



Stevenage Borough Council  
Audit Committee

2018/19 Internal Audit Plan Report

26 March 2018

Recommendation

Members are recommended to approve the  
proposed Stevenage Borough Council Internal Audit  
Plan for 2018/19

## Contents

### 1. Introduction and Background

- 1.1 Purpose
- 1.2 Background

### 2. Audit Planning Process

- 2.1 Planning Principles
- 2.2 Approach to Planning
- 2.4 Planning Context
- 2.7 Internal Audit Plan 2018/19

### 3. Performance Management

- 3.1 Update Reporting
- 3.3 Performance Indicators

## Appendices

### A Proposed Stevenage Borough Council Audit Plan 2018/19

### B Audit Start Dates Agreed with Management

# 1. Introduction and Background

## Purpose of Report

- 1.1 To provide Members with the proposed Stevenage Borough Council 2018/19 Internal Audit Plan.

## Background

- 1.2 The Stevenage Borough Council Internal Audit Plan sets out the programme of internal audit work for the year ahead, and forms part of the Council's wider assurance framework. It supports the requirement to produce an audit opinion on the overall internal control environment of the Council, as well as a judgement on the robustness of risk management and governance arrangements, contained in the Head of Internal Audit annual report.
- 1.3 The Shared Internal Audit Service (SIAS) Audit Charter which was presented to the June 2017 meeting of this Committee shows how the Council and SIAS work together to provide a modern and effective internal audit service. This approach complies with the requirements of the United Kingdom Public Sector Internal Audit Standards (PSIAS) which came into effect on 1 April 2013. An updated version of the SIAS Audit Charter will be brought to the first meeting of Audit Committee in the 2018/19 Civic year.
- 1.4 The PSIAS require that the audit plan must incorporate or be linked to a strategic or high-level statement which:
  - Outlines how the service will be developed in accordance with the internal audit charter
  - Details how the internal audit plan will be delivered
  - Evidences how the service links to organisational objectives and priorities
- 1.5 Section 2 of this report details how the SIAS complies with this requirement.

# 2. Audit Planning Process

## Planning Principles

- 2.1 SIAS audit planning is underpinned by the following principles:
  - a) Focus of assurance effort on the Council's key issues, obligations, outcomes and objectives, critical business processes and projects and principal risks. This approach ensures coverage of both strategic and key operational issues.

- b) Maintenance of an up-to-date awareness of the impact of the external and internal environment on the council's control arrangements.
- c) Use of a risk assessment methodology to determine priorities for audit coverage based, as far as possible, on management's view of risk;
- d) Dialogue and consultation with key stakeholders to ensure an appropriate balance of assurance needs, including recognition that in a resource constrained environment, all needs cannot be met.
- e) Identification of responsibilities where services are delivered in partnership.
- f) In-built flexibility to ensure that new risks and issues are accommodated as they emerge;
- g) Capacity to deliver key commitments including work undertaken on behalf of External Audit, governance work and counter fraud activity;
- h) Capacity to respond to management requests for assistance with special investigations, consultancy and other forms of advice.

#### Approach to Planning

- 2.2 In order to comply with the requirements of the PSIAS, SIAS has continued with a methodology for all SIAS partners which contains the following elements:

#### *Local and National Horizon Scanning*

SIAS reviews, on an ongoing basis:

- key committee reports at each client and identifies emerging risks and issues;
- the professional and national press for risks and issues emerging at national level

#### *Consideration of risk management arrangements*

SIAS assesses the risk maturity of the council and based on this assessment, determines the extent to which information contained within the council's risk register informs the identification of potential audit areas.

#### *Confirmation of the council's objectives and priorities*

SIAS confirms the current objectives and priorities of the Council. This information is used to confirm that identified auditable areas will provide

assurance on areas directly linked to the achievement of the council's objectives and priorities.

2.3 The approach to audit planning for 2018/19 has been characterised by:

- a) Detailed discussions with senior managers and other key officers within the council to confirm auditable areas and elicit high level detail of the scope of audits. This process incorporates the following four steps to assist in the later prioritisation of projects:

*Risk Assessment*

Managers and SIAS agree the level of risk associated with an identified auditable area.

*Other sources of Assurance*

Managers are asked whether assurance in the auditable area is obtained from other assurance providers e.g. External Audit or the Health and Safety Executive. This approach ensures that provision of assurance is not duplicated.

*Significance*

Managers assess how significant the auditable area is in terms of the achievement of corporate or service objectives and priorities.

*Timings*

Managers identify when an audit should be undertaken to add most value.

- b) Proposed plans are based on the information obtained from the planning meetings. Details of audits that have not been included in the proposed draft plan as a result of resource limitations are reported to senior management and the audit committee.
- c) The proposed 2018/19 plans for all SIAS partner councils are then scrutinised and cross-partner audits highlighted;
- d) Proposed draft plans are presented to Senior Leadership Team for discussion and agreement;
- e) The plan is shared with the External Auditor.

This approach ensures that our work gives assurance on what is important and those areas of highest risk and thus assists the Council in achieving its objectives

The Planning Context

2.4 The context within which local authorities and housing associations provide their services remains challenging:

- Austere public finances are likely to continue into the next decade, meaning that previous expenditure levels are not sustainable and public leaders expect serious financial difficulty ahead;
  - Demand continues to rise, driven by complex needs, an ageing population and higher service expectations from citizens;
  - Technology ranging from use of mobile devices and applications to predictive analytics is now key to service delivery and offers opportunities along with significant risks;
  - Major, national programmes in areas like welfare and business rate reform, and structural changes mean the environment remains relatively unstable;
- 2.5 The resultant efficiency and transformation programmes that councils are in the process of implementing and developing are profoundly altering each organisation's nature. Such developments are accompanied by potentially significant governance, risk management and internal control change.
- 2.6 The challenge of giving value in this context, means that Internal Audit needs to:
- Meet its core responsibilities, which are to provide appropriate assurance to Members and senior management on the effectiveness of governance, risk management and control arrangements in delivering the achievement of Council objectives;
  - Identify and focus its effort on areas of significance and risk, assisting the organisation in managing change effectively, and ensuring that core controls remain effective;
  - Give assurance which covers the control environment in relation to new developments, using leading edge audit approaches such as 'control risk self assessments' or 'continuous assurance' where appropriate;
  - Retain flexibility in the audit plan and ensure the plan remains current and relevant as the financial year progresses.

