Watford Borough Council
Audit Committee
11 March 2015

Watford & Three Rivers Shared Services 2015/16 Draft Internal Audit Plan

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days	Estimated Target Quarter
KEY FINANCIAL SYSTEMS Key financial systems are of critical importance to sound financial management and financial reporting. As such, external audit and management need to be assured that these systems are soundly controlled in order to meet organisational objectives.			
Benefits	Review of the Benefits 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: a) Policies, procedures and set-up of standing data b) Assessments and backdating. c) Payments. d) Recovery and write-off of overpayments. e) Reconciliation between the benefits system and general ledger. f) Performance Monitoring. g) System controls and data retention. Testing will cover 2015/16 and will be apportioned between Watford Borough Council and Three Rivers Council. It is proposed that testing of standing data for the 2015/16 allowances will be carried out in May 2015 to give assurance early in the year that these have been correctly set in the system parameters.	14	Q3 (Q1 for system parameter testing)
Council Tax	Review of the Council Tax system to confirm that existing controls are adequate and operating effectively and that previous audit recommendations have been	11	Q3

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	implemented. Scope to be agreed with management – typical areas include: a) Policies, Procedures and Legislation. b) Amendment to Council Tax Records. c) Discounts and Exemptions. d) Billing. e) Collection and Refunds. f) Recovery, Enforcement and Write Offs. g) Reconciliations h) Performance monitoring. (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). Testing will cover 2015/16 and sample testing will be apportioned between Watford Borough Council and Three Rivers Council whilst undertaking audit fieldwork.		
Creditors	Review of the Creditors system to confirm that existing controls are adequate and operating effectively and that previous audit recommendations have been implemented. The use of Control Risk Self-Assessment (CRSA) methodology will be considered depending on the outcomes of the 2014/15 audit. Scope to be agreed with management – typical areas include: a) Supplier Accounts. b) Ordering of Goods and Services. c) Receipt of Goods and Services.	9	Q4

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	d) Payment of Invoices. e) Reconciliations. f) Credit Notes and Refunds. g) Performance Management. h) System controls. Testing to cover 2015/16 and will be apportioned between Watford Borough Council and Three Rivers Council.		
Debtors	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: a) Policies and Procedures b) Customer Accounts c) Debtor Invoices d) Credit Notes and Refunds e) Recovery – key area of focus. f) Reconciliaitons g) System access controls. Testing to cover 2015/16 and will be apportioned between Watford Borough Council and Three Rivers Council.	10	Q3
Main Accounting – CRSA Year 2	Review of the Main Accounting system to confirm that existing controls are adequate and operating effectively and that previous audit recommendations have	10	Q4

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	been implemented. CRSA Year 2 methodology to be applied. Scope to be agreed with management – typical areas include: 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, g) Continuity arrangements. Testing to cover 2015/16 and will be apportioned between Watford Borough Council and Three Rivers Council.		
NDR	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: a) Policies, Procedures and Regulatory Compliance. b) Amendment to NDR records. c) Multiplier Setting. d) Voids and Reliefs. e) Billing. f) Payments and Refunds. g) Recovery, Enforcement and Write offs. h) Reconciliation between NDR System and general ledger.	11	Q3

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	i) Performance monitoring and management – measurable targets exist and are monitored to support the activities of the NDR service. (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). Testing to cover 2015/16 and will be apportioned between Watford Borough Council and Three Rivers Council.		
Payroll (including payroll contract)	Review of the Payroll 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: a) Payroll system – standing data. b) Starters, leavers, transfers and amendments. c) Payroll payments, including scheduling and BACS. d) Pension contribution rates. e) Payroll deductions and third party payments. f) Reconciliations. g) Management exception reports. h) Payroll contractor management. Testing to cover 2015/16 and will be apportioned between Watford Borough Council and Three Rivers Council. Work to be extended to include the payroll contract. Actual work dependent on	15	Q3

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	whether a post implementation review, or advice and assurance at the tendering and procurement stage (pre-implementation) is required. To be confirmed through discussion.		
Treasury Management – CRSA Year 2	Review of the Treasury Management system to confirm that existing controls are adequate and operating effectively and that previous audit recommendations have been implemented. CRSA Year 2 methodology to be applied. Scope to be agreed with management – typical areas include: a) Treasury Management (TM) Practices, TM Procedures. b) TM Reporting Arrangements. c) TM Training. d) Service Continuity. e) Cashflow Management. f) Counter-Party Risk. g) Transactions – to include online banking and placing of investments, capital and Interest Payments, Reconciliations, External Service Providers / Contracts and Performance Monitoring. Testing to cover 2015/16 and will be apportioned between Watford Borough Council and Three Rivers Council.	8	Q3
Budget Monitoring	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:	8	Q4

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	a) Budget Monitoring Process. b) Accuracy and timeliness of budget data. c) Budget Variance Approval. d) Member involvement in budget monitoring and reporting. Testing to cover 2015/16 and will be apportioned between Watford Borough Council and Three Rivers Council.		
OPERATIONAL AUDITS			
Recruitment	Review of the adequacy and effectiveness of internal controls, processes and records in place to mitigate risks relating to recruitment and vetting of permanent and temporary staff.	10	Q1
PROCUREMENT			
	No joint procurement proposals at this time.		
JOINT REVIEWS			
	See local plans.		

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COUNTER FRAUD			
Review of counter-fraud arrangements	Review of counter fraud arrangements (audit deferred from the 2014/15 Shared Services Audit Plan).	5	Q4
RISK MANAGEMENT AND GOVERNANCE			
	See local audit plans.		
IT AUDITS			
IT Managed Service Delivery	A review of agreed processes and procedures against technical best practice to ensure these arrangements are being followed and appropriately evidenced.	12	Q2
IT Contract Management	Further to the 2014/15 audit of the Capita contract, this review will focus on a selection of other third party suppliers, for example IDOX (supplier of the Uniform system). The actual IT service contracts to be reviewed will be identified from the	15	Q3

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	Council's Contracts Register at the time the review is undertaken. A follow up of recommendations and management actions from the 2014/15 Capita Contract Management audit will also be undertaken.		
IT Disaster Recovery Extended Follow-Up	To complete an extended follow up of recommendations and actions arising from the 2014/15 Disaster Recovery Audit. To also review recovery arrangements for the new data centre and off-site locations, back-up and restoration arrangements, testing of back-ups and back up performance.	8	Q4
FOLLOW-UP AUDITS			
	See local audit plans.		
CONTINGENCY			
Contingency	To provide for adequate response to risks emerging during 2015/16.	10	As and when required

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STRATEGIC SUPPORT			
	See local audit plans.		

2014/15 PROJECTS REQUIRING COMPLETION			
2014/15 projects requiring completion	Additional time, if required, for the completion of 2014/15 audit work carried forward into 2015/16.	8	Q1
TOTAL AUDIT PLAN DAYS		**164**	

2015/16 RESERVE LIST		
	No audits identified.	