



Stevenage Borough Council  
Audit Committee  
2017/18 Internal Audit Plan Report  
28 March 2017

Recommendation

Members are recommended to approve the proposed Stevenage Borough Council Internal Audit Plan for 2017/18

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# 1. Introduction and Background

## Purpose of Report

- 1.1 To provide Members with the proposed Stevenage Borough Council 2017/18 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 2016 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 the Audit Committee in the 2017/18 civic year for Member approval.
- 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. This approach includes 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 2017/18 has been characterised by:

- a) Detailed discussions with senior 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 2017/18 plans for all SIAS partner councils are then scrutinised and cross-partner audits highlighted;
- d) Proposed draft plans are presented to Leadership Team for discussion and agreement;
- e) The plan is shared with external audit.

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 provide their services remains challenging:

- Austere public finances will last well into the next parliament, 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 continues to develop rapidly 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 2017/18

2.7 The draft 2017/18 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. The table below shows the estimated allocation of the total annual number of purchased audit days for the year.

	<b>2017/18</b>	<b>%</b>
<b>Purchased audit days</b>		
Key Financial Systems	100	26
Operational audits	115	29
Joint Reviews /Shared Learning	10	2
Procurement/Contracts/Project Management	11	3
IT Audits	30	8
Strategic Support*	47	12
Risk Management/Governance	12	3
Ad Hoc Advice	5	1
Counter-Fraud	12	3
Follow Ups	8	2
Completion of 2016/17 Work	30	8
Contingency	10	3
<b>Total allocated days</b>	<b>390</b>	<b>100%</b>

\* This covers supporting the Audit Committee, monitoring, client liaison and audit planning for 2018/19.

- 2.8 Any significant audit plan changes agreed between Management and SIAS will be brought before this Committee for approval through the usual plan update reporting cycle.
- 2.9 Members will note the inclusion of a provision for the completion of projects that relate to 2016/17. 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 2017/18 and any proposed changes will be reported to this Committee four times in the 2017/18 civic year.

- 3.2 The implementation of agreed high priority audit recommendations will be reported to the 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 2017/18 are shown in the table below. Actual performance against target will be included in the update reports to this Committee.

<b>Performance Indicator</b>	<b>Performance Target</b>
<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%



<p><b>5. External Auditor Satisfaction</b></p>	<p>External Auditors are able to rely upon the range and quality of SIAS' work</p> <p>Not applicable at SBC as External Audit does not currently place reliance on the work of SIAS.</p>
<p><b>6. Annual Plan</b></p>	<p>Presented to the March meeting of the Audit Committee. Or if there is no March meeting then presented to the first meeting of the new financial year.</p>
<p><b>7. Head of Assurance's Annual Report</b></p>	<p>Presented to the first meeting of each Audit Committee in the new financial year.</p>

# Stevenage Borough Council 2017/18 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>Main Accounting System (General Ledger)</p>	<p>SIAS will be conducting a full assurance audit on the Main Accounting 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) Access to the main accounting system and associated modules,</li> <li>b) Setting up, deletion and monitoring of general ledger accounts in line with an established delegation of authority,</li> <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,</li> <li>e) Regular review and clearance of suspense accounts, and</li> <li>f) Post-implementation review of the asset management module.</li> </ul>	<p>10</p>
<p>Debtors</p>	<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> </ul>	<p>10</p>

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	<ul style="list-style-type: none"> <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>	
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> <li>g) Creditors control account reconciliations.</li> </ul>	10
Treasury Management	<p>SIAS will be conducting a full assurance audit on the Treasury Management 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) 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> </ul>	8

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	<ul style="list-style-type: none"> <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>	
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> <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>	10
Council Tax	<p>SIAS will be conducting a full assurance audit on the Council Tax 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, Procedures and Legislation,</li> </ul>	10

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	<ul style="list-style-type: none"> <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>	
<p>Business Rates (NDR)</p>	<p>SIAS will be conducting a full assurance audit on the Business Rates 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, 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> <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>	10
<p>Housing Benefits</p>	<p>SIAS will be conducting a full assurance audit on the Housing Benefits 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, procedures and set-up of standing data,</li> <li>b) Assessments and backdating,</li> </ul>	12