#### Internal Audit Plan 2018/19

- 2.7 The draft 2018/19 audit plan is included at Appendix A and contains a high level proposed outline scope for each audit. Appendix B details the agreed start months.
- 2.8 The SIAS Board approved a 10% reduction in audit plan days across all partner plans at its December 2017 meeting. For Stevenage, this amounted to a reduction of 40 days from a total of 390 to 350 days in

the 2018/19 Audit Plan. The bulk of this (25 days) was taken from key financial systems audits, and the remainder distributed across the Plan. The table below shows the estimated allocation of the total annual number of purchased audit days for the year:

<b>Purchased Audit Days</b>	<b>2018/19</b>	<b>%</b>
Key Financial Systems	75	21
Operational audits	122	35
Procurement / Contracts / Project Management	24	7
IT Audits	30	9
Risk & Governance	10	3
Counter Fraud	0	0
Shared Learning / Joint Reviews	6	2
Ad-Hoc Advice	5	1
To Be Allocated	0	0
Follow Ups	10	3
Strategic Support*	43	12
Contingency	5	1
2017/18 Projects Requiring Completion	20	6
<b>Total allocated days</b>	<b>350</b>	<b>100</b>

\* This covers supporting the Audit Committee, monitoring, client liaison and planning for 2019/20.

- 2.9 Members will note the inclusion of a provision for the completion of projects that relate to 2017/18. The structure of Internal Audit's programme of work is such that full completion of every aspect of the work in an annual plan is not always possible, especially given the high dependence on client officers during a period where there are competing draws on their time e.g. year end closure procedures.
- 2.10 The nature of assurance work is such that enough activity must have been completed in the financial year, for the Head of Assurance to give an overall opinion on the Authority's internal control environment. In general, the tasks associated with the total completion of the plan, which includes the finalisation of all reports and negotiation of the appropriate level of agreed mitigations, is not something that adversely affects delivery of the overall opinion. The impact of any outstanding work is monitored closely during the final quarter by SIAS in conjunction with the Section 151 Officer.

### 3. Performance Management

#### Update Reporting

- 3.1 The work of Internal Audit is required to be reported to a Member Body so that Stevenage Borough Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. It is considered good practice that progress reports also include proposed amendments to the agreed annual audit plan. Progress against the agreed plan for 2018/19 and any proposed changes will be reported to this Committee four times in the 2018/19 civic year.
- 3.2 The implementation of agreed audit recommendations will be reported to Audit Committee as part of the update reporting process.

#### Performance Indicators

- 3.3 Annual performance indicators were approved at the SIAS Board in September 2011 and are reviewed annually. Details of the targets set for 2018/19 are shown in the table below. Actual performance against target will be included in the update reports to this Committee.

Performance Indicator	Performance Target
<b>1. Planned Days</b> percentage of actual billable days against planned chargeable days completed.	95%
<b>2. Planned Projects</b> percentage of actual completed projects to draft report stage against planned completed projects.  Note: to be based on the judgement of the SIAS management team and representing the best estimate as to a reasonable expectation of progress on the audit plan.	95%
<b>3. Client Satisfaction</b> percentage of client satisfaction questionnaires returned at 'satisfactory' level.	100%
<b>4. Number of High Priority Audit Recommendations agreed</b>	95%



<b>5. External Auditor Satisfaction</b>	Annual Audit Letter formally records that the External Auditors are able to rely upon the range and quality of SIAS' work.
<b>Annual Plan</b>	Presented to the March meeting of each Audit Committee. Or if there is no March meeting then presented to the first meeting of the new financial year.
<b>Head of Assurance's Annual Report</b>	Presented to the first meeting of each Audit Committee in the new financial year.

## Stevenage Borough Council 2018/19 Draft Internal Audit Plan

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
<p><b>KEY FINANCIAL SYSTEMS</b></p> <p>Key financial systems are of critical importance to sound financial management and financial reporting. As such, the external auditor needs to be satisfied that these systems are soundly controlled and can be relied upon to avoid errors that would result in a material misstatement in the organisation's accounts. Management also needs to be assured that the key financial systems are soundly controlled in order to meet objectives and thereby contribute appropriately to wider organisational objectives.</p> <p>In agreement with the Assistant Director (Finance and Estates) (S151 Officer), we have amended the internal audit strategy for key financial systems. We will be conducting full audits of all key financial systems on a three-year cyclical basis, with a reduced depth of coverage in the intervening two years of the cycle.</p> <p>Factors determining both which audits will be subject to greater depth of coverage and individual assurance areas to be included within the scope of each audit will take account of the following:</p> <ul style="list-style-type: none"> <li>a) Any major changes to systems, e.g. a new IT system or system upgrade,</li> <li>b) Any major changes to key staff,</li> <li>c) Any significant change to the number or complexity of transactions being processed by that system,</li> <li>d) Any regulatory changes impacting on the system,</li> <li>e) History of issues / weaknesses identified by audit (internal or external), and</li> <li>f) Assurance required to inform the Annual Governance Statement.</li> </ul>		
Main Accounting System (General Ledger)	<p>Main Accounting will have reduced coverage this year to confirm implementation of previous audit recommendations and that existing controls are operating effectively. Areas of coverage may include:</p> <ul style="list-style-type: none"> <li>a) Access controls for the general ledger and associated modules,</li> <li>b) Setting up, deletion and monitoring of general ledger accounts in line with an established delegation of authority,</li> </ul>	6

