

Internal Audit Plan

2019/20

Dartford

DARTFORD
BOROUGH COUNCIL

Introduction

All local authorities must make proper provision for internal audit in line with the [Local Audit and Accountability Act 2014](#) and the [Accounts and Audit Regulations 2015](#) (regulation 5). The latter requires authorities to:

“...undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

The Regulations state that services must follow the [Public Sector Internal Audit Standards](#) – which are mandated across the whole of the public sector. They are an expansion of international standards by HM Government, adding elements specific to the UK Public Sector. The ‘Standards’ form part of the wider mandatory elements of the International Professional Practices Framework (IPPF) which is applicable to all UK Local Authorities.

The Standards mandate the mission of internal audit: ***to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.*** We achieve this by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance for the Council.

In order to ensure that we work in accordance with the Standards and deliver on our mission we have an ***Internal Audit Charter***. The Charter sets out our purpose, authority and responsibility as an internal audit service for Dartford Borough Council. Members will have opportunity to consider the Charter in conjunction with this report.

The Standards also set out the requirements over the audit plan. Specifically standard 2010:

2010 Planning

The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals.

Interpretation:

To develop the risk-based plan, the chief audit executive consults with senior management and the board and obtains an understanding of the organisation’s strategies, key business objectives, associated risks and risk management processes. The chief audit executive must review and adjust the plan, as necessary, in response to changes in the organisation’s business, risks, operations, programmes, systems, and controls.

In accordance with that requirement, this report sets out the internal audit plan, it provides Members with a summary of the steps taken to develop, identify, assess and formulate the Audit Plan for 2019/20 and beyond, in addition to providing details of the audit activities and allocation of resources for the year.

Risk Based Planning

The Standards require that we apply a risk-based approach to our audit plan. As part of this assessment we need to be aware of and consider the risks directly facing the Council, in addition to the wider Sector and economic risks. We then need to apply our own risk assessment that includes an internal audit judgement of risk, plus the Council’s own assessment of risk.

We have undertaken a full risk based planning exercise this year to identify all of the auditable areas across the Council (the “**audit universe**” – Appendix I). The illustration below sets out how we have undertaken the audit planning exercise for 2019/20:



We applied a risk assessment (Appendix II) to each of the audit areas identified. This assessment takes into consideration the following criteria:

- **History:** Audit work undertaken in previous years and the overall conclusions
- **Frequency:** The length of time since we last conducted work in the area
- **Finance:** The level of materiality to the Council budget
- **Regulatory:** The legal, statutory or regulatory framework for the area

- **Priorities:** Links with the Council strategy and corporate plan
- **Inclusion:** Whether it is an area of regular audit attention
- **Change / Environment:** The stability of the operating environment

The results of this exercise has produced a fully assessed and prioritised audit universe, which includes a significant number of ‘new’ audit areas:

Dartford Audit Universe	
Projects with past audit history	71
NEW Audit Areas	95
Total Audit Entities	166

Global and Sector Risks

In drawing together the audit plan, we also need to consider global and sector risks. This includes updates provided by relevant professional bodies, such as CIPFA. We also consult with our internal audit colleagues through groups such as London and Kent Audit Groups and through review of other published audit plans in the South East.

These sources give us insight into both the key issues facing local government and how other audit teams are responding either directly through the audit plans, or by providing advice and guidance. To show our consideration as part of the 2019/20 audit plan, we have used the [Risk in Focus 2019](#) publication from the Institute of Internal Auditors:

Hot Topics	Audit Partnership Response
IT Governance	The ICT Audit Needs Assessment being undertaken in March 2019 will result in a technical ICT audit plan which can be programmed in over the next few years
Post-GDPR Data Protection	We are completing a post-GDPR review in April 2019. The results of which will be incorporated into future audit planning
Digitalisation, Automation & AI	The ICT Audit Needs Assessment being undertaken in March 2019 will result in a technical ICT audit plan which can be programmed in over the next few years
Sustainability: Environment & Social Ethics	We have included audit work on the Local Air Quality Management plans for 2019/20.
Bribery & Corruption Compliance	Our work in 2019/20 will aim to strengthen governance arrangements. In particular the Counter Fraud Risk Assessment and Whistleblowing Policy work
Communication: Brand and Reputation	Reputational risk will be a key feature in the review of the Council’s risk management framework
Workplace Culture	We have programmed in some specific HR Policy review work, and will be working across the Partnership to explore how workplace culture could be incorporated into every audit that we undertake
Risk Management & Governance	Our work in 2019/20 will aim to strengthen governance arrangements. In particular the Corporate Governance Framework assessment and Risk Management Framework

