



**Internal Audit Service**

**Internal Audit  
&  
Assurance Plan  
2010 - 2011**

## 2010 – 2011 Internal Audit & Assurance Plan

The Internal Audit & Assurance Plan for the period August 2010 to July 2011 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, although not all, when considering the service issues identified or alternative assurance available, are required to be audited. 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 manager's assurance opinion entered into 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 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**  
**20 June 2010**

**Corporate Systems**

**Corporate Governance Arrangements: D Monks**

8

A review of the robustness and completeness of Corporate Governance procedures against the CIPFA/SOLACE framework and the assurance framework that has been introduced. The audit will be completed so as to inform the September 2011 governance statement.

**Customer Services: J Barber**

10

Risk: 171	<i>Inherent</i>	<b>Medium</b>	<i>Residual</i>	<b>Low</b>
Risk: 173	<i>Inherent</i>	<b>High</b>	<i>Residual</i>	<b>Medium</b>
Risk: 174	<i>Inherent</i>	<b>High</b>	<i>Residual</i>	<b>Medium</b>

- 171 Inadequate consultation with Customer Services prior to changes/improvements in individual services resulting in reduced time for implementing the changes and subsequent failure to meet the expectations of customers.
- 173 Staffing levels are inadequate leading to reduction in customer service levels.
- 174 Customer Service Centre is not informed of changes to services/events advertised as available at the centre leading to customer dissatisfaction with quality of service provided.

This review will examine the management and performance of Customer Services since its move to Pathfinder House.

**Management of Health and Safety: C Garbett**

6

Risk: 16	<i>Inherent</i>	<b>High</b>	<i>Residual</i>	<b>High</b>
Risk: 17	<i>Inherent</i>	<b>High</b>	<i>Residual</i>	<b>Medium</b>
Risk: 175	<i>Inherent</i>	<b>High</b>	<i>Residual</i>	<b>Medium</b>

- 16 A member of the public /Council employee is seriously injured or killed due to the Council not providing its employees with either a safe working environment or sufficient and adequate training with regard to the tasks that it requires to be carried out.
- 17 A member of the public is seriously injured or killed whilst visiting or using Leisure Centre facilities because the Council has not provided a safe environment or its staff with sufficient and adequate training.
- 175 Benefits and/or Benefits Fraud Visiting Officers are subject to violence & aggression resulting in illness and/or injury.

This audit will consider the Council's approach to health and safety, including the role/responsibilities of Health & Safety Officers and managers, the approach taken towards the assessment of risk and the introduction of best practice, codes of conduct and legislation. This area was last audited in October 2006 and received an adequate assurance opinion.

**Register of Interests: R Reeves**

3

To examine the procedures in place for the recording of gifts or hospitality received or given by both Members and Officers in accordance with the Local Government Act 2000. This area was last audited in September 2006 and received an adequate assurance opinion.

Total Allocation 27

**Financial Systems**

**Housing Benefits: J Barber**

12

Risk: 27	<i>Inherent</i>	High	<i>Residual</i>	High
Risk: 143	<i>Inherent</i>	Very High	<i>Residual</i>	High
Risk: 144	<i>Inherent</i>	High	<i>Residual</i>	Medium
Risk: 191	<i>Inherent</i>	Medium	<i>Residual</i>	Low

- 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.
- 144 Housing Benefit fraud goes undetected leading to loss of funds from public purse.
- 191 Sensitive benefits information is sent by unsecured channels leading to a breach of the GC CoCo and Data Protection regulations

To review on an annual basis the administration of the Housing Benefit systems. This year's audit will consider overpayments and recovery, and the subsidy claim. Issues appropriate to these areas identified within Housing Benefit & Council Tax Performance and Good Practice Guide will also be considered. These areas were last reviewed in August 2006 and received substantial assurance.

**Integrated Payroll & Personnel System: C Garbett**

20

Risk: 216	<i>Inherent</i>	Medium	<i>Residual</i>	Low
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- 216 A significant interruption to ResourceLink may lead to salaries not being paid correctly or on time.

Elements of the payroll/HR system are reviewed on an annual basis. The audit will examine the procedures followed to manage statutory and voluntary deductions from payroll. These areas were last reviewed in October 2006 and received substantial assurance.