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	<ul style="list-style-type: none"> <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>	
Cash and Banking	<p>SIAS will be conducting a full assurance audit on Cash and Banking 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>	10
Housing Rents	<p>SIAS will be conducting a full assurance audit on Housing Rents 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> </ul>	10

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	f) Rent refunds	
<b>OPERATIONAL AUDITS</b>		
Mutual Exchanges	<p>A mutual exchange is when two or more council or housing association tenants swap their homes. With their landlord's permission, each tenant moves into the property of the person they are exchanging with. Tenants can exchange with another council/Housing Trust tenant or a tenant of another council or housing association.</p> <p>The audit may cover the following areas:</p> <ul style="list-style-type: none"> <li>a) Appropriate knowledge, policies and procedures are in place to govern the mutual exchange process and ensure compliance with relevant rules and legislation, including how to manage an exchange that involves different types of tenancies</li> <li>b) Applications are processed on a timely basis in line with policy</li> <li>c) All applications are subject to eligibility assessment</li> <li>d) All applications / properties are subject to a condition assessment / inspection and procedures are in place to manage the risk of changes in the accommodation condition between the assessment date and exchange date</li> <li>e) All decisions made on applications for mutual exchanges are supported by appropriate documentation outlining the decision making process and showing approval is given by an authorised person.</li> </ul>	10
Empty Properties / Voids	<p>Voids management is the term used to describe how the Council deals with vacant property in order to minimise loss of rental income and to make effective use of the housing stock to meet housing need in the Borough.</p>	10



Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	<p>The audit may cover the following areas:</p> <ul style="list-style-type: none"> <li>a) Policy and procedures - existence of both an up to date policy setting out the framework for managing void property within the housing stock, and clearly defined procedures for processing voids.</li> <li>b) Voids Process               <ul style="list-style-type: none"> <li>(1) Pre-void inspections are undertaken to both assess the general condition of property and identify rechargeable works that are required.</li> <li>(2) Invoices are raised to departing tenants for rechargeable works identified through the pre-void inspection process.</li> <li>(3) Orders for both routine and essential works and planned maintenance carried out on empty property are subject to appropriate review and authorisation.</li> <li>(4) Mandatory safety checks are carried out on empty property before new tenancies commence, and new tenants receive documentary evidence to support this as part of the sign up process.</li> <li>(5) Completed works carried out on empty properties are checked and signed off.</li> <li>(6) Invoices submitted by contractors for voids work undertaken are subject to appropriate validation and authorisation prior to payment (where applicable).</li> <li>(7) Payments to tenants in relation to 'golden goodbyes', 'assisted transfers', and 'decoration allowances' are made in accordance with agreed policies, properly documented and are appropriately authorised.</li> </ul> </li> <li>c) Performance Monitoring and Management Information - appropriate performance and management information arrangements are in place, in relation to the voids management activity, thereby allowing management to monitor whether the key aims and objectives of the trust are being achieved, or instigate remedial action where required.</li> </ul> <p>The impact of the lean process review will be taken into account in our work.</p>	

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
Off-street Parking	<p>Our specific objectives in undertaking this work are to provide the Council with assurance on the adequacy and effectiveness of internal controls, processes and records in place to mitigate risks in the following possible areas of coverage:</p> <p><b>Income</b></p> <ul style="list-style-type: none"> <li>a) Parking Strategy is applied and policies and procedures are in place to support the collection, recording and reconciliation of income from the pay and display car parking machines are documented and complete.</li> <li>b) Parking charges are clearly displayed and the current charging policy is enforced.</li> <li>c) Income Banked - income received via the car parking machines is completely and accurately banked and subsequently transferred to the general ledger within an appropriate length of time.</li> <li>d) Reconciliations - car parking income is monitored and reconciled to ensure errors are identified and resolved promptly.</li> <li>e) As part of our work, we will also consider the efficiency and effectiveness of the administrative processes in the areas above and provide comments as appropriate.</li> </ul> <p><b>Operations</b></p> <ul style="list-style-type: none"> <li>f) Staff, residents parking, business and visitors parking permits – Permits are appropriately issued. Permit prices are properly set and consistently applied. Money is banked in its entirety and reconciled to expected income. There are measures in place to avoid fraudulent use of Permits.</li> </ul>	10
Repairs and Voids Service (Strategic Risk Register)	Detailed reviews of the Repairs and Voids Service have been undertaken both by the Interim Service Manager (Brian Golton) and Housing Quality Network (HQN). This has resulted in the development of an improvement plan and recommendations which cover all aspects where change is required.	16