Given the scale of the exercise and the number of new audit areas resulting from the consultations and risk assessment exercise, we have drawn together a plan for 2019/20 of key risk areas only. However, the

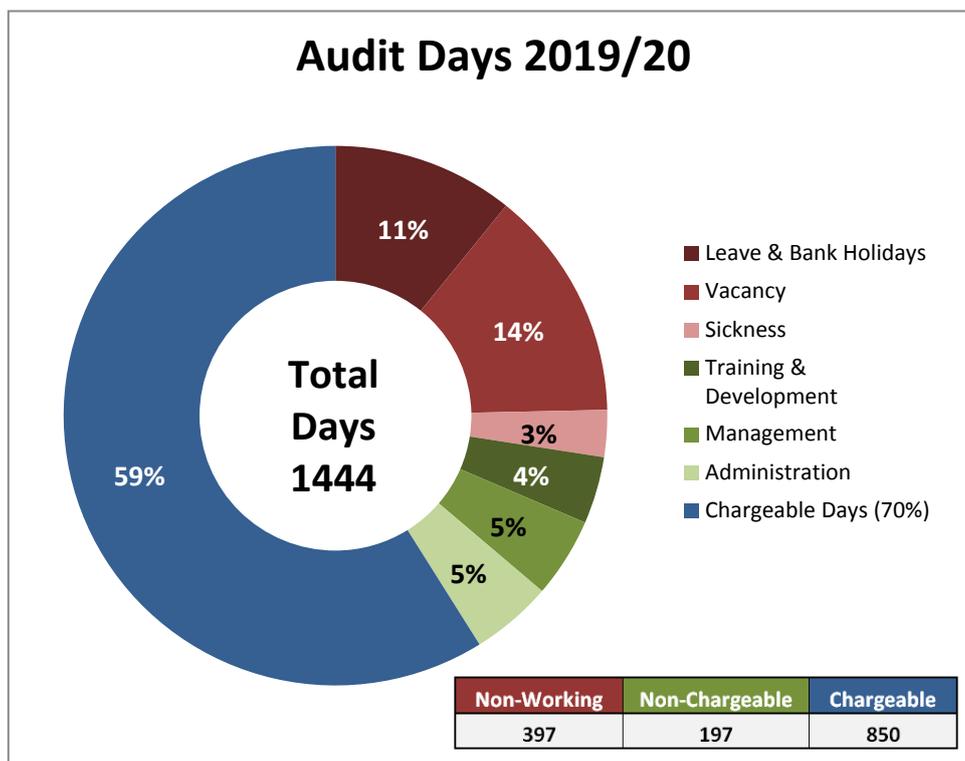
planning process is continuous, and as we work through the year, these assessments will be enhanced and developed in order to bring together a long term strategy in 2020/21 covering the next 3-5 years.

Once the planning exercise was complete, and we identified the audit priorities for 2019/20 we then need to consider the available resources to deliver the plan.

Resources

The Partnership consists of 5.8 FTE, plus 0.5 admin support. To calculate the total amount of resources available we take the total available days and subtract various categories of non-working and non-audit time. This enables us to ensure that we factor in the ongoing support and development of the service, in addition to the administrative demands of the role. We have factored in a small vacancy assumption for part of the year, as we continue to hold vacancies until the service review and restructure work has been completed (an update on this is provided later in this report).

