Asset Management</b>  <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><b>Ethics and Culture</b>  <i>An assessment of cultural and ethical standards of staff and members across the new Dorset Council</i></p> <p><b>Equalities and Diversity</b>  <i>A review to ensure compliance with the Equalities Act 2010</i></p> <p><b>Role of the Dorset Manager</b>  <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>	<p><b>Matt Prosser</b>  <i>Chief Executive/</i></p> <p><b>Bridget Downton</b>  <i>Head of Business Insight  and Corporate Communications</i></p> <p><b>David McIntosh</b>  <i>Corporate Director HR/OD</i></p>

<b>Other</b>	<i>Reactive Fraud Investigations</i> <i>Grant Certifications</i> <i>Contingency for Emerging Risk Areas and Specific Management Requests</i> <i>Ad Hoc Requests for Audit Advice &amp; Guidance</i> <i>Audit Planning and Committee Reporting</i>	<b>Whole SLT</b>
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