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	<p>The resourcing element of this plan has been finalised. Presentations and reports have been taken to HMB, Overview and Scrutiny Committee and the Executive. A report on the Repairs and Voids review and improvement plan was taken to full Council in January 2016 and associated HRA budget changes were approved. A programme board has been established to monitor the improvement plan, and a Customer Assurance Manager, Programme Co-ordinator and Commercial Manager have been appointed to support delivery of the change programme. Staff consultation has been concluded and the new structure is in place.</p> <p>The proposed audit work will provide an independent assessment of the status of implementation of all actions / recommendations within the Improvement Plan, including a review of available evidence to support management assertions made and reports to those charged with oversight.</p>	
<p>Health and Safety (Strategic Risk Register)</p>	<p>The Health and Safety at Work Act 1974 is the primary piece of legislation covering occupational health and safety in the United Kingdom and aims, amongst other things, to:</p> <ul style="list-style-type: none"> <li>i) Secure the health, safety and welfare of persons at work, and</li> <li>ii) Protect persons other than persons at work against risks to health or safety arising out of or in connection with the activities of persons at work.</li> </ul> <p>The audit may cover a selection of the following areas:</p> <ul style="list-style-type: none"> <li>a) Health and Safety Policy Statement and key Health and Safety Policies</li> <li>b) Risk Assessments - This will include health and safety risk identification and management through the existence of up to date risk assessments and risk reduction / mitigation plans.</li> <li>c) Training - This will cover the provision of general, specific and specialist health and safety training to all permanent and temporary officers as appropriate, and include a review of training courses conducted and attendance records for those courses.</li> </ul>	<p>10</p>

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	<ul style="list-style-type: none"> <li>d) Accident, incident and near miss reports</li> <li>e) Annual Health and Safety Plan (statutory requirement, although Service Plan has some overlap)</li> <li>f) Health and Safety Executive law poster and other staff information</li> <li>g) Corporate health and safety structure and governance arrangements</li> <li>h) Health and safety duties and requirements in Council procurement / contractual arrangements, Committee reports and job descriptions</li> <li>i) Duties and responsibilities to contractors and visitors on Council property / sites,</li> <li>j) First aid arrangements,</li> <li>k) Health and safety preventative measures, e.g. building maintenance and asset management programmes,</li> <li>l) Data protection and freedom of information,</li> <li>m) Specific health and safety issues at area offices, depots and other Council sites (e.g. parks, allotments, cemeteries, etc.),</li> <li>n) Health and safety performance data and monitoring.</li> </ul>	
Commercial Properties	<p>This audit is currently intended to focus solely on an in-depth examination of rent reviews for the Council’s commercial properties, i.e. ensuring that:</p> <ul style="list-style-type: none"> <li>a) Rents reflect the best that is achievable for the market conditions, e.g. open-market value for similar properties and the true cost of foregone rents is established (e.g. ‘peppercorn rents’,</li> <li>b) Rent reviews are conducted in accordance with the relevant clauses in the lease, e.g. fixed increase and intervals, indexation or ‘upwards only’.</li> <li>c) Rent review data from the leases is accurately captured on Council systems, which provide support in identifying and reporting the dates that rent reviews fall due,</li> <li>d) Rent reviews are actually conducted in a complete, timely and appropriate manner,</li> <li>e) Rent review disputes are properly resolved through negotiation or arbitration, and</li> <li>f) Rent reviews are adequately documented in Council records.</li> </ul>	10