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	<ul style="list-style-type: none"> <li>c) Processing of journals and virements, ensuring that only authorised transactions with appropriate justification documented can be entered,</li> <li>d) Reconciliation of financial and non-financial systems where significant income is received, and</li> <li>e) Regular review and clearance of suspense accounts.</li> </ul>	
Debtors	<p>SIAS will be conducting a full assurance audit on the Debtors system to confirm implementation of previous audit recommendations and that existing controls are operating effectively. Areas of coverage may include:</p> <ul style="list-style-type: none"> <li>a) Policies and procedures,</li> <li>b) Customer account creation and amendment,</li> <li>c) Raising of debtor accounts,</li> <li>d) Credit notes and refunds,</li> <li>e) Accounting for income received,</li> <li>f) Write offs, and</li> <li>g) Debtors control account reconciliations.</li> </ul>	10
Creditors	<p>SIAS will be conducting a full assurance audit on the Creditors system to confirm implementation of previous audit recommendations and that existing controls are operating effectively. Areas of coverage may include:</p> <ul style="list-style-type: none"> <li>a) Policies and procedures,</li> <li>b) Raising of supplier accounts,</li> <li>c) Ordering of goods, works and services,</li> <li>d) Receipt of goods, works and services,</li> <li>e) Payment of suppliers' invoices,</li> <li>f) Credit notes and refunds, and</li> </ul>	12

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	g) Creditors control account reconciliations.	
Treasury Management	<p>Treasury Management will have reduced coverage this year to confirm implementation of previous audit recommendations and that existing controls are operating effectively. Areas of coverage may include:</p> <ul style="list-style-type: none"> <li>a) Treasury Management Practices, Policies and Procedures,</li> <li>b) Reporting Arrangements,</li> <li>c) Service Continuity and Training,</li> <li>d) Cash Flow Management,</li> <li>e) Counter-Party Risk,</li> <li>f) Transactions,</li> <li>g) On-line Banking and Investments,</li> <li>h) Capital and Interest Payments,</li> <li>i) Reconciliations,</li> <li>j) Performance Monitoring, and</li> <li>k) External Service Providers</li> </ul>	6
Payroll	<p>SIAS will be conducting a full assurance audit on the Payroll system to confirm implementation of previous audit recommendations and that existing controls are operating effectively. Areas of coverage may include:</p> <ul style="list-style-type: none"> <li>a) Systems Access,</li> <li>b) Policies and Procedures,</li> <li>c) Service Continuity,</li> <li>d) Statutory and Super-Annuation Parameters,</li> <li>e) Starters and Leavers,</li> <li>f) Contract Variations,</li> </ul>	12

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	<ul style="list-style-type: none"> <li>g) Additional Payments, Overtime and Expenses (coverage dependent on scope of operational audits below),</li> <li>h) Pay Run,</li> <li>i) PAYE Real Time Information,</li> <li>j) Recovery of Overpayments, and</li> <li>k) Payroll Records (Data Protection / Security).</li> </ul>	
Council Tax	<p>Council Tax will have reduced coverage this year to confirm implementation of previous audit recommendations and that existing controls are operating effectively. Areas of coverage may include:</p> <ul style="list-style-type: none"> <li>a) Policies, Procedures and Legislation,</li> <li>b) Amendment to Council Tax records,</li> <li>c) Discounts and Exemptions, e.g. Single Person Discount</li> <li>d) In-year Billing,</li> <li>e) Collection and Refunds,</li> <li>f) Recovery, Enforcement and Write Offs,</li> <li>g) Reconciliation between Council Tax system and General Ledger,</li> <li>h) Performance monitoring and Performance, and</li> <li>i) System access</li> </ul>	6
Business Rates (NDR)	<p>Business Rates will have reduced coverage this year to confirm implementation of previous audit recommendations and that existing controls are operating effectively. Areas of coverage may include:</p> <ul style="list-style-type: none"> <li>a) Policies, procedures and regulatory compliance,</li> <li>b) Reconciliation between NDR system and Valuation lists,</li> <li>c) Multiplier setting,</li> <li>d) Voids and reliefs,</li> </ul>	6

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	<ul style="list-style-type: none"> <li>e) In-year Billing,</li> <li>f) Collection and refunds,</li> <li>g) Recovery, enforcement and write offs,</li> <li>h) Reconciliation between NDR system and general ledger,</li> <li>i) Performance monitoring and management, and</li> <li>j) System access.</li> </ul>	
Housing Benefits	<p>Housing Benefits will have reduced coverage this year to confirm implementation of previous audit recommendations and that existing controls are operating effectively. Areas of coverage may include:</p> <ul style="list-style-type: none"> <li>a) Policies, procedures and set-up of standing data,</li> <li>b) Assessments and backdating,</li> <li>c) Payments,</li> <li>d) Recovery of Overpayments**,</li> <li>e) Reconciliations,</li> <li>f) Performance Monitoring, and</li> <li>g) Security of Data.</li> </ul> <p>** - This has been identified as a key area of coverage for 2018/19 and will form the predominant part of the audit work.</p>	6
Cash and Banking	<p>Cash and Banking will have reduced coverage this year to confirm implementation of previous audit recommendations and that existing controls are operating effectively. Areas of coverage may include:</p> <ul style="list-style-type: none"> <li>a) Security of cash and cheques received into departments and through the kiosk,</li> <li>b) Processing of cash and cheque payments,</li> <li>c) Collection and banking of kiosk income, and</li> <li>d) Bank Reconciliations.</li> </ul>	5

