



Internal Audit Service

Internal Audit  
&  
Assurance Plan  
2007-08

## 2007- 08 Internal Audit & Assurance Plan

The 2007-08 Internal Audit & Assurance Plan has been prepared in accordance with best practice as contained in the 2006 CIPFA Code of Practice for Internal Audit.

The Code requires that Internal Audit provide an opinion on the overall adequacy and effectiveness of the Council's internal control environment and that the opinion should inform the Annual Statement of Assurance on Corporate Governance.

The plan has been developed to take account of this requirement and provides the opportunity for reviews of corporate governance, risk management and operational controls to be undertaken as well as the more traditional financial areas.

The Code also explains for the first time, that sufficient, evidenced work must have been completed before an opinion can be given on the activity that has been reviewed. A number of reviews included in the audit plan have been taken directly from the Council's current risk register. The Panel need to be aware that the internal audit plan is unable to provide, apart from in those areas specifically reviewed, any assurance as to the effectiveness or otherwise of the controls listed in the register.

A summary of the audits planned for 2007-08 are listed on the following pages, together with the name of the Liaison Officer responsible for dealing with any audit report or other issue that arises from an audit review. In addition to undertaking the audits detailed in the plan, internal audit are also likely to be involved in providing advice and assistance to managers, new project developments, dealing with any whistleblowing allegations received and the national fraud initiative.

Whilst it is envisaged that all the audits contained in the plan will be undertaken, the identification of any new risks or significant changes in residual risk scores, may require audits to be substituted so as to ensure that reviews are undertaken of areas identified as being of greatest risk to the achievement of Council objectives. Chief Officers and Heads of Service will be informed of any changes before they are introduced.

Directorate	Audit Days
<u>Corporate Systems</u>	128
<u>Financial Systems Reviews</u>	118
<u>Commerce &amp; Technology</u>	55
<u>Central Services</u>	88
<u>ICT</u>	42
<u>Operational Services</u>	16
<u>Contracts</u>	34
Total	<hr/> 481 <hr/>

**David Harwood**  
**Audit & Risk Manager**  
**9 March 2007**

## Corporate Systems

<p><b>Operations Centre – The Delivery of Services: R Preston</b> To consider the manner by which services were redeployed to Eastfield House and the lessons to be learnt for the development of Pathfinder House.</p>	20
<p><b>Electronic Signatures: R Reeves</b> As part of the introduction of the corporate post room, electronic signatories have been introduced as part of the business improvement process. This review will examine the controls introduced to securely manage electronic signatures, their overall use and exemptions granted.</p>	5
<p><b>Overview &amp; Scrutiny: R Reeves</b> The Local Government Act 2000 introduced the concept of elected member scrutiny as a key governance function. This audit will examine how the Panels have developed, the scrutiny review methodology followed and Officer support.</p>	10
<p><b>Partnership Working: I Leatherbarrow</b> Partnership working was last reviewed in September 2003 and is a key element of the CPA Use of Resources. The actions agreed from the last review have been introduced via the partnership framework. This review will examine progress in reviewing the significant partnerships and the managing partnership risk.</p>	15
<p><b>Environmental Impact of Procurement: R Preston</b> To review the environmental impacts of procurement decisions across key service areas to the management of 'green' activities. e.g. energy, vehicles, commercial waste disposal from Council premises. This area has not been reviewed previously.</p>	15
<p><b>Risk Management Arrangements: T Parker</b> Risk management is an important part of the CPA KLOE and the governance of the Council. This review will consider how well risk management has become embedded into the Authority's business process, the robustness of the risk register and officer training.</p>	8
<p><b>Control of Assets: S Couper</b> The Code of Financial Management requires each Head of Service to ensure that the assets relating to their services are properly safeguarded, managed and maintained, and used only to achieve the Council's objectives. This audit will examine, in view of the office moves, how well managers are complying with these requirements.</p>	5
<p><b>Overtime: P Duerden</b> The Council's overtime budget for 2007/08 is £364k. This review will identify the controls manager's have introduced to pre-authorise and approve overtime, the use made of overtime on service delivery levels, compliance with the working time directive and consideration of alternative compensatory methods.</p>	12
<p><b>Corporate Plan: I Leatherbarrow</b> This review will be undertaken in the 4<sup>th</sup> quarter of the year and will examine the progress that has been made to link the corporate plan to service plans and performance management reporting.</p>	10