**Loans and Investments: S Couper**

6

Risk: 47	<i>Inherent</i>	Very High	<i>Residual</i>	Very High
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- 47 Council's funds not invested appropriately leading to losses or poor returns resulting in unexpected service cuts.

This audit will review the management of loans and investments against the Treasury Management Strategy. The implementation of previously agreed audit actions will also be reviewed. This area was last reviewed in June 2009 and received an adequate assurance opinion.

**National Non Domestic Rates: J Barber**

10

Risk: 142	<i>Inherent</i>	Very High	<i>Residual</i>	Medium
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- 142 Economic downturn leads to increase in arrears and leads to a reduction in income and cash flow problems.

To review on an annual basis a particular aspect of the NNDR system. This years review will examine the valuation list, inc liaison with the Valuation Office and notifications, amendments and reconciliations.

**Council Tax: J Barber**

Risk: 67	<i>Inherent</i>	<b>High</b>	<i>Residual</i>	<b>Low</b>
Risk: 142	<i>Inherent</i>	<b>Very High</b>	<i>Residual</i>	<b>Medium</b>
Risk: 184	<i>Inherent</i>	<b>High</b>	<i>Residual</i>	<b>Medium</b>

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.
- 184 Disruption in services provided by the Document Centre result in Annual Bills and other statutory documents not being issued correctly or on time.

To review on a cyclical basis specific areas of the Council Tax system. This year's review will examine liability and billing. This area was last reviewed in December 2007 and received a substantial assurance opinion.

**Creditors: S Couper**

Risk: 164	<i>Inherent</i>	<b>Very High</b>	<i>Residual</i>	<b>Medium</b>
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25

- 67 e-Marketplace delay leads to lost revenue opportunities.

To review on a cyclical basis specific areas of the creditors system. This years review will examine purchase ordering processes, the operation of the e-marketplace and areas identified from the fraud and corruption plan will also be reviewed. This area was last reviewed in January 2006 and received a substantial assurance opinion.

**Inspection of Invoices: S Couper**

Risk: 39	<i>Inherent</i>	<b>High</b>	<i>Residual</i>	<b>High</b>
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- 39 The Code of Procurement is not followed correctly, leading to accusations of irregular practices and the challenging of award decisions.

In view of the issues identified in the September 2009 annual governance statement, a review is to be conducted of invoices paid, to provide additional assurance that the Code of Procurement is not being evaded.

**Debtors: S Couper**

Risk: 179	<i>Inherent</i>	<b>Medium</b>	<i>Residual</i>	<b>Medium</b>
Risk: 180	<i>Inherent</i>	<b>Medium</b>	<i>Residual</i>	<b>Low</b>

15

- 179 Income direct debits are not collected on time and invoices cannot be issued leading to an increase in the cost of borrowing and local reputation damage.
- 180 Debt collection agent ceases to trade resulting in the non-collection of debts.

To review on a cyclical basis specific areas of the debtors system. This years review will examine the systems for the raising and despatch of debts. This area was last reviewed in March 2003 and received a limited assurance opinion.

**Car mileage payments: C Garbett**

A compliance audit, to review of the payments made to staff, to identify potential incorrect claims or abuse of the agreed systems. This audit is part of the regular review of 'fraud' areas.

5

**Main Accounting System: S Couper**

The e-financial management system is a key system that is reviewed every other year. The system was last reviewed in August 2009 and received a substantial assurance opinion.

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Total Allocation 121

**Commerce & Technology**

**One Leisure – Bars and Catering: S Bell**

18

The review will identify the risks associated with the operation of the One Leisure bar and catering arrangements and the management controls introduced to address those risks. The implementation of previously agreed actions will also be reviewed. This area was last reviewed in June 2006 and received a limited assurance opinion.

Total Allocation 18

**Central Services**

**Licensing: R Reeves**

12

Risk: 45                      *Inherent*                      **High**                      *Residual*                      **Medium**

45 The procedures for the implementing of licensing activities are not robust, so endangering the safety of the public.

To review the procedures for the issue of entertainment, lottery and amusement, street trading, hackney carriage licences and the collection of fees. This area was last reviewed in July 2006 and received an adequate assurance opinion.

**Casual and Temporary Employees: C Garbett**

12

This review will examine the appointment process for variable hours, temporary and casual employees, the monitoring and review of temporary contracts, the payment of wages to these staff and a limited probity review to ensure that no ghost employees exist. This area was last reviewed in April 2005 and received a limited opinion.

