



Stevenage Borough Council  
Audit Committee

29 March 2016

Shared Internal Audit Service –  
Progress Report

Recommendation

Members are recommended to note the  
Internal Audit Progress Report for the period to  
11 March 2016

# Contents

## 1 Introduction and Background

- 1.1 Purpose
- 1.2 Background

## 2 Audit Plan Update

- 2.1 Delivery of Audit Plan and Key Findings
- 2.3 Proposed Audit Plan Amendments
- 2.4 Reporting of Audit Plan Delivery Progress
- 2.6 High Priority Recommendations
- 2.8 Performance Management

## Appendix

A – Progress against the 2015/16 Audit Plan

B – Implementation Status of High Priority  
Recommendations

C – Audit Plan Items (April 2015 to March 2016) -  
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 2015/16 Internal Audit Plan as at 11 March 2016.
- b) The findings for the period 30 October 2015 to 11 March 2016.
- 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 11 March 2016.

## 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 11 March 2016, 81% 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:

<b>Audit Title</b>	<b>Date of Issue</b>	<b>Assurance Level</b>	<b>Number of Recommendations</b>
Fleet Management Controls	November 2015	Substantial	2 Medium, 1 Merits Attention
Council Tax	December 2015	Full	None
Creditors	December 2015	Full	None
Treasury Management	January 2016	Full	None
Housing Benefit and Local Council Tax Support	January 2016	Full	None
Non-Domestic Rates (NDR)	January 2016	Full	None
Main Accounting System	January 2016	Substantial	None
Sundry Debtors CRSA	January 2016	Substantial	3 actions or opportunities to improve controls
Gas Service Contract	February 2016	Substantial	1 Medium
Housing Rents	February	Full	None

	2016		
Safeguarding: Protection of Staff in the Safeguarding Role	February 2016	Moderate	2 High, 6 Medium, 1 Merits Attention
Car Parking Follow- up	March 2016	N/A	One of the original seven recommendations implemented, six to be implemented in April 2016
Payroll	March 2016	Full	None
Statutory Obligations	March 2016	Substantial	5 Merits Attention

### Proposed Audit Plan Amendments

- 2.3 Following discussions with management, the HRA Business Plan audit was cancelled and replaced with an audit of Officers Expenses ((incl. Travel, Mileage and Hospitality).

### 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 (22)</b>	
Confidence level in completion of this work – <b>Full</b>	
Main Accounting System CRSA	Debtors CRSA
Creditors CRSA	Treasury Management CRSA
Payroll CRSA	Council Tax

NDR	Housing Benefits
Housing Rents	Discharging Statutory Obligations
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
Car Parking Follow-up	Roofing Contracts

**Fieldwork / Quality Review currently being carried out (10)**

 Confidence level in completion of this work – **Good**

Software Licensing	Cash & Banking
Cash Kiosk	IT Helpdesk
Risk Management	Corporate Governance
Business Continuity – Non IT	Contract Management Review – Follow Up
Procurement Review – Follow Up	Stores – Depot / Mobile

**Terms of Reference Issued / Scope and Start date agreed with Management - preliminary work has begun (2)**

 Confidence level in completion of this work – **Adequate** – resources have been allocated to these activities by SIAS and management has agreed the way forward; dates are planned in diaries

Officer Expenses (incl Travel, Mileage and Hospitality)	Commercialism Agenda
---	----------------------

**Cancelled / Deferred (1)**

HRA Business Plan	
-------------------	--

**Summary – 11 March 2016**

Status	No of Audits at this Stage	% of Total Audits (34)
Completed	22	65%
ToR Issued / Quality Review / Fieldwork in Progress	10	29%
Start Date Agreed	2	6%
Yet to be planned	0	0%

Cancelled / Deferred	1	
----------------------	---	--

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.

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 11 March 2016</b>
<b>1. Planned Days</b> – percentage of actual billable days against planned chargeable days completed	95%	88%	82%
<b>2. Planned Projects</b> – percentage of actual completed projects to draft report stage against planned completed projects	95%	74%	65%
<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%	2	2

**APPENDIX A    PROGRESS AGAINST THE 2015/16 AUDIT PLAN AT 11 MARCH 2016**

**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	Substantial	0	0	0	12	Yes	12	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	Full	0	0	0	12	Yes	12	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	Full	0	0	0	12	Yes	12	Final Report Issued
Cash and Banking					10	Yes	2.5	In Fieldwork
Housing Rents	Full	0	0	0	10	Yes	10	Final Report Issued
<b>Operational Audits – 155 days</b>								
Cash Kiosk					8	Yes	3.5	In Fieldwork
Security of Desirable Assets					12	Yes	11.5	Draft Report Issued
Fleet Management Controls	Substantial	0	2	1	15	Yes	15	Final Report Issued
Stores - Depot / Mobile					15	Yes	7	In Fieldwork
Market Income	Substantial	0	2	1	12	Yes	12	Final Report Issued
Business Continuity (Non IT)					15	Yes	13	Quality Review
Training - Qualifications & Skills	Substantial	0	3	2	15	Yes	15	Final Report Issued
Gas Service Contract	Substantial	0	1	0	10	Yes	10	Final Report Issued
Discharging Statutory Obligations	Substantial	0	0	5	12	Yes	12	Final Report Issued