	Audit Days
<p><b>Corporate Governance Arrangements: P Watkins</b> This review will examine the robustness and completeness of Corporate Governance procedures against the CIPFA/SOLACE framework and the assurance framework that has been introduced.</p>	5
<p><b>Post Room: R Reeves</b> Business process improvements are to be realised from the introduction of the corporate post room. This review will examine the systems introduced for the receipt and despatch of post and include the scanning and indexing of documents and handling of confidential post.</p>	15
<p><b>Call Centre: C Hall</b> A review of IT controls within the Call Centre was undertaken in January 2006 and received an adequate level of assurance. This review will consider call handling, the process for introducing new services into the centre, management and performance information and achievements against the initial business plan proposal.</p>	8
	Total Allocation 128
 <b>Financial Systems</b>	
<p><b>National Non Domestic Rates: J Barber</b> To review on an annual basis a particular aspect of the NNDR system. This year's review will examine recovery and enforcement action.</p>	10
<p><b>Housing Benefits: J Barber</b> To review on an annual basis the administration of the Housing Benefit systems. This year's areas will be agreed with the Head of Service prior to commencement. Areas considered to be key operational and financial controls identified within Housing Benefit &amp; Council Tax Performance Standards appropriate to this area will also be considered.</p>	15
<p><b>Creditors: S Couper</b> To review on a cyclical basis specific areas of the creditors system. This years review will examine corporate controls and areas identified from the fraud and corruption plan. Systems and processes introduced to manage the payment of creditors from the corporate post room will also be included in the review.</p>	15
<p><b>Council Tax: J Barber</b> To review on a cyclical basis specific areas of the Council Tax system. This year's review will examine liability and billing. Areas identified in the fraud and corruption plan will also be reviewed.</p>	15
<p><b>Integrated Payroll &amp; Personnel System: P Duerden</b> This system is reviewed on an annual basis. The review will examine the procedures followed to manage 'payments' and will include BACS arrangements, payslips control, manual advances and recovery, reconciliation of accounts and dealings with HM Revenue &amp; Customs. The controls associated with the self service system, PeopleLink, will also be considered.</p>	20

	Audit Days
<p><b>National Fraud Initiative: J Barber</b> To examine the procedures followed by Housing Benefit Investigation Staff for identifying and reviewing potential 'fraudulent' benefit claims identified on national fraud initiative output. In addition work will also be undertaken to ensure compliance with the Housing Benefit &amp; Council Tax Performance Standards in this area.</p>	8
<p><b>Construction Industry Scheme: S Couper</b> The CIS changes in April 2007. This review will examine the introduction of those changes and compliance with the new scheme.</p>	6
<p><b>Concessionary Public Transport fares: S Ingram</b> This review will examine the systems in place to ensure that the data provided by the County Council to support concessionary fares is correct. Discussions are underway with the County Council to undertake this review on a joint basis.</p>	6
<p><b>Central Establishment Recharges: S Couper</b> This area was previously reviewed in 1999/00. The audit will examine the basis of 'indirect' overhead allocation, the introduction of the TRACK system, recharging methods used and the provision and use of management information.</p>	15
<p><b>External Fee Income: S Couper</b> To review the systems in place for the calculation of professional fees charged to outside bodies. This area has not been reviewed previously.</p>	8
Total Allocation	118

## Commerce & Technology

<p><b>Cash Income &amp; Receipting: J Barber</b> Cash Income and Receipting is a key financial system. This audit will review not only the controls operated within the system but also consider the introduction of the new post opening procedures, the transportation of cheques and cash, and the use of Pay-point (or similar system that is planned to be introduced). The areas contained in the fraud and corruption plan will also be considered.</p>	25
<p><b>Inspection of Invoices: S Couper</b> The fraud and corruption plan identifies supplier invoice fraud as a high risk area. This one-off exercise, will identify and examine potentially fraudulent or unusual transaction patterns. It will also be a stringent examination of the controls within the creditor system.</p>	10
<p><b>Budgetary Control &amp; Management Information: S Couper</b> A review that will examine how budget holders and central accountancy obtain/provide budgetary information and reports and act upon the information provided. Guidance and training provided on financial management responsibilities from central accountancy will also be reviewed. Consideration will also be given to the link between MTP bids and budget spend. This area was last reviewed in January 2005 and received an adequate opinion.</p>	15

	Audit Days
<b>Retention of Key IT Staff: C Hall</b>	5
<p>This review will examine the extent to which the Council has become reliant upon a limited number of key IT specialists, and the controls in place to ensure that the IT services are able to be maintained if staff are absent over either the short and long term. This is a high inherent, medium residual risk within the risk register.</p>	
Total Allocation	<u>55</u>

### Central Services

<b>Sale and Disposal of land : C Meadowcroft</b>	6
<p>To review the procedures for the sale of land. This will include an appraisal of the sale and disposal policy, the method of selling land and the signing of agreements, and the terrier record system.</p>	

<b>Leisure Centres: R Reeves</b>	35
<p>To continually review across the 5 Leisure Centres specific areas of their operation. This year's areas will be agreed with the Head of Service prior to commencement.</p>	

<b>Staff Recruitment: P Duerden</b>	15
<p>This review will examine the recruitment procedures that both Personnel and individual Directorates follow, to ensure that best employment practices are being followed (advertising, application evaluation, references, contract of employments etc). The induction training process will also be considered. This area was last reviewed in August 2003 and received limited assurance.</p>	

