



Stevenage Borough Council
Audit Committee

1 September 2015

Shared Internal Audit Service –
Progress Report

Recommendation

Members are recommended to:
Note the Internal Audit Progress Report for the
period to 20 August 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 20 August 2015.
 - b) The findings for the period 23 May 2015 to 20 August 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 20 August 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 20 August 2015, 28% of the 2015/16 Audit Plan days had been delivered (calculation excludes contingency days that have not been allocated).
- 2.2 The following reports and assignments have been issued or completed in the period:

2014/15 Projects

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
CCTV Incorporation	August 2015	Consultancy	7 Advisory
Fuel Stock	April 2015	Moderate	3 Medium

2015/16 Projects

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Health & Safety Matters	June 2015	Substantial	1 Medium 2 Merits Attention
Market Income	August 2015	Substantial	2 Medium 1 Merits Attention

Proposed Audit Plan Amendments

- 2.3 Following discussion with management a further 2 days of contingency has been allocated to the review looking at the issue of materials at the Building Maintenance Organisation (BMO). In addition, based on scoping exercises, we have agreed with management the redistribution of the time budgets for the reviews of Safeguarding (from 8 days to 12) and the Cash Kiosk (from 12 days to 8).

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.

Completed - Draft or Final report has been issued (4)	
Confidence level in completion of this work – Full	
Health & Safety Matters	Market Income
Training Qualifications & Skills	BMO Issue of Materials

Terms of Reference Issued / Fieldwork currently being carried out (6)	
Confidence level in completion of this work – Full	
Fleet Management Controls	Security of Desirable Assets
Safeguarding	HR Review Follow Up
Gas Service Contract	Roofing Contracts

Scope and Start date agreed with Management - preliminary work has begun (23)	
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 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
HRA Business Plan	Risk Management
Software Licensing	

Cancelled / Deferred (0)

Summary – 20 August 2015		
Status	No of Audits at this Stage	% of Total Audits (33)
Completed	4	12%
ToR Issued / Fieldwork in Progress	6	18%
Start Date Agreed	23	70%
Yet to be planned	0	0%

Cancelled / Deferred	0	
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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 any outstanding high priority audit recommendations; there have been none for this period.
- 2.8 Members will recall that at the June 2015 meeting of this Committee they requested that the implementation of the high priority recommendation regarding the independent checking of IT change controls (which was shown as implemented in the June Committee report) be monitored. We have liaised with the Information Systems Manager and he has confirmed that, as planned, a random sample of systems changes applied in the first quarter of 2015/16 will have been the subject of independent review by the end of the second quarter i.e. 1st October; with the results subsequently reported to the SBC ICT Compliance Group.

Performance Management

- 2.9 The 2015-16 annual performance indicators were approved at the SIAS Board meeting in March 2015. Targets were also agreed by the SIAS Board for the majority of the performance indicators.
- 2.10 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 20 August 2015
1. Planned Days – percentage of actual billable days against planned chargeable days completed	95%	31%	28%
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	15%	12%
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100%
4. Number of High Priority Audit Recommendations agreed	95%	N/A	N/A

APPENDIX A PROGRESS AGAINST THE 2015/16 AUDIT PLAN AT 20 AUGUST 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 – 98 days								
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	0.5	In Planning
NDR					12	Yes		Start Date Agreed
Housing Benefits					12	Yes		Start Date Agreed
Cash and Banking					10	Yes	0.5	In Planning
Housing Rents					10	Yes	1.5	In Planning
Operational Audits – 152 days								
Cash Kiosk					8	Yes		Start Date Agreed
Security of Desirable Assets					12	Yes	6.0	In Fieldwork
Fleet Management Controls					15	Yes	9.0	In Fieldwork
Stores - Depot / Mobile					15	Yes	4.5	In Planning
Market Income	Substantial	0	2	1	12	Yes	12.0	Final Report Issued
Business Continuity (Non IT)					15	Yes		Start Date Agreed
Training - Qualifications & Skills					15	Yes	14.0	Draft Report Issued
Gas Service Contract					10	Yes	1.5	In Fieldwork
Discharging Statutory Obligations					12	Yes		Start Date Agreed

APPENDIX A PROGRESS AGAINST THE 2015/16 AUDIT PLAN AT 20 AUGUST 2015

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Health & Safety Matters	Substantial	0	1	2	5	Yes	5.0	Final Report Issued
Safeguarding					12	Yes	11.0	In Fieldwork
HRA Business Plan					11	Yes		Start Date Agreed
BMO Issue of Materials					10	Yes	9.0	Draft Report Issued
Risk Management and Governance – 12 days								
Risk Management					6	Yes		Start Date Agreed
Corporate Governance					6	Yes		Start Date Agreed
Shared Learning – 5 days								
Shared Learning Newsletters Audit Committee Workshop Joint Review – Risk Management Benchmarking Workshop					5	Yes	0.5	In Fieldwork
Procurement – 15 days								
Roofing Contracts					15	Yes	5	In Fieldwork
IT Audits – 16 days								
IT Helpdesk					8	Yes	1.5	In Planning
Software Licensing					8	Yes		Start Date Agreed
Strategy – 12 days								
Commercialism Agenda					12	Yes		Start Date Agreed
Follow Ups – 24 days								
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	2.0	In Fieldwork
Parking Meters Review – Follow Up					3	Yes		Start Date Agreed

APPENDIX A PROGRESS AGAINST THE 2015/16 AUDIT PLAN AT 20 AUGUST 2015

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Completion of 14/15 Projects – 4 days								
Members Locality Budgets	Substantial	0	3	0	0.25	Yes	0.25	Final Report Issued
LGA Peer Review - Response	Substantial	0	2	1	0.25	Yes	0.25	Final Report Issued
Single Status	Full	0	0	0	0.25	Yes	0.25	Final Report Issued
CCTV Incorporation	Consultancy	7 Advisory			0.25	Yes	0.25	Final Report Issued
Car Parking	Substantial	0	6	1	1	Yes	1	Final Report Issued
Fuel Issues	Moderate	0	6	0	1.25	Yes	1.25	Final Report Issued
Concessions	Substantial	0	2	0	0.25	Yes	0.25	Final Report Issued
Corporate Governance	Full	0	0	0	0.25	Yes	0.25	Final Report Issued
IT Asset Mgt	Substantial	0	4	0	0.25	Yes	0.25	Final Report Issued
Contingency – 5 days								
Remaining Contingency					5			
Strategic Support – 47 days								
2016/17 Audit Plan					5			Start Date Agreed
Audit Committee					10	3.0		Ongoing
External Audit Liaison					2	1.0		Ongoing
Annual Report and Head of Internal Audit Opinion 2014/15					5	5.0		Completed
Monitoring					12	5.0		Ongoing
SIAS Development					5	5.0		Completed
Client Liaison					8	3.0		Ongoing
SBC TOTAL					390	109.5		

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	Auditor Comment as at 14 August 2015
	None for This Period						

Apr	May	Jun	July	Aug	Sept
Training Qualifications & Skills Draft Report Issued	Health & Safety Matters Final Report Issued	Fleet Management Controls In Fieldwork	Roofing Contracts In Fieldwork	Security of Desirable Assets In Fieldwork	IT Helpdesk
Market Income Final Report Issued	Safeguarding In Fieldwork		HR Review Follow Up In Fieldwork	Gas Service Contract In Fieldwork	
BMO Materials Review Draft Report Issued					

Oct	Nov	Dec	Jan	Feb	Mar
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	HRA Business Plan	Cash Kiosk	Risk Mgt
	Business Continuity (Non IT)				Software Licensing