

Three Rivers District Council
Audit Committee
26 March 2019

Watford & Three Rivers Shared Services 2019/20 Draft Internal Audit Plan

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days	Estimated Target Quarter
<p>KEY FINANCIAL SYSTEMS Key financial systems are of critical importance to sound financial management and financial reporting. Management need to be assured that these systems are soundly controlled in order to meet organisational objectives.</p>			
Benefits	<p>Review of Housing Benefit and Local Council Tax Support to confirm that controls are adequate and are operating effectively and that previous internal audit recommendations have been implemented. Scope to be agreed with management – typical areas include:</p> <ul style="list-style-type: none"> a) Policies, procedures and set-up of standing data, b) Assessments, backdating, spare room subsidy, benefit cap, c) Recovery and write-off of overpayments, d) Reconciliation between the benefits system and general ledger, e) System controls and data retention. <p>Testing will cover the 2019/20 financial year and a sample of transactions for both Watford Borough Council and Three Rivers Council.</p> <p>Testing of 2019/20 system parameters underpinning benefit calculations will be completed April 2019 to give assurance early in the year that these have been correctly set.</p>	13	Q3 (Q1 for system parameter testing)
Council Tax	<p>Review of the Council Tax system to confirm that existing controls are adequate and are operating effectively and that previous audit recommendations have been implemented. Scope to be agreed with management – typical areas include:</p>	12	Q3

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	<p>a) Policies, procedures and legislation, b) Amendment to Council Tax records including reconciliation between Valuation Office Agency and Council records, c) Discounts (single persons, disabled persons) and exemptions (e.g. empty property relief), d) Billing (annual and in-year), e) Refunds, f) Recovery, enforcement and write-offs, g) Reconciliation between the Council Tax system and general ledger.</p> <p>(System access controls and data retention are included in the scope of the Benefits audit as the same systems (Academy and Anite) are used across the Revenues & Benefits service).</p> <p>Testing will cover the 2019/20 financial year and a sample of transactions for both Watford Borough Council and Three Rivers Council.</p>		
Creditors	<p>Review of the Creditors system to confirm that existing controls are adequate and are operating effectively and that previous audit recommendations have been implemented. Scope to be agreed with management – typical areas include:</p> <p>a) Set-up and amendment of supplier accounts, b) Ordering of goods and services, c) Receipt of goods and services, d) Payment of invoices, e) Credit notes and refunds,</p>	10	Q3

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	<p>f) Reconciliation between the Creditors module and general ledger.</p> <p>Access controls over the purchasing module within the main financial system will be covered in the Main Accounting system audit.</p> <p>Testing will cover the 2019/20 financial year and a sample of transactions for both Watford Borough Council and Three Rivers Council.</p>		
Debtors	<p>Review of the Debtors system to confirm that existing controls are adequate and operating effectively and that previous audit recommendations have been implemented. Scope to be agreed with management – typical areas include:</p> <ul style="list-style-type: none"> a) Policies and procedures, b) Set-up and amendment of customer accounts, c) Debtor invoices, d) Credit notes and refunds, e) Recovery and write-offs, f) Reconciliation between the Debtors module and general ledger. <p>Access controls over the Debtors module within the main financial system will be covered in the Main Accounting system audit.</p> <p>Testing will cover the 2019/20 financial year and a sample of transactions for both Watford Borough Council and Three Rivers Council.</p>	10	Q3

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Main Accounting System	<p>Review of the Main Accounting system to confirm that existing controls are adequate and are operating effectively and that previous audit recommendations have been implemented. Scope to be agreed with management – typical areas include:</p> <ul style="list-style-type: none"> a) Access controls to the financial system, b) Accounting codes and structure, c) Journals and virements, d) Bank reconciliations, e) Feeder system / control account reconciliations, f) Suspense accounts. <p>Testing will cover the 2019/20 financial year and a sample of transactions for both Watford Borough Council and Three Rivers Council.</p>	10	Q3/4
NDR	<p>Review of the NDR system to confirm that existing controls are adequate and operating effectively and that previous audit recommendations have been implemented. Scope to be agreed with management – typical areas include:</p> <ul style="list-style-type: none"> a) Policies, Procedures and Legislation, b) Amendment to NDR records, including reconciliation between the Valuation Office Agency and Council records, c) Multiplier Setting, d) Voids and Reliefs, e) Billing (annual and in-year), f) Refunds, 	12	Q3

