



Stevenage Borough Council  
Audit Committee

10 June 2015

Shared Internal Audit Service –  
Progress Report

Recommendation

Members are recommended to:  
Note the Internal Audit Progress Report for the  
period to 22 May 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 2015/16 Internal Audit Plan as at 22 May 2015.
  - b) The findings for the period 23 March 2015 to 22 May 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 22 May 2015.

## Background

- 1.2 Internal Audit's Annual Plan for 2015/16 was approved by the Audit Committee at its meeting on 23 March 2015. 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 May 2015, 13% of the 2015/16 Audit Plan days had been delivered (calculation excludes contingency days that have not been allocated).
- 2.2 The following 2014/15 reports and assignments have been issued or completed in the period:

<b>Audit Title</b>	<b>Date of Issue</b>	<b>Assurance Level</b>	<b>Number of Recommendations</b>
Risk Management	March 2015	Full	None
Single Status	April 2015	Full	None
Car Parking	April 2015	Substantial	6 Medium 1 Merits Attention
Local Community Budgets	April 2015	Substantial	3 Medium
LGA Peer Review - Response	April 2015	Substantial	2 Medium 1 Merits Attention
Corporate Governance	April 2015	Full	None
IT Asset Management	May 2015	Substantial	4 Medium
Concessions	May 2015	Substantial	2 Medium

### Proposed Audit Plan Amendments

- 2.3 Following discussion with management a review looking at issues around the use of materials requisitioned from Buildbase (8 days) has been resourced by a reduction in the budget for the audit of Security of Desirable Assets (originally 20 days, now 12 days).

### 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 15/16 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 (0)</b>	
Confidence level in completion of this work – <b>Full</b>	
<b>Terms of Reference Issued / Fieldwork currently being carried out (6)</b>	
Confidence level in completion of this work – <b>Full</b>	
Training Qualifications & Skills	Market Income
Safeguarding	Health & Safety Matters
Buildbase Materials Review	HR Review – Follow Up

<b>Scope and Start date agreed with Management - preliminary work has begun (27)</b>	
Confidence level in completion of this work – <b>Good</b> – resources have been allocated to these activities by SIAS and management has agreed the way forward; dates are planned in diaries	
Fleet Mgt Controls	Breyers & Lakehouse – New Contract Arrangements
Gas Service Contract	Security of Desirable Assets
IT Helpdesk	Business Continuity – Non IT
Debtors	Main Accounting
Payroll	Creditors
Cash & Banking	Housing Rents
Housing Benefits	NDR
Treasury Management	Council Tax
Commercialism Agenda	Stores – Depot / Mobile
Contract Mgt Review – Follow Up	Procurement Review – Follow Up
Parking Meters Review – Follow Up	Statutory Obligations
Corporate Governance	Cash Kiosk
Joint Learning - Risk Mgt - Workshop	Risk Management
Software Licensing	

<b>Cancelled / Deferred (0)</b>
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<b>Summary – 22 May 2015</b>		
<b>Status</b>	<b>No of Audits at this Stage</b>	<b>% of Total Audits (33)</b>
Completed	0	0%
ToR Issued / Fieldwork in Progress	6	18%
Start Date Agreed	27	82%
Yet to be planned	0	0%
Cancelled / Deferred	0	

### 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 now been implemented.

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.

<b>Performance Indicator</b>	<b>Annual Target</b>	<b>Profiled Target</b>	<b>Actual to 22 May 2015</b>
<b>1. Planned Days</b> – percentage of actual billable days against planned chargeable days completed	95%	14%	13%
<b>2. Planned Projects</b> – percentage of actual completed projects to draft report stage against planned completed projects	95%	3%	0%
<b>3. Client Satisfaction</b> – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	N/A	N/A
<b>4. Number of High Priority Audit Recommendations agreed</b>	95%	N/A	N/A

**APPENDIX A    PROGRESS AGAINST THE 2015/16 AUDIT PLAN AT 22 MAY 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				
<b>Key Financial Systems – 98 days</b>								
Main Accounting System					12	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					12	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	In Planning
<b>Operational Audits – 139 days</b>								
Cash Kiosk					12	Yes		Start Date Agreed
Security of Desirable Assets					12	Yes	3.0	TOR Issued
Fleet Management Controls					15	Yes		Start Date Agreed
Stores - Depot / Mobile					15	Yes	2.0	In Planning
Market Income					12	Yes	8.0	Drafting Report
Business Continuity (Non IT)					15	Yes		Start Date Agreed
Training - Qualifications & Skills					15	Yes	7.0	In Fieldwork
Gas Service Contract					10	Yes		Start Date Agreed
Discharging Statutory Obligations					12	Yes		Start Date Agreed

