



Stevenage Borough Council
Audit Committee

23 March 2015

Shared Internal Audit Service –
Progress Report

Recommendation

Members are recommended to:
Note the Internal Audit Progress Report for the
period to 6 March 2015

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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 6 March 2015.
 - b) The findings for the period 1 November 2014 to 6 March 2015.
 - 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 6 March 2015.

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 6 March 2015, 85% of the 2014/15 Audit Plan days had been delivered (calculation excludes contingency days that have not been allocated).
- 2.2 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
Creditors	Nov 2014	Full	No recommendations
Payroll	Nov 2014	Full	No recommendations
Council Tax	Nov 2014	Full	No recommendations
NDR	Nov 2014	Full	No recommendations
Data Protection & FOI	Nov 2014	Substantial	4 Medium
Treasury Management	Dec 2014	Full	No recommendations
Housing Rents	Dec 2014	Substantial	No recommendations
Rechargeable Major Works	Dec 2014	Substantial	2 Merits Attention
Benchmarking of Risk Registers and AGS	Jan 2015	N/A	Consultancy
Main Accounting System	Jan 2015	Full	No recommendations
Debtors	Jan 2015	Substantial	No recommendations
Housing Benefits	Jan 2015	Substantial	No recommendations
Cash and Banking	Feb 2015	Substantial	1 Medium 1 Merits Attention
Change Control	Feb 2015	Substantial	1 High
Business Continuity	Feb 2015	Substantial	1 Medium 1 Merits Attention

Proposed Audit Plan Amendments

- 2.3 There are no plan amendments for this Committee.

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 (19)	
Confidence level in completion of this work – Full	
Procurement Review	Contract Management Review
NDR Avoidance	Cash and Banking
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
CCTV Incorporation	

Terms of Reference Issued / Fieldwork currently being carried out (10)	
Confidence level in completion of this work – Full	
Single Status	Car Parking
IT Asset Management	Local Community Budgets
Concessions	LGA Peer Review - Response
Fuel Issues	Corporate Governance
Risk Management	

Scope and Start date agreed with Management - preliminary work has begun (0)	
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	
HRA Business Plan	

Cancelled / Deferred (2)	
Supporting People Grant	IT Service Desk Operations

Summary – 6 March 2015		
Status	No of Audits at this Stage	% of Total Audits (29)
Completed	19	66%
ToR Issued / Fieldwork in Progress	10	32%
Start Date Agreed	1	2%
Yet to be planned	0	0%
Cancelled / Deferred	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 single outstanding high priority audit recommendation which has yet to reach its implementation date.

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 6 March 2015
1. Planned Days – percentage of actual billable days against planned chargeable days completed	95%	88%	85%
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	76%	66%
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%	100%	100%

APPENDIX A PROGRESS AGAINST THE 2014/15 AUDIT PLAN AT 6 MARCH 2015

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	0	0	0	8	Yes	8	Final Report Issued
Debtors - CRSA 2nd Year	Substantial	0	0	0	6	Yes	6	Final Report Issued
Creditors - CRSA 2nd Year	Full	0	0	0	6	Yes	6	Final Report Issued
Treasury Management - CRSA 2nd Year	Full	0	0	0	6	Yes	6	Final Report Issued
Payroll - CRSA 3rd Year	Full	0	0	0	8	Yes	8	Final Report Issued
Council Tax	Full	0	0	0	12	Yes	12	Final Report Issued
NDR	Full	0	0	0	12	Yes	12	Final Report Issued
Housing Benefits	Substantial	0	0	0	12	Yes	12	Final Report Issued
Cash and Banking	Substantial	0	1	1	10	Yes	10	Final Report Issued
Housing Rents	Substantial	0	0	0	10	Yes	10	Final Report Issued
Operational Audits – 126 days								
Concessions					8	Yes	1.5	In Fieldwork
Supporting People Grant					0	Yes		Cancelled
Rechargeable Major Works	Substantial	0	0	2	12	Yes	12	Final Report Issued
Data Protection & FOI	Substantial	0	4	0	15	Yes	15	Final Report Issued
Local Community Budgets					12	Yes	4.5	In Fieldwork
LGA Peer Review - Response					12	Yes	8	Drafting Report
Single Status					12	Yes	8	In Fieldwork
CCTV Incorporation					15	Yes	14	Draft Report Issued
HRA Business Plan					20	Yes	2	In Fieldwork

APPENDIX A PROGRESS AGAINST THE 2014/15 AUDIT PLAN AT 6 MARCH 2015

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Car Parking					15	Yes	13.5	Drafting Report
Fuel Issues					5		3.5	Drafting Report
Risk Management and Governance – 12 days								
Risk Management					6	Yes	1	In Fieldwork
Corporate Governance					6	Yes	1	In Fieldwork
IT Audits – 36 days								
Service Desk Operations					0	Yes		Cancelled
Change Control	Substantial	1	0	0	12	Yes	12	Final Report Issued
Business Continuity	Substantial	0	1	1	12	Yes	12	Final Report Issued
IT Asset Management					12	Yes	9	In Fieldwork
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	N/A	0	0	0	2	Yes	2	Final Report Issued
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

APPENDIX A PROGRESS AGAINST THE 2014/15 AUDIT PLAN AT 6 MARCH 2015

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
Strategic Support – 46 days								
2015/16 Audit Plan					5		5	Ongoing
Audit Committee					10		10	Ongoing
External Audit Liaison					1		1	Ongoing
Annual Report and Head of Internal Audit Opinion 2013/14					5		5	Completed
Monitoring					12		12	Ongoing
SIAS Development					5		5	Completed
Client Liaison					8		8	Ongoing
Remaining Contingency					13			
SBC TOTAL					390		320	

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	Auditor Comment as at 6 March 2015
1	IT Change Control (17/02/15)	Developers' access to the production environment should be restricted. Where this may not be possible due to the number of staff, detective monitoring controls should be implemented such as independent periodic review of a sample of changes implemented.	As it not practical to restrict developers' access to the production environment for the reasons noted by the auditor, detective monitoring controls will be implemented as proposed, on a sample basis.	Information Systems Manager	April 2015	March 15 - Not yet due.	Not implemented – continue to monitor

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