**Electoral Registration: R Reeves**

5

Risk: 29                      *Inherent*                      **High**                      *Residual*                      **Medium**

29 Deficiencies in the administration of elections and/or the elector registration processes leads to results being challenged and the Council being unable to operate effectively.

The payment of election fees and associated charges has been incorporated into the main financial system. This review will examine the payment procedures as well as electoral registration. This area was last reviewed in October 2007 and received a limited assurance opinion.

**S106 Agreements: C Garbett**

8

Risk: 208                      *Inherent*                      **Very High**                      *Residual*                      **Medium**

208 Section 106 Agreements may not be adequately monitored resulting in non-compliance with the conditions of the agreement and financial contributions not collected and used in accordance with the agreement.

To review the management of Section 106 agreements. This area was last reviewed in August 2006 and received an adequate assurance opinion. The audit will examine the controls that have been put in place to manage the risk noted above.

Total Allocation 37

**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 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 and service delivery issues and business continuity. This area has not been reviewed previously

**Post Implementation Reviews: C Hall** 6  
 To review the introduction of the Citrix system.

**Application reviews:** 30  
 e-Marketplace: this is a new system.  
 HR and Payroll: previously reviewed in January 2005 and received an adequate opinion.  
 The financial system: previously reviewed in March 2005 and received an adequate opinion.

**Business Continuity & Disaster Recovery: C Hall** 6  
 Additional network resilience should be available with the location of servers at Pathfinder and Eastfield House. This review will consider the business continuity and disaster recovery arrangements that are now in place.

**Backup Procedures: C Hall** 6  
 This review will examine the backup procedures in place, following the move to Pathfinder House in February 2009.

Total Allocation 58

**Environmental and Community Services**

**Refuse and Kerbside Waste Collection: R Ward** 10  
 Risk: 11 *Inherent* Very high *Residual* High

11 The Council is unable to collect household and trade waste on a regular basis resulting in both environmental and health & safety concerns and a reduction in the quality of life of residents.

The refuse service is a key service to the residents of the District. This audit will review the procedures associated with the management of the service, particularly the workforce and fleet and kerbside recycling and recycling initiatives in place. This area was last reviewed in March 2006 and received a substantial opinion.

**Car Park Management: R Ward** 12  
 The systems and procedures for managing car park income and excess charges has recently changed. This audit will specifically review credit call, the hand held penalty/excess charges and the Chipside charging management system. This area was last reviewed in March 2007 and received an adequate assurance opinion

**Homelessness: S Plant** 10  
 Risk: 148      *Inherent*      **Very High**      *Residual*      **Very High**

148 Increased homelessness and applicants on the housing register due to imminent changes to the local housing allowances (housing benefits).

A review of the management and processing of homelessness cases within the District. This will include the proactive steps taken to stop people becoming homeless, bringing empty homes back into use, temporary accommodation capacity and the management of placements. This area was last reviewed in July 2006 and received a substantial assurance opinion.

**Building Control Income: P Jose** 8  
 Risk: 44      *Inherent*      **High**      *Residual*      **High**

44 Building control customers take their business elsewhere due to the service not being carried out effectively, resulting in the eventual loss of the service.

This review will examine the systems and procedures in place to administer building control fee income. This area was last reviewed in January 2007 and received a limited assurance opinion. The implementation of previously agreed actions will also be reviewed.

**Planning Services Income: S Ingram** 8

This review will examine the systems and procedures in place to administer all fee income. This area was last reviewed in July 2003 and received a substantial assurance opinion.

**Development Management: S Ingram** 5  
 Risk: 43      *Inherent*      **High**      *Residual*      **High**

43 Development Management decisions are challenged requiring staff and financial resources to be directed at defending the challenge resulting in a reduction in service.

The cost of responding to challenges on planning decisions is expensive, both in Officer time and monetary terms. This audit will review the Member training procedures in place and examine how potential outcomes are highlighted to Members. This area has not been reviewed previously.

Total Allocation 53

**Contracts**

**Service & Supply contracts** 5

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

**New Headquarters and Eastfield House: R Preston** 10

A review of the contract payments and final account upon the completion of the new building project.

Total Allocation 15