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	<p>At the time of audit commencement, the scope will be revisited to take account of any developments, initiatives or emerging risks relating to the Council's property portfolio.</p>	
<p>Payroll Self-Service</p>	<p>This audit will take the form of a post implementation review with coverage to include the following:</p> <ul style="list-style-type: none"> <li>a) Project objectives and expected benefits were clearly defined at the project initiation stage,</li> <li>b) A detailed project management plan was developed and implemented (including clear ownership of project elements, setting of budgets and milestones, identification and mitigation of risks, appropriate monitoring arrangements and adequate arrangements for reporting to senior management and members),</li> <li>c) Policies and procedures relating to the new system have been drafted and users of the new system have received adequate training,</li> <li>d) Outcomes have been compared to the objectives and expected benefits and where these have not been met corrective action has been put in place,</li> <li>e) Key individuals have been de-briefed to establish whether there are any areas for improvement with any learning being made available to the organisation as a whole, and</li> <li>f) Further self- service developments yet to be rolled out.</li> </ul>	<p>10</p>
<p>Integra Upgrade</p>	<p>This audit will take the form of a post implementation review with coverage to include areas as described for Payroll Self-Service above.</p> <p>As a significant upgrade to the Integra Financial Management System has just been completed in February 2017, we will also be conducting an evaluation of procedures and</p>	<p>10</p>

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	control design changes linked to new electronic workflows for creditors, debtors and the general ledger.	
Customer Service Centre - Complaints Handling	<p>The purpose of the audit is to examine compliance with the Council's Customer Care Standards and customer feedback procedures, including records management and maintenance, escalation (three stages / ombudsman), reporting / monitoring and lessons learned. With regard to the latter, it is important that themes arising from customer complaints and comments are analysed and acted upon to support continuous organisational improvement.</p> <p>This audit will not cover everyday matters such as reporting a missed bin, or challenges to penalty charge notices and housing needs assessments, making a complaint about a Councillor and requests under the Data Protection Act 1998 and FOI Act 2003.</p>	10
Repairs and Voids Service - Standby and Callout Payments	<p>This work is linked to a Council wide Officers Expenses – Standby Payments audit that formed part of the 2016/17 Audit Plan. During the course of this audit, it was identified that further testing was required on standby and call-out payments at the Repairs and Voids Service.</p> <p>It is proposed that specific detailed sample testing is conducted in the following area:</p> <p>Authorisation and appropriateness of expense claim forms – to ensure claims are made by eligible officers, are at the correct rate and are reasonable (made in respect of Council business and in accordance with the Council scheme). In addition, claims should be arithmetically correct, checked and authorised appropriately.</p>	7
Shared Legal	The focus will be on how the new shared service is bedding in, how the retained elements	10

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
Services	of the service are managing versus those that have been transferred to the shared arrangements, how responsibilities such as FOI, Data Protection and Information Governance are being managed, how existing legal documents (e.g. leases) are maintained, managed and made available within the Council and how new legal documents pertaining to Stevenage are maintained, managed and made accessible. There are reputational risks pertaining to document management.	
DFG Capital Grant Certification	<p>Better Care Fund: The Disabled Facilities Capital Grant Determination 2016/17. Our work is to:</p> <p>a) Arrange for the Chief Executive and Chief Internal Auditor of each of the recipient authorities to sign and return to the team leader of the Homelessness Support Division of the Department for Communities and Local Government a declaration, to be received no later than 30 September 2017, in the following terms:</p> <p>“To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to Disabled Facilities Capital Grant Determination (2016/17) have been complied with”.</p> <p>b) Validate through examination of evidence that the Grant paid to the local authority under this determination was only used for the purposes that a capital receipt may be used for in accordance with regulations made under section 11 of the Local Government Act 2003.</p>	2
<b>PROCUREMENT, CONTRACT MANAGEMENT AND PROJECT MANAGEMENT</b>		