The illustration below shows the breakdown of the total available days for the year:



The Partnership has access to 850 chargeable audit days for 2019/20. This is an increase of 26 on the 2018/19 plan. These days are split 50/50 for **Dartford** and **Sevenoaks**, and the available days are allocated to the audit plan. We are able to ensure flexibility in how those days are deployed depending on the demand from each partner. The table below shows the allocation of the **425** audit days for Dartford:

Activity	Dartford		Sevenoaks	
	18/19	19/20	18/19	19/20
Risk Management		10		10
Counter Fraud		5		5
Member Support/Training/Meetings		10		10
Follow-Up		15		15
Audit Planning		10		10
Advisory & Consultancy		50		74
Total non-audit	156	100	156	119
Available for projects	256	325	256	306
Total Days	412	425	412	425

Audit Standards requires us to assess whether the resources available are sufficient to fulfil the audit needs of the Council each year. In order to make this judgement, we consider:

- **Whether we had sufficient resource to complete our prior year plan**
 - On the whole the 18/19 audit plan will be achieved, this has been made possible through support from contractors – this resource remains available for 2019/20
- **Whether the size and complexity of the organisation has changed over the last year**
 - The Council has not undergone any significant changes over the last year
- **Whether the organisation's appetite for risk has changed**
 - The Council continues to pursue its corporate priorities, and commitment to deliver key strategic projects
- **If there have been any significant changes to the control environment, including any adverse audit opinions and response to our audit findings**
 - We issued no adverse opinions in 2018/19 and have continued to see positive responses to our findings
- **Whether there have been significant changes to professional standards**
 - There have been no significant updates to the Public Sector Internal Audit Standards

Based on the criteria above, we believe we have sufficient resources to deliver the 2019/20 plan.

The Audit Partnership 2019/20 and beyond

We have kept Members up to date with the progression of our service objectives following appointment of the Interim Audit Manager (Chief Audit Executive) in August 2018. The main focus over 2018/19 has been

about developing the service, improving quality, and addressing the outstanding actions from the 2017 External Quality Assessment follow-up.

As we move forward into 2019/20 we will complete the work to review and the Partnership and to move forward with a new structure designed to create a sustainable, high quality, and fully compliant Internal Audit service. Without a doubt, this work will result in service disruption, change, and a period of embedding, which all need to be factored into our 2019/20 plan. We have responded to this mainly by factoring a vacancy assumption for the first part of the year, this will enable us to maintain momentum of the work, alongside delivery of the restructure.

We set out a summary of the key steps below:

- **April 2019:** Following a period of consultation, the new service structure is agreed
- **May 2019:** Assessments are undertaken to align skills, knowledge and competencies with the roles and responsibilities in the new structure
- **June 2019:** Vacancies are advertised
- **July 2019:** Appointments are offered, and depending on notice periods, recruitment exercises are closed
- **August 2019 onwards:** New structure is live and induction and embedding work commences
- **September 2019 onwards:** Work begins to draft the longer term strategy for the Partnership
- **December 2019 to March 2020:** Audit planning exercise undertaken to draft a 3-5 year assurance plan, showing coverage of the audit universe and alignment to strategic objectives

We will continue to keep Members updated with progress through our usual quarterly update reports.

Audit Plan 2019/20

The outcomes of our audit projects are concluded in one of two ways, those that lead us to issue an assurance rating (**rated**) and those that do not (**not rated**). Members will be familiar with our assurance ratings, and we have kept them the same for 2019/20 (Appendix III). We recognise that Internal Audit resources may sometimes be more usually focussed on supporting work in progress, or providing advice and insight. In these circumstances, an assurance rating is not appropriate. However, we do issue reports for this type of work and will continue to provide summaries in our reporting to Members.

The table below sets out our audit plan for 2019/20. We have categorised our work into 3 types of assurance:

- **Finance:** Those areas that present a material impact on the Council budget;
- **Governance:** Areas that sit in the corporate centre, such as laws and regulations
- **Risk-Based:** Operationally focussed work that looks at how effective controls are at managing key service risks

The plan also includes a short note on the objective of the work, and how we have allocated our available resources to each assurance area. The scope and individual budget for each project will be confirmed and agreed at planning stage. The work will be undertaken in accordance with our revised audit process, our quality assurance and improvement programme, and our performance will be measured using our new performance indicators (most recently reported to Audit Board in **January 2019**).