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	<p>g) Recovery, Enforcement and Write offs, h) Reconciliation between the NDR System and general ledger.</p> <p>(System controls and data retention are included in the scope of the Benefits audit as the same systems (Academy and Anite) are used throughout the Revenues & Benefits service).</p> <p>Testing will cover the 2019/20 financial year and a sample of transactions for both Watford Borough Council and Three Rivers Council.</p>		
Payroll	<p>Review of the Payroll system to confirm that existing controls are adequate and are operating effectively and that previous audit recommendations have been implemented. Scope to be agreed with management – typical areas include:</p> <p>a) Payroll system – standing data, b) Starters and leavers, c) Payroll payments, including scheduling and BACS, d) Pension contribution rates, e) Payroll deductions and third party payments, f) Reconciliations between the Payroll system and general ledger, g) Management exception reporting, h) Payroll contract management.</p> <p>Testing will cover the 2019/20 financial year and a sample of transactions for both Watford Borough Council and Three Rivers Council.</p>	12	Q3

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Treasury Management	<p>Review of the Treasury Management system to confirm that existing controls are adequate and operating effectively and that previous audit recommendations have been implemented. Scope to be agreed with management – typical areas include:</p> <ul style="list-style-type: none"> a) Treasury Management (TM) Practices, TM Procedures, b) TM Reporting Arrangements, c) Cashflow Management, d) Counter-Party Risk, e) Transactions – to include online banking and placing of investments, capital and Interest Payments, Reconciliations, External Service Providers / Contracts and Performance Monitoring, f) Access controls to the online banking system. <p>Testing will cover the 2019/20 financial year and a sample of transactions for both Watford Borough Council and Three Rivers Council.</p>	5	Q3
Budget Monitoring	<p>Review of the Budget Monitoring system to confirm that existing controls are adequate and operating effectively and that previous audit recommendations have been implemented. Scope to be agreed with management – typical areas include:</p> <ul style="list-style-type: none"> a) Budget monitoring process, b) Accuracy and timeliness of budget data, c) Budget variance approval, d) Member involvement in budget monitoring and reporting. <p>Testing will cover the 2019/20 financial year and a sample of transactions for both</p>	5	Q4

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	Watford Borough Council and Three Rivers Council.		
OPERATIONAL AUDITS			
Financial Account Reconciliations	Review of a sample of key general ledger account reconciliations to ensure the methodology applied is robust.	10	Q1
PROCUREMENT			
	No shared procurement reviews identified.		
JOINT REVIEWS			
	See local plans.		
COUNTER FRAUD			
	None identified.		

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RISK MANAGEMENT AND GOVERNANCE			
	See local audit plans.		
IT AUDITS			
Cyber Security	To provide assurance that cyber security strategies and arrangements are appropriately designed and operated to manage the risk of cyber attacks.	12	Q3
IT Policies and Procedures	To provide assurance over the adherence to IT policies and procedures following changes made in some areas.	18	Q4
FOLLOW-UP AUDITS			
	See local audit plans.		
CONTINGENCY			
	No budget set at outset.		

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STRATEGIC SUPPORT			
	See local audit plans.		
2018/19 PROJECTS REQUIRING COMPLETION			
2018/19 projects requiring completion	Additional time, if required, for the completion of 2018/19 audit work carried forward into 2019/20. The proposed number of days is an estimate which will be reviewed as required.	6	Q1
TOTAL AUDIT PLAN DAYS – SHARED SERVICES PLAN		135	

2019/20 RESERVE LIST – including outline scope (Detailed scope for each to be determined in the event that the audit is transferred to the main plan)			
	None identified during planning process.		