

XENTRALL AUDIT PLAN 2008/09 – PROGRESS REPORT FROM STOCKTON BOROUGH COUNCIL'S INTERNAL AUDIT SECTION

Purpose of Report

1. To provide Darlington Borough Council's Audit Committee with a progress report against the 2008/2009 Xentrall Audit Plan cumulative to February 2009.
2. To notify members of the proposed plan for 2009/10.

Information and Analysis

3. Stockton Borough Council's Annual Audit Plan for 2008/09 is risk based and was approved by Stockton's Audit Committee in May 2008. Included in this plan was the audit work to be undertaken on Xentrall, the shared services partnership with Darlington Borough Council
4. The range of audit work to be carried out on the partnership was developed following consultation with the Xentrall Management Board, Audit Services at Darlington Borough Council and the External Auditors of both councils. The detailed scope of each audit assignment is agreed by Stockton Borough Council Internal Audit and Xentrall management prior to the commencement of audit work.
5. Appendix A identifies all audits reported previously and four audits undertaken during the last three months. One is given full assurance and two are given substantial assurance. One, the bank reconciliation process, is the result of additional work agreed following the limited assurance given when the original planned work was undertaken in the last quarter. The findings of this work are that substantial assurance can now be placed on the bank reconciliation process.
6. Also in Appendix A is the current position with regards to on-going audit review work. This shows that from the original planned work four audit remains to be completed.
7. See Appendix B for details of the proposed Xentrall internal audit plan for 2009/10 that has yet to be agreed by the SBC Audit Committee.

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APPENDIX A

Audits previously reported

Department	Audit Assignment	Assurance Opinion	Where Assurance Opinion Less Than Substantial	
			Audit Comment	Management Response
Xentrall	Partnership governance	Substantial assurance		
	Environmental controls	Substantial assurance		
	Business continuity	N/A	Audit report formed basis of an action plan.	
	Creditors	Substantial assurance		
	Bank reconciliation	Limited assurance	Problems with completing the full reconciliation process require additional audit work in January 09.	Agreed.
	Cash receipting/ cash in transit	Substantial assurance		
	Interfacing	Full assurance		
	PS Enterprise system	Substantial assurance		
	Debtors	Substantial assurance		

Audits Presented

Department	Audit Assignment	Assurance Opinion	Where Assurance Opinion Less Than Substantial	
			Audit Comment	Management Response
Xentrall	Network management/ remote access	Substantial		
	Payroll	Substantial		
	Additional bank reconciliation work.	Substantial	As at 25 th February, the bank reconciliation has been completed in full up to the end of January. The normally expected minor sums on the correct coding of income or refunded BACS payments are the only items still to be resolved. However, systems need to be streamlined and	

Department	Audit Assignment	Assurance Opinion	Where Assurance Opinion Less Than Substantial	
			Audit Comment	Management Response
			automated as problems are caused via human error in operating a number of spreadsheets. This is being planned to happen from July 2009.	
	ISO17799	Full assurance		

On-going

Department	Audit Assignment	Status	Where Assurance Opinion Less Than Substantial	
			Audit Comment	Management Response
Xentrall	Transactional HR	On-going		
	Agresso			
	E-Commerce			
	Unix			

Opinion Scoring Methodology

Assurance	Definition
FULL ASSURANCE	A sound system of controls is being applied consistently 91 -100% assurance on testing results
SUBSTANTIAL ASSURANCE	Overall, there is a sound system of internal controls, however, the implementation of the agreed recommendations would further strengthen these controls 71 – 90% assurance on testing results
LIMITED ASSURANCE	The system of controls is weak and (either) is not being complied with in some significant areas, or does not cover all areas. 41 – 70% assurance on testing results
NO ASSURANCE	The system of controls is failing and in need of urgent management attention. 0 – 40% assurance on testing results

APPENDIX B

PROPOSED XENTRALL ANNUAL AUDIT PLAN FOR 2009/10

Audit Title	2008/09	2009/10	2010/11	2011/12	2012/13
	Days	Days	Days	Days	Days
SLA's and Management	5	10	10	10	10
Advice and Guidance	5	15	10	10	10
Core Systems					
Payroll	18	15	15	20	15
Debtors	11	15	10	10	15
Creditors	16	17	10	10	10
Transactional HR Recruitment/ Employee Contracts	10	3	10		10
Transactional HR Absence Management		6		6	
Design and Print Service		5			
Bank Reconciliations	15	10	5	5	5
Income	7	7	7	7	7
Business continuity (Includes ICT)	4	5			5
ICT Systems					
Environmental Controls (10+5)	9	15	15	15	15
Application Controls					
Change Control (15+5)			20		
Interfacing	8		12		12
Disaster Recovery		5		5	
Internet firewalls/ E-mail			8		8
New systems implementation/ project management (5 + 5)		10	10	10	10
IS/ IT strategy			12		12

Information Security (formerly ISO 17799)	15	5		15	
Network Management/ Remote Access	10	5	10		10
E-Commerce Controls	10	5	10		10
Audit Title	2008/09	2009/10	2010/11	2011/12	2012/13
	Days	Days	Days	Days	Days
AGRESSO	15	20			
PS ENTERPRISE (20 + 5)	23		25		25
I WORLD		10			
UNIX	15		15		15
Windows NT		15		15	
Ad Hoc Provision	10	15	15	15	15
Departmental Total	206	213	229	153	219