

**INTERNAL AUDIT  
DRAFT ANNUAL PLAN – 2005/06**

**HARROW COUNCIL**

## **DISTRIBUTION**

Chief Executive - Joyce Markham  
Director of Corporate Governance – John Robinson  
Director of Legal Services – Hugh Peart  
Director of Strategic Planning – Graham Jones

Executive Director, Organisational Development - Jill Rothwell  
Director of Organisational Performance - Paul Najsarek  
Director of HR/Organisational Effectiveness – Sue Styles

Executive Director, Business Connections - Nick Bell  
Director of Financial and Business Strategy - Myfanwy Barrett  
Director of Business Services - Carol Cutler

Executive Director, People First – Lorraine O'Reilly  
Director of Strategy - Geoff Wingrove  
Director of Children's Services - Paul Clark  
Director of Learning and Community Development - Javed Khan  
Interim Director of Community Care – Jeff Hobden  
Area Director - Michael Hart

Executive Director, Urban Living - Tony Lear  
Director of Professional Services - Brynn Hodgson  
Director of Strategy – Anna Robinson  
Area Director - Andrew Trehern  
Interim Tenant Services Manager – Ian C Brown

External Audit - Deloitte & Touche

February 2005

<b>CORPORATE WORK</b>
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The following projects are proposed:

- **corporate governance** – a review of the authority’s response to the new governance standard produced by the Independent Commission on Good Governance in Public Services, together with a review of the adequacy of arrangements in place for recording members interests.
- **customer care and complaints** – a review of the operation of the corporate complaints procedure including adequacy of record-keeping, feedback to complainants and links to service improvement.
- **freedom of information** – a review of the adequacy of arrangements in place for complying with the Freedom of Information Act.
- **community resilience** – a review of the adequacy of arrangements in place for preparing for a major emergency and meeting the requirements of the Civil Contingencies Act.
- **health and safety** – a review of the effectiveness of central support in assisting managers in meeting the requirements of health and safety legislation.
- **recruitment** – a review of the authority’s arrangements for ensuring that posts recruited on an interim basis are cost-effective and meet demands for service delivery and improvement, and that outcomes are used to inform wider recruitment and retention policies.
- **contract management** – three areas of work are proposed:
  - **contracts development** – a review of the processes in place to ensure that the authority’s interests are adequately protected in terms of services provided, payments made, access rights and monitoring.
  - **business transformation partnership** - a post-implementation review of the tendering process and the adequacy of contract management arrangements.
  - **housing repairs partnership** – a review of the effectiveness of arrangements in place for managing the contract and delivering services to the required quality and price.

Other key areas of work are:

- **line management assurance** – working with senior managers to develop and pilot systems for line management assurance.
- **follow-up** – a sample of high risk reports and recommendations will be followed-up to confirm that agreed actions have been implemented.
- **ad-hoc advice and support** – will be provided throughout the year on a range of issues including risk management, control improvement, governance, and application of Financial Regulations and Standards.

## FUNDAMENTAL FINANCIAL SYSTEMS

### KEY CONTROL REVIEWS

These audits are designed to confirm the presence, or otherwise, of critical high level controls within each of the council's core financial systems. Coverage of each system is assessed annually having regard to a range of factors including changes to systems and personnel. For 2005/06 'budget management' is included as an additional area of coverage and reviews will be undertaken across the following areas:

- **housing benefit**
- **council tax**
- **NDR**
- **income**
- **creditors**
- **housing rents**
- **payroll**
- **budget management**

These audits will be undertaken in the early part of the financial year to enable the External Auditor to utilise them for work on the 2004/05 accounts. At the conclusion of this work an assurance statement will also be produced for the Chief Finance Officer to support the requirement for the inclusion of a statement on control systems within the annual accounts. Further assurance will be provided following the completion of the detailed systems work outlined below.

### SYSTEM REVIEWS

For 2005/06 the areas selected for more detailed review are:

- **housing benefit** - coverage will focus on strategic management and customer services and will be informed by the administration standards published by the DWP.
- **payroll/lifecycle management** - coverage will be informed by CIPFA guidance, previous audit recommendations and integration of integration of payroll and personnel systems.
- **capital programme** – a review of the adequacy of arrangements in place for compiling and monitoring delivery of the capital programme.
- **e-financials optimisation project** – a review of the extent to which the project has achieved its objectives, with particular emphasis on variance reporting and commitment accounting.
- **taxation** – a review of the adequacy of arrangements in place for ensuring that the authority meets its responsibilities for the collection and payment of taxes due.
- **procurement** - a review of the arrangements in place for prioritising the work of the central procurement team and measuring outputs achieved.