Ref	Service Area	Audit Title	Type	Notes
DBC01	Customer Services	Income System (AIM)	Finance	Rated – Full systems based audit to map the system, identify key controls and risks and test effectiveness of controls.
DBC02	Financial Services	Feeder Systems & Journals	Finance	Rated – Full systems based audit to map the system, identify key controls and risks and test effectiveness of controls.
DBC03	Financial Services	Accounts Receivable (Debtors)	Finance	Rated – Full systems based audit to map the system, identify key controls and risks and test effectiveness of controls.
DBC04	Housing	Housing Rent Accounting (Systems)	Finance	Rated – Full systems based audit to map the system, identify key controls and risks and test effectiveness of controls.
DBC05	Housing	New Build Capital Programme	Finance	Rated – To review the effectiveness of controls over the monitoring of spend, and delivery of the Programme.
DBC06 / SDC02*	Revenues & Benefits Shared Service	Housing Benefits (<i>Shared Service with Sevenoaks</i>)	Finance	Rated – Full systems based audit to map the system, identify key controls and risks and test effectiveness of controls.
FINANCE ASSURANCE			60 Days	

Ref	Service Area	Audit Title	Type	Notes
DBC07	Legal Services	Strategic Asset Management	Governance	Rated – Delivery of the new Asset Management Strategy, and to assess the controls in place over service managed assets.
DBC08	Legal Services	Corporate Complaints	Governance	Rated – To review the effectiveness of controls in place to effectively manage and respond to complaints. Including compliance with agreed policy and procedures.
DBC09	Audit Partnership	Risk Management Framework	Governance	Not-Rated – Development and implementation of a new Risk Management Framework.
DBC10	Audit Partnership	Fraud Risk Assessment	Governance	Not-Rated – Assessment against the Fighting Fraud and Corruption Locally checklist.
DBC11	Policy & Corporate Support	Corporate Project Governance	Governance	Not-Rated – Project governance health-check for corporate projects.
DBC12	Strategic Director (Internal Services)	Governance Policy Work	Governance	Not-Rated - Work to review and update the Council's Whistleblowing Policy.
DBC13	Strategic Director (Internal Services)	Corporate Governance Code	Governance	Not-rated – Assessment against the Delivery Good Governance in Local Government Framework .
GOVERNANCE ASSURANCE			50 Days	
DBC14	Enforcement & Regulatory	Community Safety Partnership	Risk Based	Rated – To establish how the Council collects, maintains and reports data to support achievement of the Community Safety priorities.
DBC15	Enforcement & Regulatory	DTAC (Dartford Town Against Crime)	Risk Based	Rated – To review operation of the service and rollout of Community Protection Warnings
DBC16/SDC13*	Environmental Health Partnership	Animal Welfare / Control <i>(Shared Service with Sevenoaks)</i>	Risk Based	Rated – To review the implementation and effectiveness of procedures following the introduction of new Regulations in October 2018.
DBC17/SDC19*	Environmental Health Partnership	Local Air Quality Management <i>(Shared Service with Sevenoaks)</i>	Risk Based	Rated – To document and review the processes and controls in place to collect, monitor and report air quality data.
DBC18	Financial Services	Contract Management	Risk Based	Rated – To establish how the Council ensure that contracting managers are effectively managing contracts.
DBC19	Housing	Housing Allocations Policy	Risk Based	Rated – To review compliance with the Policy.
DBC20	Housing	Garage Management	Risk Based	Rated – To review the procedures and controls in place over the leasing, maintenance and associated income.
DBC21	Human Resources	Disciplinary & Grievance Policy	Risk Based	Rated - To review the effectiveness of the policy and test compliance.

Ref	Service Area	Audit Title	Type	Notes
DBC22	Human Resources	Managing Attendance	Risk Based	Rated – To review the effectiveness of the absence management policy and controls in place to monitor and report information.
DBC23	Human Resources	Agile Working Policy	Risk Based	Rated – To review the implementation of, and compliance with the policy.
DBC24	Legal Services	Case Management	Risk Based	Rated – To document and review the controls in place for managing and issuing legal advice and support.
DBC25	Planning	Development Management: Enforcement	Risk Based	Rated - To review the process for creating, documenting and executing planning control notices.
DBC26 / SDC16*	Revenues & Benefits Shared Service	Application of discretionary powers (<i>Shared Service with Sevenoaks</i>)	Risk Based	Rated – To review a sample of discretionary policies and test application and issue.
DBC27	Human Resources	Staff Appraisals	Risk Based	Project Assurance Role – To provide risk, control and governance insight and advice to the project.
DBC28	Human Resources	Employee Induction	Risk Based	Project Assurance Role – To provide risk, control and governance insight and advice to the project.
DBC29	Planning	Dartford Town Centre + Transport & Public Realm Project	Risk Based	Project Assurance Role – To provide risk, control and governance insight and advice to the project.
RISK BASED ASSURANCE			215 Days	
TOTAL DAYS: 325				

