



Stevenage Borough Council  
Audit Committee

11 September 2015

Shared Internal Audit Service –  
Progress Report

Recommendation

Members are recommended to:  
Note the Internal Audit Progress Report for the  
period to 30 October 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 30 October 2015.
  - b) The findings for the period 20 August 2015 to 30 October 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 30 October 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 30 October 2015, 46% 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:

| Audit Title                      | Date of Issue  | Assurance Level | Number of Recommendations      |
|----------------------------------|----------------|-----------------|--------------------------------|
| Training Qualifications & Skills | September 2015 | Substantial     | 3 Medium<br>2 Merits Attention |
| HR Review Follow Up              | October 2015   | Moderate        | 1 Medium                       |
| BMO Materials                    |                | Moderate        | 9 Medium                       |
| BMO NVQ Process                  | October 2015   | Substantia      | No Recommendations             |

### Proposed Audit Plan Amendments

- 2.3 Following discussions with management 3 days of contingency were allocated to a review looking at the processes for awarding National Vocational Qualifications at the Building Maintenance Organisation (BMO).

### 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 (10)</b> |                              |
|---|------------------------------|
| Confidence level in completion of this work – Full            |                              |
| Health & Safety Matters                                       | Market Income                |
| Training Qualifications & Skills                              | BMO Issue of Materials       |
| Fleet Management Controls                                     | Gas Service Contract         |
| Safeguarding  | HR Review Follow Up          |
| BMO NVQ Process   | Security of Desirable Assets |

| <b>Terms of Reference Issued / Fieldwork currently being carried out (9)</b> |                  |
|--|------------------|
| Confidence level in completion of this work – Full                           |                  |
| Roofing Contracts  | Housing Benefits |
| Housing Rents  | IT Helpdesk      |
| NDR  | Council Tax      |
| Treasury Management  | Debtors          |
| Creditors  |                  |

| <b>Scope and Start date agreed with Management - preliminary work has begun (15)</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 |                                |
| Payroll   | Main Accounting                |
| Business Continuity – Non IT  | Cash & Banking                 |
| 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  |                                |

|                                 |
|---------------------------------|
| <b>Cancelled / Deferred (0)</b> |
|---------------------------------|

| <b>Summary – 30 October 2015</b>      |                                   |                               |
|---------------------------------------|-----------------------------------|-------------------------------|
| <b>Status</b>                         | <b>No of Audits at this Stage</b> | <b>% of Total Audits (34)</b> |
| Completed                             | 10                                | 29%                           |
| ToR Issued /<br>Fieldwork in Progress | 9                                 | 26%                           |
| Start Date Agreed                     | 15                                | 45%                           |
| 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 any outstanding high priority audit recommendations; there have been none for this period.

Performance Management

- 2.8 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.
- 2.9 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 30 October 2015</b> |
|---|----------------------|------------------------|----------------------------------|
| <b>1. Planned Days</b> – percentage of actual billable days against planned chargeable days completed                         | 95%                  | 48%                    | 46%                              |
| <b>2. Planned Projects</b> – percentage of actual completed projects to draft report stage against planned completed projects | 95%                  | 32%                    | 29%                              |
| <b>3. Client Satisfaction</b> – percentage of client satisfaction questionnaires returned at 'satisfactory' level             | 100%                 | 100%                   | 100%                             |
| <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 30 OCTOBER 2015**

**2015/16 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                   | 1.0                     | In Fieldwork        |
| Creditors - CRSA 2nd Year              |                    |      |   |    | 6               | Yes                   | 1.0                     | In Fieldwork        |
| Treasury Management - CRSA 2nd Year    |                    |      |   |    | 6               | Yes                   | 2.5                     | In Fieldwork        |
| Payroll                                |                    |      |   |    | 12              | Yes                   | 1.5                     | In Planning         |
| Council Tax                            |                    |      |   |    | 12              | Yes                   | 4.0                     | In Fieldwork        |
| NDR                                    |                    |      |   |    | 12              | Yes                   | 1.0                     | In Fieldwork        |
| Housing Benefits                       |                    |      |   |    | 12              | Yes                   | 4                       | In Fieldwork        |
| Cash and Banking                       |                    |      |   |    | 10              | Yes                   | 0.5                     | In Planning         |
| Housing Rents                          |                    |      |   |    | 10              | Yes                   | 8.0                     | In Fieldwork        |
| <b>Operational Audits – 155 days</b>   |                    |      |   |    |                 |                       |                         |                     |
| Cash Kiosk                             |                    |      |   |    | 8               | Yes                   |                         | Start Date Agreed   |
| Security of Desirable Assets           |                    |      |   |    | 12              | Yes                   | 11.5                    | Draft Report Issued |
| Fleet Management Controls              |                    |      |   |    | 15              | Yes                   | 14.5                    | Draft Report Issued |
| 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     | Substantial        | 0    | 3 | 2  | 15              | Yes                   | 15.0                    | Final Report Issued |
| Gas Service Contract                   |                    |      |   |    | 10              | Yes                   | 9.5                     | Draft Report Issued |
| Discharging Statutory Obligations      |                    |      |   |    | 12              | Yes                   |                         | Start Date Agreed   |

