



Stevenage Borough Council
Audit Committee

24 March 2014

Shared Internal Audit Service –
Progress Report

Recommendation

Members are recommended to note the
Internal Audit Progress Report

Contents

1 Introduction and Background

1.1 Purpose

1.2 Background

2 Audit Plan Update

2.1 Delivery of Audit Plan and Key Findings

2.3 Proposed Audit Plan Amendments

2.4 Reporting of Audit Plan Delivery Progress

2.10 High Priority Recommendations

2.12 Performance Management

Appendix

A – Progress against the 2013/14 Audit Plan

B – Implementation Status of High Priority
Recommendations

1 Introduction and Background

Purpose of Report

- 1.1 To provide Members with:
- a) The progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's 2013/14 Internal Audit Plan as at 7 March 2014.
 - b) The findings for the period 5 November 2013 to 7 March 2014.
 - c) The proposed amendments required to the approved Annual Internal Audit Plan.
 - d) The implementation status of previously agreed Audit Recommendations.
 - e) An update on performance management information as at 7 March 2014.

Background

- 1.2 Internal Audit's Annual Plan for 2013/14 was approved by the Audit Committee at its meeting on 26 March 2013.
- 1.3 The Audit Committee receive periodic updates against the Annual Internal Audit Plan, the most recent of which was brought to this Committee on 18 November 2013.
- 1.4 The work of Internal Audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit function is fulfilling its statutory obligations. It is considered good practice that progress reports also include proposed amendments to the agreed Annual Internal Audit Plan.

2 Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 7 March 2014, 73% of the 2013/14 Audit Plan days had been delivered (calculation excludes contingency days that have not been allocated). We forecast that at least 95% of the Audit Plan days will be completed by 31 March 2014. Appendix A and the table at 2.9 provide a status update on each individual deliverable within the audit plan.
- 2.2 The following reports and assignments have been issued or completed in the period:

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Main Accounting System	Feb 2014	Full	none
Debtors	Feb 2014	Full	none
Creditors	Feb 2014	Full	none
Treasury Management	Feb 2014	Full	none
Payroll	Feb 2014	Full	none
Council Tax	Feb 2014	Substantial	none
NDR	Feb 2014	Substantial	one merits attention
Housing Benefits	Feb 2014	Substantial	none
Cash & Banking	Jan 2014	Substantial	two merits attention
Housing Rents	Jan 2014	Substantial	one medium
Overarching Risk Management	Feb 2014	Substantial	One medium five merits attention
Housing Related Support Grants	Nov 2013	Substantial	six merits attention
Whistleblowing Policy	Feb 2013	N/A	consultancy
Annual Counter Fraud Monitoring	Jan 2013	N/A	consultancy

Proposed Audit Plan Amendments

- 2.3 Due to slippage in delivery of some of the IT shared service plan a review of Business Continuity Planning has been deferred to 14/15. Reviews of Single Status; and Integrated Financial Planning have also been deferred at the request of management and have been replaced by a consultancy piece looking at the integrity of information extracted from the Direct Labour Organisation's financial management system.

Reporting of Audit Plan Delivery Progress

- 2.4 At the meeting of this Committee on 18 November 2013 it was agreed that the method for reporting on audit plan delivery progress 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. This approach is reflected in the figures at 2.9 (below).
- 2.5 To help the Committee in assessing the current situation in terms of progress against the projects in the audit plan we have continued to provide an overall progress update in the table below. Once again we have indicated our confidence level about the work being completed on time based on our knowledge of our resource availability and other factors.

Completed -Draft or Final report has been issued (17)	
Confidence level in completion of this work – Full	
HR&OD (Inc. Learning & Development)	Housing Tenancy Fraud Proactive Review
Programme & Projects Benefit Realisation	Annual Counter Fraud & Monitoring
Review of Operational Risk Mgt - Draft	Housing Related Support Grants
Council Tax	Debtors
NNDR	Creditors
Housing Benefits	Payroll
Housing Rents	Treasury Management
Main Accounting System	Cash and Banking
Whistle Blowing Policy	

Fieldwork currently being carried out (14)	
Confidence level in completion of this work – Full	
Waste Partnership Strategy	Extended Follow Up of Decent Homes
Housing Contracts	Capital Accounting
Inventory Controls	Risk Management
Corporate Governance	IT Shared Service
Safeguarding	Data Management- Report being drafted
Impact of Welfare Reform on Income	Managing Money
Capital Strategy- Report being drafted	Corporate Debt Mgt & Policies

Scope and Start date agreed with Management - preliminary work has begun (1)	
Confidence level in completion of this work – Good – resources have been allocated to these activities by SIAS and management has agreed the way forward; dates are planned in diaries; all pieces are considered by SIAS to be relatively straightforward	
DLO System – Accounting Information	

Formal start dates not yet agreed (0)	
Confidence level in completion of this work – Moderate – resources have been allocated by SIAS but dates have not yet been planned in diaries; generally these audits are more complex and will need good engagement with management to ensure delivery	
Audit	Status Update
None	

Cancelled Deferred (4)	
New Ways of Working	Business Continuity Planning
Integrated Financial Planning	Single Status

Summary – 7 March 2014		
Status	No of Audits at this Stage	% of Total Audits (32)
Completed	17	53%
Currently in Progress	14	44%
Start Date Agreed	1	3%
Yet to be planned	0	0%

Cancelled	4	
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High Priority Recommendations

- 2.6 Members will be aware that a Final Audit Report is issued when it has been agreed (“signed off”) by management; this includes an agreement to implement the recommendations that have been made.
- 2.7 The schedule attached at Appendix B details the implementation status of the outstanding high priority audit recommendations; currently there are none to consider.