<b>Legal Debt Recovery: C Meadowcroft</b>	10
<p>To review the computerised legal case management system and the processes followed regarding debt recovery. This area was last reviewed in November 2003 and received limited assurance.</p>	

<b>Registration of Electors: P Watkins</b>	10
<p>The Register of Electors for Huntingdonshire contains 118,571 electors. This review will examine the process followed for compiling the register of electors, including the granting of postal votes and steps introduced to comply with the Electoral Administration Act 2006. In addition the audit will also review the systems controlling the payment of fees and associated changes for Elections administered during 2007. This area was last reviewed in September 1999 and received an adequate opinion.</p>	

<b>Land Charges: R Reeves</b>	12
<p>A review of the new IT and associated systems and procedures introduced for the administration and collection of Land Charge income. This area was last reviewed in October 2001 and was considered to have a high level of control.</p>	

Total Allocation	<u><u>88</u></u>
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## ICT Audit

### **Content Management - Sharepoint: C Hall** 6

There is an increasing reliance on sharing data within the Council and the suitability and control over the solution and its content can have a significant impact on how effectively data is shared. This audit will look at the Sharepoint solution used within the Council for content management and will look at the management of the solution, how content is updated and authorised, compliance with legislation and monitoring.

### **Internet: C Hall** 5

This audit will look at the Council's internet application concentrating on management, content, compliance with legislation, controls and security.

### **Business Continuity and Disaster Recovery**

The risk register recognises business continuity and service recovery to be a 'very high' risk.

#### **Business Continuity: R Reeves** 4

The audit will look at the Council's business continuity arrangements. Business continuity is the foundation which will help the Council recover from a disaster by ensuring measures are in place to facilitate the controlled restoration of services based on importance of that service. Business continuity concentrates on the User end of the recovery process and should be linked closely with disaster recovery.

#### **Disaster Recovery: C Hall** 4

Disaster recovery is the process by which IT services are recovered, including networks, databases, applications, telecoms, etc. This is closely linked with business continuity as a good disaster recovery plan will be based on the requirements of the business. This review will look at the formation of the plan, escalation and emergency procedures and planned actions.

### **E-Payments: C Hall** 8

E-Payments is the process by which payments can be taken over the internet, or via a web browser. The review will cover website maintenance, access control, account validation, system accounting, interfaces, security, audit trails and disaster recovery.

### **Project Management: C Hall** 5

Project management is the discipline of organising and managing resources in such a way that these resources deliver all the work required to complete a project within defined scope, time, and cost constraints. This review will look at how ICT projects are managed within the Council.

### **Virus Protection/Spyware: C Hall** 5

There are a large number of ways a computer virus can infect the Council's IT systems including downloads from the internet and e-mail attachments to a user bringing in an infected disk. The result of an infection could range from annoying glitches in the user's experience or data being sent to a remote computer to the complete shutdown and corruption of the entire network. Virus and Spyware controls are designed to protect the Council's systems from such threats and this Audit will review the controls in place to ensure they are sufficient and appropriately managed.

**IT Strategy**

5

The IT Strategy is an important mechanism in determining and defining ICT's long, medium and short term aims. In order to effectively support the Council and help them meet their targets the IT strategy should be aligned with the Council's strategy. This review will look at the IT Strategy to determine whether it is aligned with the Council's Objectives and ensure there are mechanisms in place to keep it current. The audit will also look at whether users' requirements have been considered, there are sound mechanisms in place to deliver the strategy and progress is monitored and reported on.

Total Allocation 42**Operational Services****Housing Register & Nominations: S Plant**

6

To examine the systems and procedures for the management of homeless families. This area was last reviewed in February 2004 and given a limited level of assurance.

**Management of Trees & Plants: R Ward**

10

The risk register considers the management of trees & plants to be a 'very high' risk due to both the increasing number of claims and insurance premiums. This audit will consider how those trees and plants that are the responsibility of the Council are managed; including the maintenance of the database established a number of years ago.

Total Allocation 16**Contract Audit****Service/Supply Contract:**

8

The 2006 annual assurance statement identified compliance with the Code of Procurement as an area for improvement. This audit will examine individual service and supply contracts that have been entered into and will review the tendering process and procedures followed during the currency of the contract.

**Selection and opening of tenders and quotations: R Reeves**

18

To ensure compliance with the Code of Procurement, this review will examine the procedures followed for the selection of contractors and suppliers to tender or quote, the opening of the bids received, subsequent awarding of the work and maintenance of the contracts register. This area is also contained in the fraud & corruption plan. A similar review was undertaken in February 2001 when this area was found to have a low level of control. A review of the quotation process was undertaken in September 2005 and a limited assurance opinion was given.

**Post contract reporting and assessment: R Preston**

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A review of the procedures followed at the end of contract works for the reporting and assessing both Contractor and Officer performance. This area was last reviewed in March 2003.

Total Allocation 34