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
Housing Rents	<p>Housing Rents will have reduced coverage this year to confirm implementation of previous audit recommendations and that existing controls are operating effectively. Areas of coverage may include:</p> <ul style="list-style-type: none"> <li>a) Procedures and processes of all stages of rent setting, rent collection and arrears management,</li> <li>b) Annual rent setting, input into the Housing Management System and communication with tenants,</li> <li>c) Tenancy status, collection of rent, including refunds, and reconciliation to the general ledger account, and</li> <li>d) Management of rent arrears, action taken, including write offs (current and former tenants) and evictions</li> <li>e) Housing rents suspense account</li> <li>f) Rent refunds</li> </ul>	6
<b>OPERATIONAL AUDITS</b>		
Data Quality	<p>Public services need reliable, accurate and timely information with which to manage services, inform users and account for performance. Much time and money is spent on the activities and systems involved in collecting and analysing the data which underlies performance information, yet we have identified a lack of confidence in some of this data at our partners and our audit work has identified some instances of inaccuracy or a high degree of manual intervention required to report data. As increasing reliance is placed on this information in performance management and assessment regimes, the need for reliable data has become more critical.</p>	15



Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	<p>Our coverage will include the following:</p> <ul style="list-style-type: none"> <li>a) Management arrangements - a review to determine whether proper corporate management arrangements for data quality are in place, and whether these are being applied in practice. This will include a review of performance management through InPhase.</li> <li>b) Completeness check - a review of the arithmetic completeness and acceptability of data supporting performance indicators selected for testing, and</li> <li>c) Data quality spot checks - in-depth review of a sample of performance indicators to determine whether arrangements to secure data quality are delivering accurate, timely and accessible information.</li> </ul>	
GDPR - Post Implementation Review	<p>As of May 25 2018, the General Data Protection Regulations (the GDPR) will replace the Data Protection Act 1998 as the regulation governing the protection of data in the UK. As a data controller, the Council has an obligation to comply with this new regulation and a programme of work is underway to implement the necessary governance framework.</p> <p>The transition from operating under the Data Protection Act 1998 (DPA) to the GDPR increases the risk of significant financial and reputational damage should the security of the Council's information be found to have been breached.</p> <p>In May 2017, the ICO published guidance on implementing the GDPR titled: Preparing for the General Data Protection Regulations – 12 Steps to Take Now, which set out the actions that organisations should be taking to prepare for the GDPR. We used this guidance as the framework of our review completed in February 2018 and to identify the actions that the Council is required to take between now and May 2018.</p> <p>This audit is designed primarily to provide assurance that the Council is compliant with the GDPR post May 2018, secondly to identify any gaps or actions still to be taken, and lastly to look back at the project and review successes and lessons learned.</p>	10

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
Land Charges	<p>The Infrastructure Act 2015 authorised the transfer of local land charges registers and services from local authorities to be held and provided centrally at Land Registry. Councils play a key role in the collation and supply of data affecting their local areas which is essential in order to keep the new central digitised register updated. Secondary legislation laid out in the Local Land Charges Rules 2017 regulate how originating authorities (including local authorities) supply data to the Land Registry for inclusion in the new digitised central local land charges register.</p> <p>When the transfer of data from an individual local authority to HM Land Registry is completed, customers and users will be able to search and receive near-instant digital results via the Land Registry website or business channels, the portal and Business Gateway. Local authorities will still be required to apply, vary and cancel charges in the new register. They will also need to provide source documents on request and respond to additional enquiries from customers following HM Land Registry's issue of a search result.</p> <p>HM Land Registry has issued Pre-Migration Guidance to local authorities to complete a number of tasks to ensure the data in their local land charges (LLC) register is ready for digitisation and an efficient transfer with minimal referrals and queries. This document describes the tasks and the ideal position of a local authority's data before the transfer starts.</p> <p>Our work is designed to review the Council's progress and response to the changes in the provision of local land charge searches, including the secure migration of data to the Land Registry.</p>	7
Emergency	The Civil Contingencies Act 2004 (CCA 2004) establishes a coherent framework for	10

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
Planning	<p>emergency planning and response, civil protection and community resilience ranging from local to national level. Part 1 of the CCA 2004 places a legal obligation upon emergency services and local authorities (defined as “Category 1 responders” in the CCA2004) to:</p> <ul style="list-style-type: none"> <li>a) Assess the risk of, plan and exercise for emergencies,</li> <li>b) Undertake business continuity management,</li> <li>c) Assume responsibility for warning and informing the public in relation to emergencies,</li> <li>d) Provide business continuity advice to local businesses,</li> <li>e) Co-operate and share information between themselves, as well as non-emergency services that may have a role in emergencies (defined as “Category 2 responders” in the CCA 2004).</li> </ul> <p>The CCA 2004 ensures that the organisations best placed to manage emergency response and recovery, are at the heart of civil protection. It achieves this by:</p> <ul style="list-style-type: none"> <li>a) Ensuring a clear set of roles and responsibilities for emergency response and recovery which encourages and enhances cross organisational working and communication,</li> <li>b) Establishing a set structure and uniformity for local emergency response and recovery activities, placing an importance on appropriate business resilience activities, and</li> <li>c) Establishing an agreed platform for critically assessing the effectiveness of emergency planning at a local level, with a clear focus on review and updating of plans and procedures (including training and awareness).</li> </ul> <p>The Council works closely with other agencies involved in emergency planning issues as part of Hertfordshire Resilience, which is the Local Resilience Forum for Hertfordshire. Hertfordshire Resilience includes representatives from the 'blue light' emergency services, as well as local authorities, the National Health Service, government agencies voluntary organisations and transport and utility companies. The Council buys into the</p>	