*Audit resource shared with Sevenoaks

Appendix I: Dartford Audit Universe

Directorate	Service Area	Audit Projects
Strategic Director (Internal Services)	Strategic Director (Internal Services)	Business Continuity Planning
		Corporate Health & Safety
	Elections	Elections - Processes
		Absent Votes
		Registration
	Customer Services	Income System (AIM)
		Customer Services
		Cash Kiosk
		CRM System
		Facilities Management
		PCI DDS Compliance
	Financial Services	Feeder Systems & journals
		Budgetary Setting
		Bank Reconciliation
		Capital Programme (Finance)
		Treasury Management
		Budgetary Control
		Accounts Receivable (Debtors)
		Accounts Payable (Creditors)
		Payroll System
		VAT Management (Make Tax Digital)
		Contract Waivers
		Transparency Code
	Payment / Credit Cards	
	Insurance	
	Collection & Enforcement of Debts	
	Banking Contract	
	Members' Allowances	
	Fleet Vehicle Management	

Directorate	Service Area	Audit Projects
Strategic Director (Internal Services)	Human Resources	Workforce Strategy
		Workplace Culture
		HR Policy Framework
		Policy Compliance (sample testing)
		Performance Management / Capability
		Recruitment Process
		Disciplinary & Grievance Policy
		Staff Appraisals
		Corporate Training
		Apprenticeships
		Employee Wellbeing
		Managing Attendance
		Agile Working Policy
		Officer Declarations
		Professional Qualification Training
		Agency Staff
		Starters and Leavers
		Employee Induction
	Consultants & Contracting	
	Legal Services	Strategic Asset Management
		Corporate Complaints
		Freedom of Information (FOI)
		Data Protection (GDPR)
		Case Management
	Information & Communications Technology (ICT)	Service Desk (IT Support)
		ICT Audit Needs Assessment (March 2019)
		Street Naming & Numbering
		Local Land Charges
Street Naming & Numbering Local Land Charges		

Directorate	Service Area	Audit Projects
Strategic Director (Internal Services)	Policy & Corporate Support	Acacia Sports Centre
		Dartford Festival
		Member Training & Development
		Theatre in the Park
		Event Management
		Event Income
		Natural Theatre & Hesketh Park Pavilion
		Markets
		Communication Strategy
		Website & Intranet
		Social Media Policy
		Press & Public Relations
		Corporate Project Governance
		Public Sector Equalities Duty
		Corporate Planning
		Project Management Framework
		Safeguarding
		Performance Management Framework
		Service Planning
		Fairfield Leisure Centre
	Theatre	
	Sports Clubs - football / judo / cricket & rugby	
	Data Quality	
	Museum	
	Revenues & Benefits Partnership	Business Rate Relief Fraud Work
		Data Matching (NFI / KIN / HBMS)
		Fraud & Error Red. Incentive Scheme
		Council Tax Reduction
Universal Credit		
Discretionary Housing Payments		
Application of discretionary powers		
Housing Benefits		
Business Rates		

Directorate	Service Area	Audit Projects
		Council Tax

Directorate	Service Area	Audit Projects	
Strategic Director (External Services)	Strategic Director (External Services)	Members Declarations	
		Public Health	
	Enforcement & Regulatory Services	Community Safety Partnership	
		DTAC (Dartford Town Against Crime)	
		CCTV	
		Taxi & Hackney Licenses	
		Licensing: Compliance	
		Temporary Event Notices	
		Licensing: Administration	
		Car Parking Income (on street KCC)	
		Car Parking Income (off street)	
		Parking Enforcement	
		Residents Parking (administration)	
		Season Tickets	
		Litter Enforcement	
		Fly-tipping	
		Emergency Planning	
		Safety Advisory Group / Event coordination	
		Park Ranger Services	
		Environmental Health Partnership	Animal Welfare / Control
			Local Air Quality Management
			Consultancy: Planning / Licensing
	Pollution Control: Environmental Permitting		
	Statutory Nuisance		
			Contaminated Land

Directorate	Service Area	Audit Projects
Strategic Director (External)	Environmental Health Partnership	Private Water Supplies