**APPENDIX A    PROGRESS AGAINST THE 2015/16 AUDIT PLAN AT 11 MARCH 2016**

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	Final Report Issued
Safeguarding	Moderate	2	6	1	12	Yes	12	Final Report Issued
HRA Business Plan					0	Yes	0	Cancelled
BMO Issue of Materials	Moderate	0	9	0	10	Yes	10	Final Report Issued
BMO NVQ Process	Substantial	0	0	0	3	Yes	3	Final Report Issued
Officers Expenses					11	Yes	1.5	In Planning
<b>Risk Management and Governance – 12 days</b>								
Risk Management					6	Yes	2	In Fieldwork
Corporate Governance					6	Yes	2	In Fieldwork
<b>Shared Learning – 5 days</b>								
Shared Learning Newsletters Audit Committee Workshop Joint Review – Risk Management Benchmarking Workshop					5	Yes	5	Complete
<b>Procurement – 15 days</b>								
Roofing Contracts					15	Yes	14.5	Draft Report Issued
<b>IT Audits – 16 days</b>								
IT Helpdesk					8	Yes	7	In Fieldwork
Software Licensing					8	Yes	4.5	In Fieldwork
<b>Strategy – 12 days</b>								
Commercialism Agenda					12	Yes	1	ToR Issued
<b>Follow Ups – 24 days</b>								
Procurement Review – Follow Up					8	Yes	5	In Fieldwork
Contract Mgt Review – Follow Up					8	Yes	5	In Fieldwork

**APPENDIX A    PROGRESS AGAINST THE 2015/16 AUDIT PLAN AT 11 MARCH 2016**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
HR Review – Follow Up	Moderate	0	1	0	5	Yes	5	Final Report Issued
Parking Meters Review – Follow Up					3	Yes	3	Final Report Issued
<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			Completed
Audit Committee					10			Ongoing
External Audit Liaison					2			Completed
Annual Report and Head of Internal Audit Opinion 2014/15					5			Completed
Monitoring					12			Ongoing
SIAS Development					5			Completed
Client Liaison					8			Ongoing

**APPENDIX A    PROGRESS AGAINST THE 2015/16 AUDIT PLAN AT 11 MARCH 2016**

---

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
<b>SBC TOTAL</b>					<b>390</b>		<b>319</b>	

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

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	Auditor Comment as at 11 March 2016
1.	Safeguarding: Protection of Staff in the Safeguarding Role	<p>It is recommended that all staff responsible for safeguarding cases be reminded of the secure GCSX storage protocol.</p> <p><u>Finding</u> All staff responsible for safeguarding cases have access to GCSX emails and the Children's Services Folder in the secure E drive.</p> <p>Any hard copy notes are securely retained in lockable cabinets by the responsible officer. Survey responses indicated that four DSPs stored their safeguarding case notes in either desk drawers and /or personal or other shared group electronic drives.</p>	Action FIO Email Containing Main GCSX storage protocol and instruction of secure storage of paper copies.	Children's Services Manager	31 January 2016	Inter-Agency Data and Personal Information Sharing Protocol circulated to DSP's on 12 January 2016. The e-mail included a reminder to follow the personal information storage protocols contained therein.	Implemented.

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

2.	Safeguarding: Protection of Staff in the Safeguarding Role	<p>The Safer Working Practice with Children policy should be approved and issued as a matter of urgency.</p> <p><u>Finding</u> The survey requested Staff to state how they thought SBC could reduce the risk of future allegations against staff. There were 33 responses with some common themes which included:</p> <ul style="list-style-type: none"> <li>• Further training on dealing with potential situations working alone.</li> <li>• Streamline the process. The process is so lengthy that I feel it could discourage referrals.</li> <li>• More information visual in SBC describing good practice, what to do etc.</li> <li>• Training/information on what to do</li> <li>• Awareness of appropriate conduct Make sure that staff consider</li> </ul> <p>Whilst a draft version of the Safer Working Practice with Children policy references lone working, results from the staff survey indicate that there would be benefit from considering the further promotion of the common themes highlighted above.</p>	Agreed.	Safeguarding Officer	31 March 2016	Report issued in February 2016 and not yet subject to formal follow-up processes.	Implementation date not yet reached.
----	--	---	---------	----------------------	---------------	---	--------------------------------------

**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 <b>Final Report Issued</b>	Health & Safety Matters <b>Final Report Issued</b>	Fleet Management Controls <b>Final Report Issued</b>	Roofing Contracts <b>Draft Report Issued</b>	Security of Desirable Assets <b>Draft Report Issued</b>	IT Helpdesk <b>In Fieldwork</b>
Market Income <b>Final Report Issued</b>	Safeguarding <b>Final Report Issued</b>		HR Review Follow Up <b>Final Report Issued</b>	Gas Service Contract <b>Final Report Issued</b>	BMO NVQ Process <b>Final Report Issued</b>
BMO Materials Review <b>Final Report Issued</b>					

<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>
Key Financial Systems <b>(9 of 10 Final Reports Issued, 1 In Fieldwork)</b>	Stores – Depot / Mobile <b>In Fieldwork</b>	Procurement Review Follow Up <b>In Fieldwork</b>	Statutory Obligations <b>Final Report Issued</b>	Car Parking Review Follow Up <b>Final Report Issued</b>	Corporate Governance <b>In Fieldwork</b>
	Commercialism Agenda <b>ToR Issued</b>	Contract Mgt Review Follow Up <b>In Fieldwork</b>		Cash Kiosk <b>In Fieldwork</b>	Risk Mgt <b>In Fieldwork</b>
	Business Continuity (Non IT) <b>Quality Review</b>				Software Licensing <b>In Fieldwork</b>
					Officers Expenses <b>In Planning</b>