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	<p>traded service provided by Hertfordshire County Council District Emergency Planning Team and benefits from a dedicated HCC emergency planning officer who works in partnership with the borough to enhance the authority's emergency preparedness.</p> <p>The principal concern of local authorities in an emergency is to provide support for the people in their area. The Council as a local authority has particular responsibilities in emergencies in relation to the safety of structures; emergency shelter and re-housing and environmental health issues.</p> <p>In providing assurance on the Council's emergency preparedness, we will not only review compliance with the requirements of the CCA2004 as described in the lists above, but also look at:</p> <ul style="list-style-type: none"> <li>a) Records and documents maintained for an actual incident, or Council response, in terms of the Emergency Plan,</li> <li>b) Managing spontaneous volunteers and accounting for donations, and</li> <li>c) Memorandum of Understanding relating to mutual aid from other local authorities.</li> </ul>	
Street Cleansing Programme	<p>The Council's street cleansing programme provides a frequent cleansing of streets, gullies, car parks, public conveniences and other public areas to remove litter, build-up of leaves or any other conditions which could pose a risk to public health and safety. The Council does the following:</p> <ul style="list-style-type: none"> <li>• Continuously litter-picks town centres</li> <li>• Sweeps roads once every ten weeks</li> <li>• Removes accumulations of rubbish from public land</li> <li>• Empties litter and dog bins at least once every two weeks</li> </ul>	15

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	<ul style="list-style-type: none"> <li>Assists with locally organised clean-ups.</li> </ul> <p>Business unit reviews are currently being undertaken and independent consultants procured to provide specific specialist advice on matters such as resource modelling and deployment.</p> <p>Internal Audit has been asked to provide assurance on governance, risk management, process and project / improvement plan implementation.</p>	
CCTV	<p>Hertfordshire CCTV Partnership Ltd is a partnership between Stevenage Borough Council, East Herts District Council, Hertsmere Borough Council and North Herts District Council. Their aim is to reduce the fear of crime across the principal public, residential, retail, business and schools within the partnership. The partnership currently covers a large area in public space CCTV in 15 towns across Hertfordshire and Bedfordshire. It also covers a large number of schools and private premises via their extensive ADPRO network.</p> <p>The proposed audit will look at the governance and financial management of Hertfordshire CCTV Partnership Ltd, including its management and board structures, partnership / shareholder agreements, monitoring of performance and delivery against objectives, staffing and funding arrangements (profitability, loading of costs, recharges). A specific scope will be agreed at the commencement of the audit.</p>	10
Development Management	<p>This audit will look to cover the following aspects of the development management process:</p> <p>a) Planning Cycle - The four stages of the planning application cycle namely application, validation, consultation, and decision to ensure applications are dealt with promptly</p>	10

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	<p>and in line with statutory and local requirements. Testing will also cover the pre-planning application process.</p> <p>b) Fees and income - Application fees are charged in accordance with statutory scales and pre-application fees are as approved. Fees are banked promptly.</p> <p>c) Documentation and systems – Adequate information and documentation is maintained to support planning decisions.</p> <p>d) PS1 and PS2 Statutory Returns - Completion of the PS1 and PS2 statutory returns containing information relating to the Council's planning activities, including completion against set timescales and controls over the accuracy of data submitted. This will only be included in this audit, where not picked up by the data quality audit above.</p>	
Homelessness Reduction Act	<p>The Homelessness Reduction Act 2017 comes into force from April 2018, with £61million of government funding behind the Act. Councils will use the funding to pay for the series of new responsibilities they must meet under the Act. The Act places a legal duty on councils to give people meaningful support to try to resolve their homelessness, as well as introducing measures to prevent people becoming homeless in the first place.</p> <p>Some of the key changes relate to definitions of the threat of homelessness, the duty to provide advisory services, the duty to assess every eligible applicant's case and agree a plan, duties in cases of threatened homelessness, initial duty owed to all eligible persons who are homeless, duties to the intentionally homeless, ending duty – final accommodation offer, ending duty – deliberate and unreasonable refusal to co-operate and referral to another authority.</p> <p>The Council faces the challenge of delivering its homelessness duties and responsibilities</p>	10

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	in a different way. This audit will look at the Council's response in terms of its planned changes and any peer review outcomes, and provide assurance that the service is meeting new statutory requirements.	
Debt Recovery	<p>This audit will look to cover some of the following aspects of the sundry debt recovery process:</p> <ul style="list-style-type: none"> <li>a) Adherence to the Council's debt management procedures and departments' own procedures (where applicable).</li> <li>b) Receipt of regular and suitable 'aged debt reports' or other debtor information by managers and the effective review of this information resulting in timely and appropriate action.</li> <li>c) Information sharing and coordination of action between departments, and the Finance and Legal sections, ensures that debt recovery is as efficient and effective as reasonably possible.</li> <li>d) Services are withheld wherever possible until full payment has been received (and/or any other reasonable measures are taken to avoid debts arising).</li> <li>e) Debtors were charged the correct amount for the service/'product' provided.</li> <li>f) Review of methods to improve income collection (e.g. use of direct debit, payment in advance, etc.), as well as drawing on good practice or examples of restructured debt recovery at other Hertfordshire authorities.</li> </ul>	12
Anti-Social Behaviour	<p>The government defines anti-social behaviour as: "behaviour which causes or is likely to cause harassment, alarm or distress to one or more persons not of the same household (Section 1 of the Crime and Disorder Act 1998)". This applies to people living or working in the local area, including people who own or rent their homes.</p> <p>The intention of the audit is to focus on anti-social behaviour case management,</p>	10