Performance Management

- 2.8 The 2013-14 annual performance indicators were approved at the SIAS Board meeting on 5 March 2013. Targets were also agreed by the SIAS Board for the majority of the performance indicators.
- 2.9 The actual performance for Stevenage Borough Council against the targets that can be monitored in year is set out in the table below.

Performance Indicator	Annual Target	Profiled Target	Actual to 7 March 2014
1. Planned Days – percentage of actual billable days against planned chargeable days completed	95%	82%	73%
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	69%	53%
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at ‘satisfactory’ level	100%	N/A	100%
4. Number of High Priority Audit Recommendations agreed	95%	N/A	N/A (None in Period)

APPENDIX A PROGRESS AGAINST THE 2013/14 AUDIT PLAN AT 7 MARCH 2014

2013/14 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Key Financial Systems – 105 days								
Main Accounting System	Full	0	0	0	5		5	Final Report Issued
Debtors	Full	0	0	0	8		8	Final Report Issued
Creditors	Full	0	0	0	8		8	Final Report Issued
Treasury Management	Full	0	0	0	8		8	Final Report Issued
Payroll	Full	0	0	0	5		5	Final Report Issued
Council Tax	Substantial	0	0	0	12		12	Final Report Issued
NNDR	Substantial	0	0	1	12		12	Final Report Issued
Housing Benefits	Substantial	0	0	0	12		12	Final Report Issued
Cash and Banking	Substantial	0	0	2	10		10	Final Report Issued
Capital Accounting					15	Yes	7	In Fieldwork
Housing Rents	Substantial	0	1	0	10	Yes	10	Final Report Issued
Operational Audits – 114 days								
HR&OD (inc. Learning & Development)	Substantial	0	1	0	20	Yes	20	Final Report Issued
Capital Strategy					20	Yes	12	Report being drafted
Programme & Projects Benefit Realisation	Substantial	0	1	0	12	Yes	12	Final Report Issued
Single Status	N/A				0	Yes		Deferred to 14/15
Impact of Welfare Reform on Income					12	Yes	6	In Fieldwork
Corporate Debt Mgt & Debt Policies					14	Yes	9	In Fieldwork
Review of Operational Risk Mgt	Substantial	0	1	5	14	Yes	14	Final Report Issued
Integrated Financial Planning	N/A				0	Yes	0.5	Deferred to 14/15

APPENDIX A PROGRESS AGAINST THE 2013/14 AUDIT PLAN AT 7 MARCH 2014

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Housing Related Support Grants	Substantial	0	0	6	12	Yes	12	Final Report Issued
DLO System – Accounting Information					10	Yes	1	In Fieldwork
Risk Management and Governance – 14 days								
Risk Management					6	Yes	3	In Fieldwork
Corporate Governance					6	Yes	3	In Fieldwork
Ad Hoc	N/A	N/A			2	N/A	0.5	N/A
IT Audits – 26 days								
IT Shared Service					10	Yes	3.5	In Fieldwork
Data Management					16	Yes	8	Report being drafted
Business Continuity Planning	N/A				0	Yes	1	Deferred to 14/15
Procurement – 32 days								
Housing Contracts					20	Yes	11	In Fieldwork
Extended Follow Up of Decent Homes					12	Yes	4	In Fieldwork
Joint Reviews – 5 days								
Waste Partnership Strategy					3	Yes	2	In Fieldwork
Managing Money					2	Yes	1	In Fieldwork
New Ways of Working					0	N/A		Cancelled
Counter Fraud – 18 days								
Housing Tenancy Fraud Proactive Review					12	Yes	12	Final Report Issued
Whistle Blowing Policy					1	Yes	1	Final Report Issued
Annual Counter Fraud & Monitoring					5	Yes	5	Final Report Issued
Follow Up of Previous Audit Report Recommendations – 15 days								
High Priority Recommendations Quarterly	N/A	N/A			4	Yes	4	Ongoing

APPENDIX A PROGRESS AGAINST THE 2013/14 AUDIT PLAN AT 7 MARCH 2014

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Follow Up								
Inventory Controls					3	Yes	2	In Fieldwork
Safeguarding					4	Yes	0.5	In Fieldwork
Follow Up (TBC)					4		0.5	To Be Allocated
Strategic Support – 41.5 days								
2014/15 Audit Plan					6.5		6.5	Completed
Audit Committee					8		8	Completed
External Audit Liaison					4		4	Completed
Annual Report and Head of Internal Audit Opinion 2011/12					5		5	Completed
Monitoring					12	Yes	11	Ongoing
PSIAS					1		1	Completed
SIAS Development					5		5	Completed
Remaining Contingency					29.5			
SBC TOTAL					400		286	

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	Auditor Comment as at 7 March 2014
							None at this time