**APPENDIX A    PROGRESS AGAINST THE 2015/16 AUDIT PLAN AT 22 MAY 2015**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Health & Safety Matters					5	Yes	4.0	Drafting Report
Safeguarding					8	Yes	3.0	TOR Issued
Buildbase Materials Issue					8	Yes	3.0	In Fieldwork
<b>Risk Management and Governance – 12 days</b>								
Risk Management					6	Yes		Start Date Agreed
Corporate Governance					6	Yes		Start Date Agreed
<b>Shared Learning – 5 days</b>								
Shared Learning Newsletters					2	Yes		Start Date Agreed
Audit Committee Workshop					1	Yes		Start Date Agreed
Joint Review – Risk Management Benchmarking Workshop					2	Yes		Start Date Agreed
<b>Procurement – 15 days</b>								
Breyers & Lakehouse Contract Arrangements					15	Yes		Start Date Agreed
<b>IT Audits – 16 days</b>								
IT Helpdesk					8	Yes		Start Date Agreed
Software Licensing					8	Yes		Start Date Agreed
<b>Strategy – 12 days</b>								
Commercialism Agenda					12	Yes		Start Date Agreed
<b>Follow Ups – 24 days</b>								
Procurement Review – Follow Up					8	Yes		Start Date Agreed
Contract Mgt Review – Follow Up					8	Yes		Start Date Agreed
HR Review – Follow Up					5	Yes	1.5	TOR Issued
Parking Meters Review – Follow Up					3	Yes		Start Date Agreed



**APPENDIX A    PROGRESS AGAINST THE 2015/16 AUDIT PLAN AT 22 MAY 2015**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
<b>14/15 Projects – 15 days</b>								
Members Locality Budgets					0.5	Yes	0.5	Final Report Issued
LGA Peer Review - Response					0.5	Yes	0.5	Final Report Issued
Single Status					0.5	Yes	0.5	Final Report Issued
CCTV Incorporation					0.5	Yes		Draft Report Issued
HRA Business Plan					10	Yes	2	In Fieldwork
Car Parking					0.5	Yes	0.5	Final Report Issued
Fuel Issues					1	Yes	0.5	Draft Report Issued
Concessions					0.5	Yes	0.5	Final Report Issued
Corporate Governance					0.5	Yes	0.5	Final Report Issued
IT Asset Mgt					0.5	Yes	0.5	Final Report Issued
<b>Contingency – 7 days</b>								
Remaining Contingency					7			
<b>Strategic Support – 47 days</b>								
2016/17 Audit Plan					5			Start Date Agreed
Audit Committee					10	1.0		Ongoing
External Audit Liaison					2			Ongoing
Annual Report and Head of Internal Audit Opinion 2014/15					5	5		Completed
Monitoring					12	1.0		Ongoing
SIAS Development					5	5.0		Completed
Client Liaison					8			Ongoing
<b>SBC TOTAL</b>					<b>390</b>	<b>50</b>		

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	Auditor Comment as at 22 May 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	I can confirm that we have identified a process for checking a random sample of standard changes on a quarterly basis. These will be evidenced in writing and the process will begin at the end of the first quarter of 2015/16, in June.  Information Systems Manager  (May 2015)	Completed  To be removed

**APPENDIX C**

**AUDIT PLAN ITEMS (APRIL 2015 TO MARCH 2016) - START DATES AGREED WITH MANAGEMENT**

<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>July</b>	<b>Aug</b>	<b>Sept</b>
Training Qualifications & Skills	Health & Safety Matters	Fleet Management Controls	Breyers & Lakehouse – New Contract Arrangements	Security of Desirable Assets	Business Continuity (Non IT)
Market Income	Buildbase Materials Review		HR Review Follow Up	Gas Service Contract	IT Helpdesk
			Safeguarding		

<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>
Key Financial Systems (10 Reviews)	Stores – Depot / Mobile	Procurement Review Follow Up	Statutory Obligations	Parking Meters Review Follow Up	Corporate Governance
	Commercialism Agenda	Contract Mgt Review – Follow Up		Cash Kiosk	