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	particularly an evaluation of the efficiency and effectiveness of the current arrangements and systems. We will look to cover policies, procedures and guidance in place, consistent and timely progression of anti-social behaviour case referrals, use of intelligence, recording of actions and outcomes, case management software, spreadsheets, hard copy files or databases in place, data security, effectiveness of cross departmental and partnership working, enforcement action, escalation arrangements, monitoring and performance management.	
Herts Home Improvement Agency	To provide assurance that a robust internal control framework is in place to support the delivery of activities and outcomes of the Home Improvement Agency. Audit day contributions from all SIAS partners who are in the partnership have been sought.	2
DFG Capital Grant Certification	To provide Head of Internal Audit sign-off on the annual Disabled Facilities Capital Grant return, due at the end of September each year.	1
Digital – Connected to our Customers	<p>With the increasing role technology plays in the lives of our customers and the ways in which the Council conducts its business in the broadest sense, there are an increasing number of proposed or actual digital channels and touchpoints through which our customers interact and transact with us.</p> <p>Councils across the country are beginning to share, collaborate and work together in digital partnership, using technology to deliver high quality services that save money. This includes sharing best practice and skills, developing common digital service patterns and looking at ways Councils can share technology to deliver services.</p> <p>It is proposed that this audit will be mainly outward looking and have a strong consultancy element, covering what other Councils are doing, where they are working together and what they find most useful. There will also be an inward focus on the Council's current</p>	10



Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	and proposed digital offering, how it is being promoted, and what the level of take up (effectiveness) is.	
<b>PROCUREMENT, CONTRACT MANAGEMENT AND PROJECT MANAGEMENT</b>		
Refurbishment Contract	<p>The Major Refurbishment Contract (otherwise known as the “Flat Block” contract) is one of the key deliverables highlighted within the HRA Business Plan, with approval given to commence the procurement for two contractors by the Executive in December 2016. Approval to award the contract took place at Executive on 23 January 2018.</p> <p>Our audit work is intended to support the mobilisation and transition phase of the contract and will encompass two separate visits to provide assurance at different intervals.</p>	12
Housing Development Schemes	<p>The purpose of the Housing Development Programme is new build delivery, planned re-provision of sheltered housing schemes, develop new Council housing quickly, provide new rental income to help sustain the HRA and replace properties lost through Right to Buy and raise the quality of housing that is available.</p> <p>Considerable financial commitments are proposed for the Housing Development Programme and it has been deemed prudent to seek assurance around the largest of the current development schemes.</p> <p>A full audit of a sample of schemes is proposed in 2018/19, including areas such as compensation payments to tenants, buying out private leaseholders, OJEU compliant procurement, project management, moving vulnerable people, confidentiality agreements, risk of unfair payments, risks around use of compulsory purchase orders (or not) to acquire leaseholds and contract payments.</p>	12

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
<b>SHARED LEARNING</b>		
Joint Reviews	<p>The SIAS Board traditionally agree a topic (or topics) for consideration as joint reviews across the SIAS partners in-year. These have yet to be determined for 2018/19.</p> <p>Where no topic is specified, the audit days will be returned to contingency for use on emerging audits / risks, applied to other audits in the plan or used on audits in the reserve list.</p>	2
Shared Learning	<p>Shared Learning Newsletters and Summary Themed Reports – 2 days</p> <p>Audit Committee and Joint Review Workshops – 2 days</p>	4
<b>COUNTER FRAUD</b>		
N/A	No internal audit work in this area proposed in 2018/19. The Shared Anti-Fraud Service provides pro-active and reactive counter fraud services.	0
<b>RISK MANAGEMENT AND GOVERNANCE</b>		
Risk Management	The audit will involve a high level review of strategic and operational risk management arrangements, and whether risk management has been embedded in operational decision-making and activity. Any emerging issues will be considered as part of the audit	5

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	planning process. This audit traditionally informs the Annual Governance Statement.	
Corporate Governance	<p>This audit traditionally informs the Annual Governance Statement and has covered a wide variety of topics across our partners. These have included:</p> <ul style="list-style-type: none"> <li>a) Members and officers serving on Outside Bodies,</li> <li>b) Local Government Transparency Code,</li> <li>c) Culture, Ethics and Standards,</li> <li>d) Council Strategies, Policies and Procedures,</li> <li>e) Governance structures - Effective Council, committee and reporting structure, terms of reference for each committee and group, work plans for Cabinet / committees, minuting and action tracking, Members and senior staff possessing the appropriate mix of skills and receive any required training and development and delegating decision-making and transactional authority, and</li> <li>f) Delegation of authority.</li> </ul>	5
<b>AD HOC ADVICE</b>		
Ad Hoc Advice	This planned time has been allocated to provide for ad hoc advice to management on matters, issues or queries relating to risk, control, governance and anti-fraud. Ad hoc advice is relevant to activities that typically take less than one day to complete, e.g. advice on new policies or strategies.	5
<b>IT AUDITS (shared with East Herts Council)</b>		

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
Cyber Security (TSS Improvement Plan - Security)	<p>A number of Councils are specifying annual cyber security audits in response to ongoing cyber security threats and vulnerabilities. This Council is no different in that a Cyber Security Audit was conducted as part of the 2017/18 Audit Plan.</p> <p>The UK is one of the world's leading digital nations. Much of our prosperity now depends on our ability to secure our technology, data and networks from the many threats we face. Yet cyber-attacks are growing more frequent, sophisticated and damaging when they succeed. The Government's National Cyber Security Strategy 2016-2021 was released in November 2016, and it is proposed that the renewed focus on cyber security provided by the Strategy should form the basis for a further audit at the Council, with the scope to be determined at the point of delivery.</p> <p>Security is one of the key themes for improvement within the Technology Shared Service Improvement Plan and an audit of the key areas of focus and outcomes is proposed.</p>	6
Incident Management - Major Incident Review / IT Disaster Recovery Follow-up (TSS Improvement Plan - Resilience)	<p>A follow-up or re-audit of IT Disaster Recovery (Post Incident) is proposed, following the issue of the final internal audit report in January 2018. The original audit report raised four high priority recommendations and provided overall limited assurance.</p> <p>Resilience is one of the key themes for improvement within the Technology Shared Service Improvement Plan and an audit of the key areas of focus and outcomes is proposed.</p>	6
Mobile Device Management and BYOD	<p>Mobile device management (MDM) is the administrative area dealing with deploying, securing, monitoring, integrating and managing mobile devices, such as smartphones, tablets and laptops, in the workplace. It has also been defined to be a type of security software used by an IT department to monitor, manage and secure employees' mobile</p>	6

