



Internal Audit Service

Internal Audit
&
Assurance Plan
2009 - 2010

2009 – 2010 Internal Audit & Assurance Plan

The Internal Audit & Assurance Plan for the period August 2009 to July 2010 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.

All the risks present in the risk register as at 31 May have been included within the four year strategic audit plan. Reviews that have clear links to risks within the risk register (identified by an extract of the register) will consider the effectiveness of the controls that are in place to manage the risks identified. They will also consider the assurance opinion that has been included in the register.

A summary of the audits planned for the period 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.

The annual assurance opinion that I provide will be based primarily upon the findings of the reviews carried out.

In addition to undertaking the audits detailed in the plan, the review of fraud related risk areas will continue. Internal audit are also likely to be involved in providing advice and assistance to managers, advising on new project developments and dealing with any whistleblowing allegations received.

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.

David Harwood
Audit & Risk Manager
31 May 2009

Corporate Systems

Delivery of Corporate Objectives: C Garbett

25

Risk: 12 *Inherent* **Very High** *Residual* **High**

12 The Council does not deliver against its Corporate Objectives or the National Performance Indicators resulting in adverse external audit and inspection reports and government intervention or restrictions of freedoms.

To review the systems and procedures in place that allow key performance indicators to be collated and their achievement verified. The audit will review a sample of the BVPI's that have been reserved or qualified by the external auditors. This system was last reviewed in August 2003 and received a limited opinion.

Climate change/Sustainability/Environmental Strategy: P Jose

15

Risk: 30 *Inherent* **High** *Residual* **High**
 Risk: 146 *Inherent* **Very High** *Residual* **Medium**

30 The Councils lack of an 'environmental' policy, leads to un-coordinated and conflicting initiatives being developed within departments.
 146 Failure to prepare for and adapt to climate change already occurring, resulting in wasted investment , costs of emergency action and retrofitting buildings with adaptation measures.

To review the progress that has been made regarding the delivery of the environmental strategy, including the Green House Project. This audit will be undertaken towards the latter part of the audit year.

Information Management: C Hall

15

Risk: 15 *Inherent* **Very High** *Residual* **Very High**
 Risk: 122 *Inherent* **Very High** *Residual* **High**

15 ICT Security is breached causing both the loss of data and a loss of confidence in the integrity of the data being held.
 122 Data (including personal and confidential data) is transferred from the Council without sufficient security (i.e. encryption)

The management of information is an important area for the Council. This audit will be based around the October 2008 Central Government publication - Management of Information Risk - and consider how well information risks are being dealt with. The requirement for the Council to be compliant with Government Connect also places an increasing emphasis on supporting standards and these will also be reviewed.

National Indicator 179 – Value for Money: S Couper

10

The Council is required to report to central government its efficiency performance - the total net value of ongoing cash-releasing value for money gains that have impacted since the start of the 2008-09 financial year. These efficiency gains are required to be delivered without any deterioration to the overall effectiveness of services or increases in service charges. CAA Use of Resources guidance requires the scrutiny of the calculation to be performed by internal audit.

Cyclical fraud & corruption plan

14

This audit will examine a number of areas that are susceptible to fraud and/or corrupt practices. The exact areas to be reviewed will be decided upon by the Internal Audit & Risk Manager.

Job Evaluation: C Garbett

With the retirement of the Head of Personnel Services in May 2008, expertise in the job evaluation process, including scoring and assessments was lost. This review will examine the current management of the evaluation process.

10

Freedom of Information: C Hall

Risk: 123 *Inherent* **High** *Residual* **Low**

8

123 Freedom of Information Act and Environmental Information Regulations Request are not successfully responded to.

274 freedom of information requests were received in 2008, an increase of 26% upon 2007 (217 requests). This audit will review the Council's approach to dealing with FoI and Environmental Information Regulations requests. This area was last reviewed in March 2006 and received an adequate assurance opinion.

Feedback Procedure: R Reeves

Risk: 61 *Inherent* **High** *Residual* **Medium**

6

61 The Councils Feedback procedures (incl. at service level) are not robust enough so not all complaints are properly recorded leading to maladministration and loss of reputation.

A new feedback (formerly complaints) procedure was approved by the Corporate Governance Panel in December 2008. It is an important aspect of good corporate governance. The audit will review the implementation of the procedure, dealing with the feedback received and continuously improving procedures based upon the lessons learnt. This area was last reviewed in January 2005 and received a limited opinion.

Total Allocation 103

Financial Systems

National Non Domestic Rates: J Barber

To review on an annual basis a particular aspect of the NNDR system. This year's review will examine collection and refund procedures.

8

Housing Benefits: J Barber

Risk: 27 *Inherent* **Very high** *Residual* **Medium**
 Risk: 143 *Inherent* **Very High** *Residual* **Very High**

12

27 An interruption in the benefit system service or inadequate numbers of trained/skilled staff may lead to benefits not being paid correctly or on time.

143 Economic downturn leads to increased demand for Housing Benefit and Customer Services that cannot be met from existing resources resulting in a fall in service levels and damage to the Council's reputation.

To review on an annual basis the administration of the Housing Benefit systems. This year's audit will consider payments, reporting and reconciliation controls. Areas considered to be key operational and financial controls identified within Housing Benefit & Council Tax Performance Standards appropriate to this area will also be considered.

Council Tax: J BarberRisk: 67
Risk: 142*Inherent*
*Inherent***High**
Very High*Residual*
*Residual***Low**
High

12

67 Council Tax direct debits are not collected on time (collected twice) leading to an increase (reduction) in the cost of borrowing and local reputation damage.

142 Economic downturn leads to increase in arrears and leads to a reduction in income and cash flow problems.

To review on a cyclical basis specific areas of the Council Tax system. This year's review will examine collections and refunds and recovery and enforcement procedures. Areas identified in the fraud and corruption plan will also be reviewed.