Services)		Pest Control
		Health & Safety in commercial premises
		Infectious Disease Control
		Filthy & Verminous Premises
		Paid for advice (Primary Authority Scheme)
	Housing	Housing Rent Accounting (Systems)
		Right to Buy
		Lease Holder Management
		Community Centres
		Garage Management
		Housing Schemes
		Rent Collection
		Tenancy & Estate Management
		Commercial Lease Management
		Resident Engagement
		New Build Capital Programme
		Purchase & Disposal
		Homelessness: Prevention
		Homelessness: Accommodation Services
		Homelessness Reduction Act
		Housing Allocations Policy
		Disabled Facilities Grants (Better Care)
		Private Sector Housing
		HMO's
		Capital Programme (Housing)
		Reactive Repairs
		Planned Maintenance
		Corporate Property Maintenance

Directorate	Service Area	Audit Projects
	Environmental Services	Grounds maintenance of parks and open spaces
		Playgrounds

		Tree works
		Waste Collection Contract
		Street Cleansing
		Abandoned Vehicles
		Garden Waste
		Public Conveniences
		Bulky Refuse
		Clinical Waste Collection
		Cemeteries
	Regeneration	Dartford Town Centre + Transport & Public Realm Project
		Local Plan
		Building Control: Compliance
		Building Control: Administration & Fees
		Planning Enforcement (Development Control)
		Planning: Administration & Fees
		Planning application Performance
		Pre-Application Advice & PPA
		CIL (Section 106): Admin & Collection
		CIL Scheme Governance

Summary

Total Projects	Finance	Governance	Risk Based
166	16	18	132

Appendix II

Risk Assessment Model:

		1	2	3
History	<i>What have been past audit conclusions of the area?</i>	Positive	Adverse	No / New
Frequency	<i>When did we last undertake the audit?</i>	Within 5 years	Within 3 years	Due / New
Finance	<i>How material is the spend or income of the audit area?</i>	Budget / income less than £500k	Budget / income between £500k - £1m	Budget / income into multiple £m's
Regulatory	<i>Is there a legal / regulatory requirement for the audit area?</i>	Discretionary Service	Regulated / Contracted Service	Statutory Service
Priorities	<i>What is the link to the Council's Corporate Plan?</i>	Operational	Corporate	Strategic
Inclusion	<i>Do we need to review this area regularly</i>	Occasional (5 years +)	Frequent (3 years)	Annual / New Area
Change / Context	<i>What do we know about the environment of the audit area?</i>	Stable / Minimal or No Change	Some Volatility / Isolated Change	Volatile / Significant Change
Overall Rating		1 - 10	10 - 17	18 - 21

Appendix III

Definitions of Assurance ratings:

OPINION	DEFINITIONS
<p>Full Assurance</p> <p>(no High or Medium priority actions)</p>	<p>A sound framework of control is in place that meets Council or service objectives. All expected controls tested are in place and are operating effectively.</p> <p>A review with this level of assurance will generally have no actions, or very few LOW priority actions. Agreed actions will be followed up as they fall due.</p>
<p>Substantial Assurance</p> <p>(no High priority actions)</p>	<p>There is generally a sound framework of control in place that meets Council or service objectives. However, there are isolated weaknesses in design of controls, or inconsistent application of controls, which puts the achievement of a limited number of objectives at risk.</p> <p>A review of this level of assurance may raise a number of MEDIUM priority actions. Agreed actions will be followed up as they fall due.</p>
<p>Limited Assurance</p>	<p>There are weaknesses within the framework of control or evidence of non-compliance with Council procedures or good practice, which puts the achievement of the Council's or service objectives in many of the areas reviewed at risk.</p> <p>A review with this level of assurance will raise one or more HIGH priority actions. Actions with a high priority should be acted on as soon as practical and will be followed up as soon as they fall due.</p>
<p>No Assurance</p>	<p>Key controls are absent from the framework of control. There are fundamental weaknesses identified with both the design and operation of the system under review. As a result, it is unlikely that Council or service objectives will be achieved.</p> <p>A review of this level may include a number of HIGH or CRITICAL priority actions. Actions of a critical level will be reported as soon as they are identified and escalated to the relevant Senior Manager. Actions to address the findings will be followed up as soon as they fall due.</p>