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	<p>devices that are deployed across multiple mobile service providers and across multiple mobile operating systems being used in the organisation.</p> <p>In the consumerisation of IT, BYOD, or bring your own device, is a phrase that has become widely adopted to refer to employees who bring their own computing devices – such as smartphones, laptops and tablets – to the workplace for use and connectivity on the secure corporate network. Today, employees expect to use personal smartphones and mobile devices at work (and for work), making BYOD security a concern for IT teams.</p> <p>This audit will seek to provide coverage of risk mitigation measures and security policy that clearly outlines the company's position, security requirements and governance policy to help IT better manage these devices and ensure network security is not compromised.</p> <p>Specifically, our objectives are:</p> <ul style="list-style-type: none"> <li>a) <b>Governance</b> – Whether the Council has appropriate arrangements in place governing the use of mobile devices and BYOD. This will include: <ul style="list-style-type: none"> <li>i. There is a defined standard governing the use of mobile devices and BYOD for the Councils' business</li> <li>ii. There are defined policies and procedures in place relating to the secure use of mobile devices and BYOD</li> <li>iii. There are effective arrangements in place to recover lost or stolen devices</li> <li>iv. The arrangements in place are reviewed on a routine basis.</li> </ul> </li> <li>b) <b>Mobile Device Security</b> – Whether there are procedures in place to secure the mobile devices that are used by the Council to access information and services. This will include: <ul style="list-style-type: none"> <li>i. There is a standard in place for securing mobile devices</li> <li>ii. That security controls have been deployed on mobile devices and are managed effectively</li> </ul> </li> </ul>	

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	<p>iii. There are procedures in place for securing the Councils' information on a mobile device if it is lost or stolen.</p> <p>c) <b>Bring Your Own Device Security</b> – Whether members of staff are able to use their own devices in a manner that is secure and consistent with the Councils' policies. This will include:</p> <ul style="list-style-type: none"> <li>i. There are controls in place to prevent unauthorised devices connecting to the Councils' IT network</li> <li>ii. Security controls are deployed on devices that are connecting to and accessing the Councils' IT network</li> <li>iii. The devices that are connected to the IT network are reviewed on a routine basis.</li> </ul> <p>Our work is designed to provide an assessment of the information security and cyber-crime prevention arrangements but cannot provide absolute assurance that the Councils would withstand an attack on its systems.</p>	
<p>TSS Improvement Plan Governance</p> <p>(including scope of adoption of ITIL as part of operational framework)</p>	<p>The Technology Shared Service Improvement Plan was developed to improve the service across four broad themes: resilience, security, best practice service management and developing forward strategy. The Improvement Plan is separated into distinct phases to ensure that the service has a reliable, robust and secure platform to enable later changes and improvements for customers as part of the 'Connected to our Customers' and 'Digital East Herts' programmes.</p> <p>This audit is designed to examine the governance around the Improvement Plan, including ownership, strategic direction, alignment to corporate priorities, monitoring delivery, risk management, staffing, investment, exception reporting and regular progress review and update.</p> <p>ITIL, formally an acronym for Information Technology Infrastructure Library, is a</p>	<p>12</p>

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	<p>framework or set of detailed practices for IT service management (ITSM) that focuses on aligning IT services with the needs of business. It is based around a five-phase service lifecycle: service strategy, service design, service transition, service operation and continual service improvement.</p> <p>ITIL is the most widely accepted approach to IT service management. It helps individuals and organisations use IT to realise business change, transformation and growth. The ultimate goal of ITIL is to improve how IT delivers and supports business services. ITIL is not just technology management or process management. It also focuses on improving the capabilities of people, processes, and technology. Adoption of the ITIL framework can be the foundation for success of other initiatives such as DevOps, cybersecurity, cyber-resilience, Internet of Things (IoT), and other emerging trends and technologies.</p> <p>The IT Improvement Plan has an objective to consolidate and embed the ITIL framework in the way the Technology Service works. The audit time on this area has been set aside to provide consultancy and support in this regard.</p>	
<b>FOLLOW UP AUDITS</b>		
Repairs and Voids Service	<p>A follow-up or re-audit of the Repairs and Voids Service is proposed, following the issue of the final internal audit report in January 2018. The original report contained two high priority recommendations relating to:</p> <ul style="list-style-type: none"> <li>a) Recruitment issues - there are several roles within the Repairs and Voids Service which are currently not filled with substantive staff, meaning that there is not a strong management structure to take forward and embed the programme, and</li> <li>b) Post project closure reports and follow up actions - including a lack of monitoring and ownership of post project actions.</li> </ul>	10

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	<p>There was also a limited assurance area within the audit report centred on actual embedding of the project deliverables as part of business as usual activity once projects have been closed, and adequately resourcing and monitoring these to ensure sustainability and benefits of the work undertaken in the long term.</p> <p>The Council's Improvement Plan incorporated 25 different projects which were managed using the Council's project management framework. At the time of our original audit work, 18 projects had been completed, three were on hold, one had been delayed to March 2018 and three were at completion at the time of audit with closure reports being prepared. Projects were broken down into groups to include those on Business Vision, Service and Individual Development, Operational Delivery, Financial Efficiency and Business Performance.</p> <p>Our work is intended to focus on the implementation of the high priority recommendations, especially the achievement of post project actions and maximising the operational benefits of the projects within business as usual activity.</p>	
<b>CONTINGENCY</b>		
Contingency	To provide for adequate response to risks emerging during the course of the financial year.	5
<b>STRATEGIC SUPPORT</b>		
Head of Internal	To prepare and agree the Head of Internal Audit Opinion and Annual Report for 2017/18.	3



