



Stevenage Borough Council
Audit Committee

3 September 2014

Shared Internal Audit Service –
Progress Report

Recommendation

Members are recommended to:
Note the Internal Audit Progress Report for the
period to 22 August 2014; and
Approve the amendments to the Audit Plan as at 22
August 2014

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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 2014/15 Internal Audit Plan as at 22 August 2014.
 - b) The findings for the period 1 June 2014 to 22 August 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 22 August 2014.

Background

- 1.2 Internal Audit's Annual Plan for 2014/15 was approved by the Audit Committee at its meeting on 24 March 2014. The Audit Committee receive periodic updates against the Annual Internal Audit Plan.
- 1.3 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 22 August 2014, 28% of the 2014/15 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 2015. Appendix A provides a status update on each individual deliverable within the audit plan.
- 2.2 The following 13/14 reports and assignments have been issued or completed in the period and this represents the completion of the 13/14 plan:

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Capital Strategy	July 2014	N/A	Consultancy
Capital Accounting & Inventories	August 2014	Moderate	3 Medium

The following 14/15 reports and assignments have been issued or completed in the period:

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
NDR Avoidance	July 2014	Substantial	1 Merits Attention
Contract Management Review	August 2014	Moderate	22 Medium 2 Merits Attention
Procurement Review	August 2014	Substantial	1 Medium 2 Merits Attention

Given the number of recommendations made as part of the Contract Management Review we felt it would be helpful to Members to provide further narrative.

Effective contract management is key to ensuring that Councils are delivering best value. The audit identified weaknesses in respect of: training and guidance to Officers; effective monitoring; and the checking of charges levied. Recommendations to address the weaknesses identified have been accepted with revised checking procedure for invoices introduced immediately, revised monitoring arrangements are due to be in place by the end of October 2014 and greater training for staff to be rolled out by March 2015. These actions will be followed up at a later date.

Proposed Audit Plan Amendments

- 2.3 At the request of Management we have introduced a review of the controls surrounding the granting of concessions for applicable services. This review will be funded from the Council's audit contingency.

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. In addition, for 14/15 we have agreed formal audit start dates with management and have allocated resources accordingly; details can be found in Appendix C. This is designed to help facilitate a smoother level of audit plan delivery through the year.

Completed -Draft or Final report has been issued (3)	
Confidence level in completion of this work – Full	
Procurement Review	Contract Management Review
NDR Avoidance	

Fieldwork currently being carried out (3)	
Confidence level in completion of this work – Full	
Data Protection & FOI	Rechargeable Major Works
Single Status	

Scope and Start date agreed with Management - preliminary work has begun (21)	
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	
Main Accounting System - CRSA 3rd Year (Full)	Benchmarking of Risk Registers and AGS
Debtors - CRSA 2nd Year	Members Locality Budgets
Creditors - CRSA 2nd Year	LGA Peer Review - Response
Treasury Management - CRSA 2nd Year	CCTV Incorporation
Payroll - CRSA 3rd Year (Full)	HRA Business Plan
Council Tax	Car Parking
NDR	Risk Management
Housing Benefits	Corporate Governance
Cash and Banking	Asset Management
Housing Rents	Concessions
Change Control	

Cancelled Deferred (2)	
Supporting People Grant	Service Desk Operations

Summary – 22nd August 2014		
Status	No of Audits at this Stage	% of Total Audits (27)
Completed	3	11%

Currently in Progress	3	11%
Start Date Agreed	21	78%
Yet to be planned	0	0%
Cancelled	2	

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 2014-15 annual performance indicators were approved at the SIAS Board meeting on 20 March 2014. 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 22 August 2014
1. Planned Days – percentage of actual billable days against planned chargeable days completed	95%	30%	28%
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	11%	11%
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 2014/15 AUDIT PLAN AT 22 AUGUST 2014

