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

Purpose of Report

1. To present a progress report against the 2008/09 Xentrall Audit Plan.

Information and Analysis

2. **Attached** is a copy of a progress report on the Xentrall Audit Plan for 2008/09 issued by the Chief Internal Auditor of Stockton Borough Council.
3. A representative from Internal Audit at Stockton will attend the meeting to present the report.

Recommendation

4. It is recommended that that the progress report be noted.

**Paul Wildsmith
Director of Corporate Services**

Background Papers

Xentrall Audit Plan 2008/09

Xentrall Audit Plan 2008/09 – Progress Report issued by Stockton BC’s Chief Internal Auditor

Brian James : Extension 2140

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.

Information and Analysis

2. 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 (see Appendix A).
3. 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.
4. This report should be considered in the context of providing assurance on the adequacy and effectiveness of Xentrall’s internal control environment.
5. The results of audit assignments carried out to 31 August 2008 are shown in **Appendix B**. The two audits completed to date are a review of governance arrangements and the environmental controls in place to safeguard the ICT servers. Both audits resulted in substantial assurance opinions. It should be noted that the review of governance is not included in the plan attached at Appendix A. This review was undertaken as part of the partnership management arrangements audit work identified within the Audit Plan for Stockton Borough Council which considered other partnerships as well as Xentrall.
6. Also in Appendix B is the current position with regards to on-going audit review work. Satisfactory progress is being made against the Xentrall audit plan with a number of reviews underway or planned for the coming months.

Ian Jones
Chief Internal Auditor
Stockton Borough Council

Ian Jones (01642) 526362

Darlington and Stockton Partnership
Xentrall Shared Services

Audit Plan

2008/2009

Title	Description
Business Continuity	A review to ensure that contingency plans are in place and are robust enough to ensure continuity of the service following a significant event such as a major fire.
Income System (to be undertaken in conjunction with SBC's Cash Receipting and Cash in Transit audit)	A review of the collection and deposit system to include Girobank income, posting of income via Civica/Radius the e returns system, reconciliation of income posted to the bank, internet and digital income processing , processing of postal cheques ,suspense accounts, monitoring of income discrepancies.
Creditors	A review of the payment of invoice processing and order creation/distribution systems. Included will be a review of suspense accounts, cheque processing controls, returned BACS and posting of expenditure to service accounts. The performance of the section will be considered as well as the monitoring of customer feedback.
Debtors	A review of the invoice production and distribution system, follow-up of outstanding amounts, posting of income to debtor accounts and service accounts and the

	management of write-offs. The performance of the section will be considered as well as the monitoring of customer feedback.
Payroll	A review of the controls in place to ensure employees are paid at the correct rate on time and that the correct deductions are being made. Ensuring the flow of information to relevant sections is appropriate and timely and that the financial management system is updated accordingly.
Transactional HR	A review of the arrangements in place to manage and report sickness, management of employee contracts recruitment and selection and CRB arrangements.
Bank Reconciliation	A review of the processes in place to ensure the financial management system agrees with the bank accounts and any discrepancies are promptly investigated.
Agresso	A review of the ICT system used to manage finances to ensure it is secure and appropriate measures are taken to safeguard data and ensure continuity of service.
E-Commerce Controls	A review of the ICT processes in place to manage financial transactions with third parties to ensure they are secure and data is safeguarded
ICT Environmental Controls	A review of the environment in which ICT equipment is kept to ensure it is appropriate for ICT equipment and that the equipment would be protected in the event of major disruption such as fire, loss of power etc.
Interfacing	Ensuring the flow of information between computer systems is accurate and secure.
Internet Firewalls & Email	A review of controls to prevent unauthorised access to systems and ensuring the email policy is being complied with.
ISO 17799	Compliance with the standard and a follow-up of action plans.
Network Management and Remote Access	A review of the management of the network to ensure resilience and the security of data. A review of the remote access to the network and ensure arrangements are secure.
PS Enterprise (Payroll System)	A review of the ICT system used to manage payroll and HR to ensure it is secure and appropriate measures are taken to safeguard data and ensure continuity of service.
UNIX	A review of the security, access and backup controls around UNIX operating systems.

Website Management	A review of how the content of websites is being managed and the security around transactions through the website and the safeguarding of information.
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Consultancy

Provided support and assistance as required in respect of the ongoing implementation of operational elements of the Partnership.

Audits Presented

Department	Audit Assignment	Assurance Opinion	Where Assurance Opinion Less Than Substantial	
			Audit Comment	Management Response
Xentrall	Partnership Governance	Substantial Assurance		
	Environmental Controls	Substantial Assurance		

On-going

Department	Audit Assignment	Status	Where Assurance Opinion Less Than Substantial	
			Audit Comment	Management Response
Xentrall	Business Continuity	On-going		
	Creditors	On-going		
	Bank Reconciliation	On-going		
	Cash Receipting/Cash in Transit	On-going		
	Interfacing	On-going		
	PS Enterprise System	On-going		

Opinion Scoring Methodology

Assurance	Definition
FULL ASSURANCE	A sound system of controls is being applied consistently
SUBSTANTIAL ASSURANCE	Overall, there is a sound system of internal controls, however, the implementation of the agreed recommendations would further strengthen these controls
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.
NO ASSURANCE	The system of controls is failing and in need of urgent management attention.