



Stevenage Borough Council  
Audit Committee

11 November 2014

Shared Internal Audit Service –  
Progress Report

Recommendation

Members are recommended to:  
Note the Internal Audit Progress Report for the  
period to 31 October 2014; and  
Approve the amendments to the Audit Plan as at 31  
October 2014

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start dates agreed with management

# 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 31 October 2014.
  - b) The findings for the period 23 August 2014 to 31 October 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 31 October 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 31 October 2014, 47.3% of the 2014/15 Audit Plan days had been delivered (calculation excludes contingency days that have not been allocated).
- 2.2 Whilst no final reports have been issued or completed in the period since our last update to this Committee we would draw Members' attention to the table shown at Appendix C which details the proposed start dates for the projects within the 14/15 plan and includes the status of each review.
- 2.3 The data within the table shows the significant number of projects that are due to be issued in draft form in November. Members will also note that some projects that have been started in advance of their scheduled start date are either at drafting report stage or in quality review.
- 2.4 This position underpins our 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.

### Proposed Audit Plan Amendments

- 2.5 At the request of Management we have introduced reviews of: the controls surrounding the issue of fuel used in delivery of the Authority's services; and the impact on business continuity arrangements arising from the formation of the ICT Shared Service Arrangement. These reviews will be funded from the Council's audit contingency.

### Reporting of Audit Plan Delivery Progress

- 2.6 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).
- 2.7 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.

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

<b>Terms of Reference Issued / Fieldwork currently being carried out (16)</b>	
Confidence level in completion of this work – <b>Full</b>	
Data Protection	Rechargeable Major Works
Council Tax	NDR
Change Control	Housing Benefits

Housing Rents	Business Continuity
Main Accounting System	Benchmarking of Risk Registers and AGS
Debtors	Treasury Management
Creditors	Payroll
Cash and Banking	Single Status

**Scope and Start date agreed with Management - preliminary work has begun (10)**

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

IT Asset Management	Local Community Budgets
Concessions	LGA Peer Review - Response
Fuel Issues	CCTV Incorporation
Risk Management	HRA Business Plan
Corporate Governance	Car Parking

**Cancelled / Deferred (2)**

Supporting People Grant	IT Service Desk Operations
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**Summary – 31<sup>st</sup> October 2014**

Status	No of Audits at this Stage	% of Total Audits (29)
Completed	3	10%
ToR Issued / Fieldwork in Progress	16	55%
Start Date Agreed	10	35%
Yet to be planned	0	0%
Cancelled / Deferred	2	

High Priority Recommendations

- 2.8 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.
- 2.9 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

- 2.10 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.
- 2.11 The actual performance for Stevenage Borough Council against the targets that can be monitored in year is set out in the table below.

<b>Performance Indicator</b>	<b>Annual Target</b>	<b>Profiled Target</b>	<b>Actual to 31 October 2014</b>
<b>1. Planned Days</b> – percentage of actual billable days against planned chargeable days completed	95%	39.4%	47.3%
<b>2. Planned Projects</b> – percentage of actual completed projects to draft report stage against planned completed projects	95%	17%	10%
<b>3. Client Satisfaction</b> – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	N/A	100%
<b>4. Number of High Priority Audit Recommendations agreed</b>	95%	N/A	N/A (None in Period)

**APPENDIX A    PROGRESS AGAINST THE 2014/15 AUDIT PLAN AT 31 OCTOBER 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				
<b>Key Financial Systems – 90 days</b>								
Main Accounting System - CRSA 3rd Year					8	Yes	0.5	TOR Issued
Debtors - CRSA 2nd Year					6	Yes	0.5	TOR Issued
Creditors - CRSA 2nd Year					6	Yes	0.5	TOR Issued
Treasury Management - CRSA 2nd Year					6	Yes	0.5	TOR Issued
Payroll - CRSA 3rd Year					8	Yes	0.5	TOR Issued
Council Tax					12	Yes	10	In Quality Review
NDR					12	Yes	10	Report Being Drafted
Housing Benefits					12	Yes	2	In Fieldwork
Cash and Banking					10	Yes	0.5	TOR Issued
Housing Rents					10	Yes	5	In Fieldwork
<b>Operational Audits – 113 days</b>								
Concessions					8	Yes	0.5	In Planning
Supporting People Grant					0	Yes		Cancelled
Rechargeable Major Works					12	Yes	10	In Quality Review
Data Protection & FOI					15	Yes	14	In Quality Review
Local Community Budgets					12	Yes		Start Date Agreed
LGA Peer Review - Response					12	Yes	5	In Fieldwork
Single Status					12	Yes	1.5	TOR Issued
CCTV Incorporation					15	Yes	0.5	In Planning
HRA Business Plan					20	Yes	0.5	In Planning

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Car Parking					15	Yes	0.5	In Planning
Fuel Issues					5			Start Date Agreed
<b>Risk Management and Governance – 12 days</b>								
Risk Management					6	Yes		Start Date Agreed
Corporate Governance					6	Yes		Start Date Agreed
<b>IT Audits – 24 days</b>								
Service Desk Operations					0	Yes		Cancelled
Change Control					12	Yes	11	In Quality Review
Business Continuity					12	Yes	11	In Quality Review
IT Asset Management					12	Yes	0.5	In Planning
<b>Procurement – 40 days</b>								
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
<b>Joint Reviews – 12 days</b>								
NDR Avoidance	Substantial	0	0	1	10	Yes	10	Final Report Issued
Benchmarking of Risk Registers and AGS					2	Yes	0.5	In Fieldwork
<b>13/14 Projects – 15 days</b>								
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



**APPENDIX A    PROGRESS AGAINST THE 2014/15 AUDIT PLAN AT 31 OCTOBER 2014**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
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
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
<b>Strategic Support – 46 days</b>								
2015/16 Audit Plan					5			Ongoing
Audit Committee					10		5	Ongoing
External Audit Liaison					1		0.5	Ongoing
Annual Report and Head of Internal Audit Opinion 2013/14					5		5	Completed
Monitoring					12	Yes	6	Ongoing
SIAS Development					5		5	Completed
Client Liaison					8		4	Ongoing
Remaining Contingency					13			
<b>SBC TOTAL</b>					<b>390</b>		<b>176</b>	

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	Auditor Comment as at 31 October 2014
							None at this time

Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Contract Mgt Review <b>Final Report Issued</b>	NDR Avoidance <b>Final Report Issued</b>		Data Protection <b>Report in Quality Review</b>			Car Parking <b>In Planning</b>	Creditors, Debtors, Payroll, Main Accounting, Cash & Banking, Treasury Mgt <b>Terms of Reference Issued</b> Housing Benefits, Housing Rents <b>In Fieldwork</b> NDR <b>Report Drafting</b> Council Tax <b>Report in Quality Review</b>	Local Community Budgets <b>Start Date Agreed</b>	CCTV Incorporation <b>In Planning</b>	Risk Mgt <b>Start Date Agreed</b>	
Procurement Review <b>Final Report Issued</b>				Rechargeable Major Works <b>Report in Quality Review</b>	Change Control <b>Report in Quality Review</b>	LGA Peer Review <b>In Fieldwork</b>		HRA Business Plan <b>In Planning</b>	IT Asset Mgt <b>Start Date Agreed</b>	Corporate Governance <b>Start Date Agreed</b>	
					Concessions <b>In Planning</b>			Benchmarking AGS & Risk Registers <b>In Fieldwork</b>	Fuel Issues <b>Start Date Agreed</b>		
					Business Continuity <b>Report in Quality Review</b>			Single Status <b>Terms of Reference Issued</b>			