2014/15 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 – 90 days								
Main Accounting System - CRSA 3rd Year (Full)					8	Yes		Start Date Agreed
Debtors - CRSA 2nd Year					6	Yes		Start Date Agreed
Creditors - CRSA 2nd Year					6	Yes		Start Date Agreed
Treasury Management - CRSA 2nd Year					6	Yes		Start Date Agreed
Payroll - CRSA 3rd Year (Full)					8	Yes		Start Date Agreed
Council Tax					12	Yes		Start Date Agreed
NDR					12	Yes		Start Date Agreed
Housing Benefits					12	Yes		Start Date Agreed
Cash and Banking					10	Yes		Start Date Agreed
Housing Rents					10	Yes	0.5	Start Date Agreed
Operational Audits – 113 days								
Concessions					8	Yes		Start Date Agreed
Supporting People Grant					0	Yes		Cancelled
Rechargeable Major Works					12	Yes	4	In Fieldwork
Data Protection & FOI					15	Yes	7	In Fieldwork
Members Locality Budgets					12	Yes		Start Date Agreed
LGA Peer Review - Response					12	Yes	3	Start Date Agreed
Single Status					12	Yes	1.5	TOR Issued
CCTV Incorporation					15	Yes		Start Date Agreed
HRA Business Plan					20	Yes		Start Date Agreed

APPENDIX A PROGRESS AGAINST THE 2014/15 AUDIT PLAN AT 22 AUGUST 2014

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Car Parking					15	Yes		Start Date Agreed
Risk Management and Governance – 12 days								
Risk Management					6	Yes		Start Date Agreed
Corporate Governance					6	Yes		Start Date Agreed
IT Audits – 24 days								
Service Desk Operations					0	Yes		Cancelled
Change Control					12	Yes		Start Date Agreed
Asset Management					12	Yes	0.5	Start Date Agreed
Procurement – 40 days								
Procurement Review	Substantial	0	1	2	20	Yes	20	Final Report Issued
Contract Mgt Review	Moderate	0	22	2	20	Yes	20	Final Report Issued
Joint Reviews – 12 days								
NDR Avoidance	Substantial	0	0	1	10	Yes	10	Final Report Issued
Benchmarking of Risk Registers and AGS					2	Yes		In Fieldwork
13/14 Projects – 15 days								
Capital Accounting / Inventories	Moderate	0	3	0	5	Yes	5	Final Report Issued
Capital Strategy	N/A	0	0	0	2	Yes	2	Completed - Consultancy
Corporate Debt Mgt & Debt Policies	N/A	0	0	0	3	N/A	3	Completed - Consultancy
Housing Contracts	Substantial	0	4	3	1	N/A	1	Final Report Issued
Extended Follow-up of Decent Homes	Substantial	0	0	0	1	N/A	1	Final Report Issued
Risk Management	Substantial	0	1	0	1	N/A	1	Final Report Issued

APPENDIX A PROGRESS AGAINST THE 2014/15 AUDIT PLAN AT 22 AUGUST 2014

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Corporate Governance	Substantial	0	2	0	1	N/A	1	Final Report Issued
Data Management	Substantial	0	0	1	1	N/A	1	Final Report Issued
Strategic Support – 46 days								
2015/16 Audit Plan					5			Ongoing
Audit Committee					10		2	Ongoing
External Audit Liaison					1			Ongoing
Annual Report and Head of Internal Audit Opinion 2013/14					5		5	Completed
Monitoring					12	Yes	5	Ongoing
SIAS Development					5		5	Completed
Client Liaison					8		3	Ongoing
Remaining Contingency					30			
SBC TOTAL					390		101.5	

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	Auditor Comment as at 22 August 2014
							None at this time

APPENDIX C

AUDIT PLAN ITEMS (APRIL 2014 TO MARCH 2015) - START DATES AGREED WITH MANAGEMENT

Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Contract Mgt Review	NDR Avoidance		Data Protection	Single Status	HRA Business Plan	Car Parking	Main Financial Systems 10 Reviews	Local Community Budgets	CCTV Incorporation	Risk Mgt	
Procurement Review				Rechargeable Major Works	Change Control	LGA Peer Review			IT Asset Mgt	Corporate Governance	
					Concessions				Benchmarking AGS & Risk Registers		