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
<p>Contract Management (Strategic Risk Register)</p>	<p>Audit coverage of a selection of contracts will look to examine the following:</p> <ul style="list-style-type: none"> <li>a) <b>Governance, relationship management and contract administration</b> – training, guidance and support, continuity from procurement process, clarity of contract requirements, officer roles, contractor relationship management (including frequency and regularity of contact / review meetings), service user satisfaction, dispute resolution and best value review process. Mechanisms to identify key contract ‘trigger points’ (such as notice periods and expiry dates), periodic checks and lessons learned.</li> <li>b) <b>Performance monitoring</b> – performance management framework, SLAs and performance indicators, reviews and action plans when failing. Compliance with the specification, contract terms and conditions including agreed delivery timescales and value for money requirements. Records and availability of supporting evidence.</li> <li>c) <b>Financial management of contracts</b> – payment mechanisms, records of checks and inspections (including annual insurance requirements), comparisons of contract costs to tendered prices and against budgets, variations, credits, retentions and authorisation of payments, and</li> <li>d) <b>Contractual and supplier risk management</b> – corporate and individual risk management of contracts. Monitoring supplier financial health.</li> </ul>	<p>10</p>
<p>Housing Development - Kenilworth Scheme</p>	<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, i.e. Kenilworth Close.</p>	<p>1</p>



Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	<p>In the 2017/18 financial year, a single day is proposed in quarter 4 to receive a scheme update on concept, outline and size, and scheme design at pre-planning and during planning stages. This will involve a form of continuous or interval auditing and cover general project and contract management, planning and other consultation, authorisation to commence construction, etc.</p> <p>A full audit of the Kenilworth Close scheme is proposed in 2018/19, including 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>	
<b>JOINT REVIEWS</b>		
Joint Reviews	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 2017/18.	5
<b>SHARED LEARNING</b>		
Shared Learning	Shared Learning Newsletters and Summary Themed Reports – 2 days Audit Committee Workshop – 1 day Joint Review –Benchmarking Workshop tbd – 2 days	5
<b>COUNTER FRAUD</b>		

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
<p>Local Authority Serious and Organised Crime Checklist</p>	<p>The Serious and Organised Crime Agency (SOCA) has developed resources that allow local authority Internal Audit teams to scrutinise business operations to establish where there may be vulnerabilities to serious and organised crime. The methodology includes:</p> <ul style="list-style-type: none"> <li>• A Serious and Organised Crime Checklist - this enables local authorities to quickly assess their serious and organised crime risks within their organisation;</li> <li>• A Serious and Organised Crime Audit - a more developed methodology that allows local authority internal audit teams to scrutinise business operations to establish where there may be vulnerabilities; and</li> <li>• Non-involvement with Serious and Organised Crime Statement – for use in Invitation to Tenders and Official Journal notices, in which bids are sought for public contracts as part of the public procurement process.</li> </ul> <p>It is proposed that the Serious and Organised Crime Checklist is utilised initially to identify any weaknesses or vulnerabilities, which may later form the basis for more detailed audit work using the Serious and Organised Crime Audit Framework.</p> <p>The Checklist covers the following areas:</p> <p><b>Governance and Strategy</b></p> <ol style="list-style-type: none"> <li>a) Awareness, Strategy, Guidance and Training</li> <li>b) Risk Management</li> <li>c) Communication and Information / Intelligence Sharing</li> <li>d) Whistleblowing</li> <li>e) Assurance</li> </ol> <p><b>Operations (areas most at risk)</b></p> <ol style="list-style-type: none"> <li>f) Licensing</li> <li>g) Planning / Development Management</li> </ol>	<p>12</p>

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	h) Housing i) Procurement <b>Insider Threat (officers and Members)</b> j) Recruitment and vetting k) Conflicts of Interest / Gifts and Hospitality	
<b>RISK MANAGEMENT, GOVERNANCE AND AD HOC ADVICE</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 planning process. This audit traditionally informs the Annual Governance Statement.	6
Corporate Governance	This audit traditionally informs the Annual Governance Statement and has covered a wide variety of topics across our partners. These have included:  a) Members and officers serving on Outside Bodies, b) Local Government Transparency Code, c) Ethics, d) Council Strategies, Policies and Procedures, and 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.  Coverage for 2017/18 could include some of the above, or a further possibility for	6