## LOCAL/DEPARTMENTAL FINANCIAL AND MANAGEMENT SYSTEMS

### DEPARTMENTAL

The following reviews are proposed:

- **budget management** – a review of the adequacy of local arrangements for budget management and reporting and acting on variances.
- **joint commissioning** – advice and support in the development of arrangements for operating pooled budgets with the PCT.
- **commercial rents** - a review of the effectiveness of systems for calculating and collecting rents due.
- **asylum seeker payments** – a review of the effectiveness of systems for claims processing and payment.
- **grants to voluntary organisations** - a review of effectiveness of the new arrangements for grants administration.
- **concessionary fares** - a review of effectiveness of systems for assessment of applications and issue of passes and payments due.

### PEOPLE FIRST ESTABLISHMENTS/SCHOOLS

A rolling programme of reviews is conducted across care establishments and schools. These cover a range of financial and management systems, drawing from the following themes:

- **budgetary control** - adequacy of arrangements in place for the preparation, monitoring, control and evaluation of budgets and plans.
- **expenditure** - adequacy of financial controls, use of purchase cards and compliance with Financial Regulations and Standards.
- **critical incidents/journeys** - adequacy of arrangements for planning for and reducing risks associated with journeys and critical incidents.
- **payroll interface** - adequacy of arrangements for ensuring that issues affecting employees pay and conditions are identified promptly and notified to personnel and payroll for action.
- **attendance management** - adequacy of arrangements for identifying, recording, notifying and monitoring staff absence.
- **IT security** - adequacy of arrangements for physical and logical security of local IT systems.
- **client finances** - adequacy of safeguards in place to ensure the protection of client finances.

A more detailed exercise will be undertaken to formulate the sample of schools and establishments to be reviewed and the emphasis of each review. Results of previous audits will be used to inform this and coverage will be agreed with the department. A variety of audit methodologies will be used including questionnaires, workshops and visits as appropriate.

The following review is also planned:

- **schools development service** – a review of the arrangements in place for prioritising and targeting of services and for trading with schools.

## IT SYSTEMS

### SECURITY AND CONTROL REVIEWS

The following reviews are planned:

- **network infrastructure** – a review of the resilience of the network infrastructure including adequacy of policies and standards, robustness of connections and access to network.
- **storage area network** – a review of controls surrounding the network environment and its effectiveness in providing an efficient back-up solution.
- **information security policy** – follow-up of progress with the development and implementation of a corporate information security policy

### MANAGEMENT ARRANGEMENTS

The following work is planned:

- **web publishing protocols** – a review of arrangements in place for authoring, publishing and managing internet content.
- **IT project management** – a review of the effectiveness of project management systems, including follow-up of issues arising from previous audits.
- **e-government** – a review of progress with implementation of e-government targets.
- **systems and asset management** – a review of the effectiveness of the new IT system in providing for improved control of hardware and software.

## ANTI-FRAUD AND CORRUPTION ARRANGEMENTS

The following work is planned:

- **Irregularity investigations** – with effect from 2005/06 irregularity investigations will be dealt with by the newly established Corporate Anti Fraud Team (CAFT). However, time is included within the audit plan for the provision of systems advice in relation to such investigations and for ongoing liaison with CAFT.
- **Systems reviews** - individual system reviews are tailored as appropriate to focus on key controls designed to prevent and detect fraud and corruption, eg separation of duties, audit trails, exception reports, reconciliations. In addition reviews with a specific anti-fraud and corruption theme will be undertaken in the following areas:
  - **housing benefit** – effectiveness of counter-fraud arrangements and compliance with DWP standards.
  - **procurement fraud** – effectiveness of overall arrangements in operation for ensuring transparency in the procurement process and for minimising the likelihood of fraud and corruption.
  - **identity fraud** - adequacy of arrangements in place for identifying and dealing with potential cases of identity fraud.