Integrated Payroll & Personnel System: C Garbett

20

Elements of the payroll/HR system are reviewed on an annual basis. The audit will examine the starters and leavers procedures and also include a review of the 'ghost' employees work completed in the previous audit year.

Cashiering: Income & Receipting: J Barber

12

Cash Income and Receipting is a key financial system. The audit will review not only the controls operated within the system but also consider the introduction of the new cash handling systems required to be introduced within services since the introduction of Paypoint and the procedures for the reconciliation of e-paycapita payments. Areas contained in the fraud and corruption plan will also be considered. This area was last reviewed in March 2008 and received a substantial opinion.

Total Allocation 64**Commerce & Technology****Leisure Centres: S Bell**

25

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 of the audit.

National Fraud Initiative: J Barber

10

Risk: 144

*Inherent***High***Residual***Medium**

144 Housing Benefit fraud goes undetected leading to loss of funds from public purse

To examine the procedures followed for identifying and reviewing potential 'fraudulent' benefit claims identified on the national fraud initiative output. In addition work will also be undertaken to ensure compliance with the Housing Benefit & Council Tax Performance Standards in this area.

Staff Travel & Subsistence : C Garbett

15

This audit will review the adequacy of the systems and procedures in place for the payment of employee travelling and subsistence allowances. This area was last reviewed in May 2005 and received an adequate assurance opinion.

Budgetary control & management information: S Couper

Risk: 24	<i>Inherent</i>	High	<i>Residual</i>	Medium
Risk: 34	<i>Inherent</i>	High	<i>Residual</i>	Medium
Risk: 42	<i>Inherent</i>	High	<i>Residual</i>	Medium

10

24 Estimates made as part of the budget setting process are incorrect, requiring service budgets to be reduced and consequently some services in an unplanned way.

34 Sufficiently late or inaccurate provision of financial advice to managers or Members may lead to significantly incorrect decisions being made.

42 Decisions that support the Council's budget are not scrutinised robustly enough leading to budgets being set that don't reflect the needs of the whole District.

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 September 2007 and received an adequate opinion.

Bank reconciliation: S Couper

5

The review will examine the procedures in place to ensure that all bank accounts are regularly reviewed and reconciled to the appropriate feeder systems. This area was last reviewed in February 2006 and received a substantial opinion.

Purchasing and Corporate Cards: S Couper

10

Purchasing and Corporate cards are held by a number of Officer's to help ease the purchasing of ad-hoc, small value items. This review will examine the use made of the card, the administrative procedures followed and compliance with guidance on usage. These areas have been reviewed separately in previous years, although both received adequate assurance opinions.

Total Allocation 80

Central Services

Integrated Human Resources Information System: C Garbett

12

This audit will consider whether the purchase of the integrated HR system has been delivered within budget and brought about the anticipated benefits and savings that were anticipated in the report to Members.

Development Opportunities: C Garbett

10

Risk:	<i>Inherent</i>	High	<i>Residual</i>	Medium
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53 The Council is unable to deliver sustained economic growth for the District leading to (over a period of time) reducing employment prospects and declining prosperity.

The Council's objective to promote development opportunities in and around market towns has gained increased importance during the current economic recession. This review will examine the delivery of the local economy strategy and its impact upon the Council's aim of having a strong and diverse economy. This general area was last reviewed in December 2005 and received an adequate opinion.

Printing: R Reeves

10

The Council's policy is that the printing service should be given the opportunity to deliver all printing jobs. With the opening of the Document Centre and investment in new equipment, it is important that this policy is complied with so allowing for a reasonable return on the investment. This review will consider the overall use made of the service by Departments, work sent outside the Council, costing and recharging and the acceptance of printing requests. Controls over purchasing and stock will also be considered. This area was last reviewed in July 2005 and received an adequate opinion.

Total Allocation 32**ICT Audit****Service developed ICT systems: C Hall**

10

Risk: 135

*Inherent***High***Residual***High**

135 ICT Developments outside IMD may not be sustainable resulting in loss of service and/or additional costs to repair or replace the system

There are a number of IT systems that have been developed by staff within services without reference to IMD. The development of these systems may not be sufficiently robust or align with the Council's ICT Strategy. This audit will review a number of these systems and consider adequacy of system documentation, data integrity issues, service delivery and business continuity.

Deloitte's reviews

The elements of the plan to be completed by Deloitte's are to be added later.

Total Allocation 10**Operational Services****CCTV: R Ward**

10

CCTV has a net budget of approx. £500k and plays a major part in the Council achieving its priority of having safe, vibrant and inclusive communities. This review will examine the systems introduced to ensure compliance with the Code of Practice for the management and operation of the CCTV control room. This area was last reviewed in September 2005 and received an adequate opinion.

Street Cleaning: R Ward

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To examine the managerial and operational systems and procedures introduced that allow for the monitoring, review and operation of the street cleaning service. This area was last reviewed in April 2003 and received an adequate opinion.

Arts & Cultural Services: S Lammin

8

The audit will examine the delivery, operation and management of the art's programme, including the concert season. This area was last reviewed in September 2004 and received a limited opinion.

Total Allocation 26

Contracts

Quotation selection process

14

This audit will assess, across the Council as a whole, managers' compliance with the Code of Procurement in relation to the seeking of quotations. The review will examine the selection process, opening and contract award procedures and maintenance of records. This area was last reviewed in August 2005 and received limited opinion.

Service & Supply contracts

8

To undertake an in-depth review of a service or supply contract that has been entered into during the year. The exact audit will be selected later in the audit year.

Final accounts

5

To undertake compliance checks on building contracts.

Total Allocation 27