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	coverage is practical governance changes emerging from the Senior Leadership Restructure such as delegation of authority amendments.	
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 (Joint audits as part of shared service arrangements with Easy Herts Council)</b>		
IT Procurement	<p>A big part of delivering the IT Strategy and the digital agenda is IT procurement. IT procurement is the series of specialised and general activities and procedures necessary to acquire information technology (IT) products and services. The IT procurement process is one of the key strategic business processes within every organisation, and the pressure is on procurement teams to strike a balance between securing equipment at the best possible price while ensuring that their investments meet the demands of a modern tech savvy workforce and customers.</p> <p>This audit will examine a selection of existing and past IT procurement projects with a view particularly to ensuring that the Council replicates successes and learns the lessons from things that did not go well. Consideration will also be given to capacity, skills and knowledge to lead and manage IT procurement as a specialised and critical area of procurement.</p> <p>Typical areas of coverage in IT procurement include:</p> <ul style="list-style-type: none"> <li>• <b>Requirements Setting</b> - refers to reviewing IT investment business case and</li> </ul>	6

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	<p>determining business justification, specifications and approvals to initiate the IT purchasing process. It includes such procurement procedures and tasks as organising project teams, using investment analysis techniques (like cost-benefit analysis), finding alternatives, measuring IT procurement opportunities and risks, determining benefits, and obtaining necessary approvals to proceed with the IT procurement management process.</p> <ul style="list-style-type: none"> <li>• <b>Acquisition</b> engages IT procurement managers in pre-market engagement, in evaluating and selecting appropriate vendors and signing IT procurement contracts for the necessary products/services. It includes identification of strategic sourcing solutions, creation of communication channels with procurement vendors, evaluation of IT supplier proposals and negotiating best price and delivery terms with vendors (not just accepting generic IT supplier terms and conditions favourable to the supplier).</li> <li>• <b>Contract Execution</b> is targeted at managing and coordinating all the activities associated with the fulfilment of IT procurement contract requirements. The sub-process includes expediting of orders, contract administration, acceptance of products/services, and installation of systems and management of warranty and maintenance services.</li> </ul> <p>This is not intended to be an audit of IT contract management, although it is proposed that such an audit is included in a future Audit Plan.</p>	
<p>Mobile Device Management and BYOD</p>	<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 devices that are deployed across multiple mobile service providers and across multiple mobile operating systems being used in the organisation.</p>	<p>6</p>

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	<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>There are a number of key risks in this area relating to both Council and employee mobile devices, including financial, reputational, legal, security and privacy risks. These relate to issues such as protecting the personal data of customers, cost of management, penalties for breach of data protection, securing the Council against cyber-attack / malware and privacy implications linked to incident management caused by personal devices.</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>Internal Audit will consider a variety of mobile device security policies, password policies, encryption policies, data classification policies, acceptable use policies, antivirus software policies, wireless access policies, incident response policies, remote working policies, privacy policies and others in analysing effective risk management of mobile devices (Council and personal). This audit is not about data centre security.</p>	
IT Shared Service Agreement	<p>The IT Shared Service was established in 2013 and the partnership agreement expires in August 2018, with the option to extend for a further two years. After four years of operation, it is deemed to be an opportune time to review the shared service and the partnership agreement.</p> <p>This will include a review and assessment of successes, hurdles, failures and benefits of</p>	6

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	<p>the shared service, governance, the current position and direction of travel, measuring key deliverables against original business objectives and shifting of focus to meet demands of the ever-changing IT and digital universe, i.e. where does the shared service need to be and is it fit for purpose now.</p> <p>The audit review is not a replacement for a full management review, but it is anticipated to provide a steer on where things are and what needs doing.</p>	
<p>Incident Management</p>	<p>The first goal of the incident management process is to restore a normal service operation as quickly as possible and to minimise the impact on business operations, thus ensuring that the best possible levels of service quality and availability are maintained.</p> <p>Areas of coverage may include:</p> <ul style="list-style-type: none"> <li>a) Robust policies, protocols, procedures and defined responsibilities, including investment, risk management and identification, vulnerability assessment, documentation and communications,</li> <li>b) Incident identification, logging, categorisation and prioritisation,</li> <li>c) Incident diagnosis, investigation, response and escalation (e.g. major or minor incident),</li> <li>d) Incident resolution and recovery,</li> <li>e) Incident closure,</li> <li>f) Incident monitoring and reporting, not just by individual incident but by period, number and type too.</li> </ul> <p>Although incident management featured as an assurance area within the Cyber Risk audit in the 2016/17 Audit Plan, repeated cyber-attacks and incidents make this an area for further in depth coverage.</p>	<p>6</p>