Appendix A – Stevenage Borough Council 2018/19 Proposed Audit Plan

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
Audit Opinion 2017/18		
Audit Committee	To provide services linked to the preparation and agreement of Audit Committee reports, meeting with the Audit Committee Chair prior to each Audit Committee (as required) and presentation of reports / participation at Audit Committee.	10
Client Liaison	This involves meetings and updates with the Council's Audit Champion and other key officers.	8
Liaison with External Audit	To meet the external auditors and providing information as they require.	2
Monitoring	To produce and monitor performance and billing information, work allocation and scheduling.	10
SIAS Development	Included to reflect the Council's contribution to developing and maintain the shared service / partnership through its service plans and corporate activities.	5
2019/20 Planning      Audit	To provide services in relation to preparation and agreement of the 2019/20 Audit Plan.	5
2017/18 projects requiring	Additional time, if required, for the completion of 2017/18 audit work carried forward into the 2018/19 year. Any unused days will be returned to contingency for use on emerging	20

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
completion	<p>risks and audits, or allocated to audits in the reserve list.</p> <p>For the reasons disclosed at Audit Committee in February 2018, the following audits with estimated days required to completion in brackets have been carried forward into 2018/19:</p> <p>Not yet known - estimated number of days provided. Likely to be:</p> <p>Customer Service Centre - Complaints Handling (10) Other (10)</p>	
<b>RESERVE LIST AND FUTURE AUDITS</b>		
IR35	<p>IR35 is tax legislation that is designed to combat tax avoidance by workers supplying their services to clients via an intermediary, such as a limited company, but who would be an employee if the intermediary was not used. Such workers are called 'disguised employees' by Her Majesty's Revenue and Customs (HMRC).</p> <p>Our previous audit in 2016/17 focused on preparation for IR35 changes, however this audit would look at the application of the IR35 rules.</p> <p>This is the primary audit in the reserve list earmarked for inclusion if required for substitution of another audit project.</p>	8
FOI and Data Transparency	Compliance with legislation / regulation, but also effectiveness of process and application of the right to say no if costs are prohibitive.	8

Appendix A – Stevenage Borough Council 2018/19 Proposed Audit Plan

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
Stevenage Haven	<p>Stevenage Haven exists to provide shelter and support for single people experiencing homelessness in Stevenage and North Herts.</p> <p>The Council provided a funding pot to enable people to get a deposit in the private rented sector. The Council is seeking assurance around the effective use of the funding.</p>	5
Stevenage Hire	Review of process and procedure, as well as costs, profitability and income generation.	10
Third Party – governance arrangements	Review of effectiveness of third party relationships, including partnerships, shared services and contractors.	10
Houses in Multiple Occupation (2019/20)	Review in light of changes to legislation.	10
Overtime and Holiday Pay (2019/20)	<p>As a result of a recent ruling by the Employment Appeal Tribunal (EAT) that regular voluntary overtime must be included in the first four week's holiday pay (Dudley Metropolitan Borough Council v Willetts and others), employers now need to apply the ruling to their workforces if they wish to avoid possibly costly tribunal claims.</p> <p>Internal Audit will provide assurance on the application of the new rules.</p>	8

Appendix A – Stevenage Borough Council 2018/19 Proposed Audit Plan

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
Environmental Enforcement (2019/20)	Review of effectiveness of the Council's duties and responsibilities.	10
IT (2019/20)	Audits linked to the TSS Improvement Plan as in 2018/19.	Up to 30 in total
Various Environmental Services audits – Street Scene / Waste and Recycling / Grounds Maintenance (2019/20)	<p>Business unit reviews currently being undertaken and independent consultants procured to provide specific specialist advice on matters such as resource modelling and deployment.</p> <p>Proposal for Internal Audit to provide assurance on governance, risk management, process and project implementation.</p>	10 days each
Garage Improvement Programme (2019/20)	Garages are an important asset for income generation, and a review of the Council's programme delivery, service provision and financial management is deemed appropriate.	10

Appendix B – Stevenage Borough Council 2018/19 Proposed Audit Plan - Audit Start Dates Agreed with Management

Apr	May	June	July	Aug	Sept
2017/18 Audit - Customer Service Centre - Complaints Handling	Mobile Device Management and BYOD	Land Charges	GDPR - Post Implementation Review	Debt Recovery	DFG Capital Grant Certification
2017/18 Audit – Other	Data Quality	Emergency Planning	Street Cleansing	Housing Development Schemes	Development Management
CCTV	Anti-Social Behaviour	Digital – Connected to our Customers	Repairs and Voids Service (Follow up)		
			Refurbishment Contract (1)		

Oct	Nov	Dec	Jan	Feb	Mar
Main Accounting	Cash and Banking	Housing Rents	Debtors	Corporate Governance	Risk Management

## Appendix B – Stevenage Borough Council 2018/19 Proposed Audit Plan - Audit Start Dates Agreed with Management

System (General Ledger)					
Council Tax	NDR	Payroll	Creditors	Cyber Security	
Housing Benefits	Treasury Management		TSS Improvement Plan Governance (including scope of adoption of ITIL)	Homelessness Reduction Act	
Refurbishment Contract (2)			Incident Management - Major Incident Review / IT Disaster Recovery Follow-up	Herts Home Improvement Agency	

At this stage, this is an indicative spread of audits, as not all services have specified a preferred start date.

The audit plan is dynamic and responsive, and some agility and flexibility in start dates is inevitable to accommodate internal audit and service needs.

All key financial systems audits have been brought forward to accommodate early closure and external audit requirements.