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| 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                   | 11.5                    | Draft Report Issued |
| HRA Business Plan  |                    |      |   |    | 11              | Yes                   |                         | Start Date Agreed   |
| BMO Issue of Materials   | Moderate           | 0    | 9 | 0  | 10              | Yes                   | 10.0                    | Final Report Issued |
| BMO NVQ Process  | Substantial        | 0    | 0 | 0  | 3               | Yes                   | 3.0                     | Final Report Issued |
| <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<br>Audit Committee Workshop<br>Joint Review – Risk Management<br>Benchmarking Workshop |                    |      |   |    | 5               | Yes                   | 2.5                     | Through Year        |
| <b>Procurement – 15 days</b>   |                    |      |   |    |                 |                       |                         |                     |
| Roofing Contracts  |                    |      |   |    | 15              | Yes                   | 13.5                    | Drafting Report     |
| <b>IT Audits – 16 days</b>   |                    |      |   |    |                 |                       |                         |                     |
| IT Helpdesk  |                    |      |   |    | 8               | Yes                   | 3.5                     | In Fieldwork        |
| 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  | Moderate           | 0    | 1 | 0  | 5               | Yes                   | 5.0                     | Final Report Issued |



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| AUDITABLE AREA   | LEVEL OF ASSURANCE | RECS       |   |    | AUDIT PLAN DAYS | LEAD AUDITOR ASSIGNED | BILLABLE DAYS COMPLETED | STATUS/COMMENT      |
|--|--------------------|------------|---|----|-----------------|-----------------------|-------------------------|---------------------|
|  |                    | H          | M | MA |                 |                       |                         |                     |
| Parking Meters Review – Follow Up                        |                    |            |   |    | 3               | Yes                   |                         | Start Date Agreed   |
| <b>Completion of 14/15 Projects – 4 days</b>             |                    |            |   |    |                 |                       |                         |                     |
| 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 |
| <b>Contingency – 2 days</b>                              |                    |            |   |    |                 |                       |                         |                     |
| Remaining Contingency                                    |                    |            |   |    | 2               |                       |                         |                     |
| <b>Strategic Support – 47 days</b>                       |                    |            |   |    |                 |                       |                         |                     |
| 2016/17 Audit Plan                                       |                    |            |   |    | 5               |                       |                         | Start Date Agreed   |
| Audit Committee  |                    |            |   |    | 10              |                       |                         | Ongoing             |
| External Audit Liaison                                   |                    |            |   |    | 2               |                       |                         | Ongoing             |
| Annual Report and Head of Internal Audit Opinion 2014/15 |                    |            |   |    | 5               |                       |                         | Completed           |
| Monitoring   |                    |            |   |    | 12              |                       |                         | Ongoing             |
| SIAS Development   |                    |            |   |    | 5               |                       |                         | Completed           |
| Client Liaison   |                    |            |   |    | 8               |                       |                         | Ongoing             |
| <b>SBC TOTAL</b>   |                    |            |   |    | <b>390</b>      |                       |                         | <b>179.5</b>        |

| <b>No.</b> | <b>Report Title</b>         | <b>Recommendation</b> | <b>Management Response</b> | <b>Responsible Officer</b> | <b>Implementation Date</b> | <b>History of Management Comments</b> | <b>Auditor Comment as at 30 October 2015</b> |
|------------|-----------------------------|-----------------------|----------------------------|----------------------------|----------------------------|---------------------------------------|--|
|            | <b>None for This Period</b> |                       |                            |                            |                            |                                       |  |

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