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
Cyber 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 2016/17 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>	6
<b>CONTINGENCY</b>		
Contingency	To provide for adequate response to risks emerging during the course of the financial year.	10
<b>FOLLOW UP AUDITS</b>		
Housing Allocations	<p>The original audit gave substantial assurance, but made ten recommendations, five classified as ‘Medium’ priority and five as ‘Merits Attention’ priority. The ‘Medium’ priority recommendations related to the following:</p> <p>a) Retention of supporting evidence on case files (two recommendations in total),</p>	5



Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	<p>b) The introduction of an online application process to join the housing register,                      c) The introduction of document scanning and electronic storage of key documents and ongoing review of records in the light of data protection requirements (two recommendations in total).</p> <p>The objective of the follow-up audit is to ascertain the status of implementation of the recommendations and any further action required.</p>	
Cemetery Fuel	Following issues experienced with fuel management at the cemetery, this work is intended to be a follow-up of systems, controls and procedures used to maintain, control and monitor fuel consumption and stock at the cemetery.	3
<b>STRATEGIC SUPPORT AND CONTINGENCY</b>		
Head of Internal Audit Opinion 2016/17	To prepare and agree the Head of Internal Audit Opinion for 2016/17.	5
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	8

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
	officers.	
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.	12
SIAS Development	Included to reflect the Council's contribution to developing the partnership.	5
2018/19 Audit Planning	To provide services in relation to preparation and agreement of the 2018/19 Audit Plan.	5
16/17 projects requiring completion	<p>Additional time, if required, for the completion of 16/17 audit work carried forward into the 17/18 year. Any unused days will be returned to contingency. For the reasons disclosed at Audit Committee on 1 February 2017, the following audits with estimated days required to completion in brackets have been carried forward into 2017/18:</p> <ul style="list-style-type: none"> <li>Refugee Resettlement Programme (2)</li> <li>Concessions (5)</li> <li>Medium Term Financial Strategy Benchmarking (5)</li> <li>Overtime (7)</li> <li>Managing Use of Council Vehicles (3)</li> <li>Joint Reviews - Prevent and Local Authority Trading (3)</li> </ul>	30

<b>Audit</b>	<b>Proposed Outline Scope / Reason for Inclusion</b>	<b>Proposed Days</b>
	Agency Staff (5)	

Appendix B – Proposed Audit Start Dates Agreed With Management – Stevenage Borough Council Audit Plan 2017/18

Apr	May	June	July	Aug	Sept
16/17 Audit - Overtime	Follow-up – Cemetery Fuel	Local Authority Serious and Organised Crime Checklist	IT Procurement	Incident Management	DFG Capital Grant Certification
16/17 Audit – Managing Use of Council Vehicles	Integra Upgrade	Health and Safety Compliance	Commercial Properties	Mobile Device Management and BYOD	IT Shared Service Agreement
16/17 Audit – Refugee Resettlement Programme	Payroll Self-Service	Cyber Security	Repairs and Voids Service	Off-Street Parking	Mutual Exchanges
16/17 Audit – Concessions	Repairs and Voids Service - Standby and Callout Payments				
16/17 Audit – MTFS Benchmarking					
16/17 Audit – Joint Reviews (Prevent and Local Authority Trading)					
16/17 Audit – Agency Staff					

Oct	Nov	Dec	Jan	Feb	Mar
Main Accounting System (General Ledger)	Cash and Banking	Treasury Management	Follow-up – Housing Allocations	Risk Management	Housing Development - Kenilworth Scheme
Debtors	NDR	Payroll	Empty Homes / Voids	Corporate Governance	
Creditors	Housing Benefits	Housing Rents	Customer Service Centre – Complaints Handling	Shared Legal Service	
Council Tax					

This is an indicative spread of audit start dates that may change as the financial year progresses.  
 All key financial systems audits have been brought forward to accommodate early closure and external audit requirements.