



Stevenage Borough Council
Audit Committee

8 June 2016

Shared Internal Audit Service –
Progress Report

Recommendation

Members are recommended to note the
Internal Audit Progress Report for the period to
20 May 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 2016/17 Audit Plan

B – Implementation Status of High Priority
Recommendations

C – Audit Plan Items (April 2016 to March 2017) -
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 2016/17 Internal Audit Plan as at 20 May 2016.
 - b) The findings for the period 1 April 2016 to 20 May 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 20 May 2016.

Background

- 1.2 Internal Audit's Annual Plan for 2016/17 was approved by the Audit Committee at its meeting on 29 March 2016. 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 May 2016, 13% of the 2016/17 Audit Plan days had been delivered (calculation excludes contingency days that have not been allocated).
- 2.2 No final reports have been issued for audits from the 2016/17 Audit Plan. The following 2015/16 reports and assignments have been issued or completed in the period since the last Audit Committee:

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Procurement Review Follow-up	May 2016	N/A	2 recommendations from the original report implemented and one partially implemented
Security of Desirable Assets	May 2016	Substantial	3 Medium
Officer Expenses	May 2016	Substantial	1 Merits Attention
Roofing Contracts	May 2016	Substantial	1 Merits Attention
BMO Materials Follow-up	May 2016	N/A	All 9 recommendations from the original report implemented – one further action identified
Software Licensing	May 2016	Substantial	2 Medium, 1 Merits Attention
ICT Service Desk	May 2016	Substantial	2 Merits Attention
Corporate Governance	May 2016	Full	None
Contract Management Follow-up	April 2016	N/A	All 24 recommendations from the original report

			implemented
Cash and Banking and Cash Kiosk	April 2016	Full	None
Corporate Risk Management	March 2016	Full	None
Business Continuity	March 2016	Substantial	1 Medium

Proposed Audit Plan Amendments

- 2.3 Following discussions with management, two days of contingency were allocated to a follow-up review of progress with the transition to the new gas service contractors and implementation of recommendations arising from the Gas Services Contract audit, originally carried out in 2015/16.

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, 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.

Draft Report Issued (2)	
Confidence level in completion of this work – Full	
Gas Services Contract Follow-up	FOI

In Fieldwork / Drafting Report (2)	
Confidence level in completion of this work – Full	
Data Protection	Benchmarking Medium Term Financial Strategy

Terms of Reference Issued / In Planning - Scope and Start date agreed with Management - preliminary work has begun (9)	
Confidence level in completion of this work – Full – resources have been allocated to these activities by SIAS and management has agreed the way forward; dates are planned in diaries	
Overtime	Agency Staff
Information / Data Management	Trade and Clinical Waste

Recruitment	Right to Buy
Corporate Credit Cards	Cyber Risk
Tree Surveys	

Allocated / No work commenced (22)	
Confidence level in completion of this work – Full – resources have been allocated to these activities by SIAS and management has agreed the way forward; dates are planned in diaries	
Main Accounting System	Debtors
Creditors	Treasury Management
Payroll	Council Tax
NDR	Housing Benefits
Housing Rents	Asbestos Management
Housing Allocation Scheme	Refugee Resettlement Programme
Concessions	Officers Expenses
Managing Personal Use of Council Vehicles	Statutory Compliance (BMO)
Contract Payments	Risk Management
Internet and E-mail Usage	Use of Consultants
Significant Counter Fraud Risks	Cash and Banking

Cancelled / Deferred (0)	
N/A	

Summary – 11 March 2016		
Status	No of Audits at this Stage	% of Total Audits (35)
Draft / Final Report	2	6%
Quality Review	0	0%
In Fieldwork / Drafting Report	2	6%
In Planning / ToR Issued	9	26%
Allocated – Yet to start	22	62%
Cancelled / Deferred	0	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.

Performance Management

- 2.8 The 2016/17 annual performance indicators were approved at the SIAS Board meeting in March 2016. 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 20 May 2016
1. Planned Days – percentage of actual billable days against planned chargeable days completed	95%	15%	13%
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	8%	6%
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	N/A
4. Number of High Priority Audit Recommendations agreed	95%	95%	None yet made in 2016/17

APPENDIX A - PROGRESS AGAINST THE 2015/16 AUDIT PLAN AT 20 MAY 2016

2016/17 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 – 96 days								
Main Accounting System – CRSA Year 1					8	Yes	0	Allocated
Debtors – Full Audit					10	Yes	0	Allocated
Creditors – Full Audit					10	Yes	0	Allocated
Treasury Management - CRSA Year 2					8	Yes	0	Allocated
Payroll – CRSA Year 1					8	Yes	0	Allocated
Council Tax – Full Audit					10	Yes	0	Allocated
NDR – Full Audit					10	Yes	0	Allocated
Housing Benefits - Full Audit					12	Yes	0	Allocated
Cash and Banking – Full Audit					10	Yes	0	Allocated
Housing Rents – Full Audit					10	Yes	0	Allocated
Operational Audits – 165 days								
Overtime					10	Yes	1	In Planning
Agency Staff					10	Yes	0.5	In Planning
Asbestos Management					10	Yes	0	Allocated
Data Protection					10	Yes	5	In Fieldwork
Information / Data Management					10	Yes	3	In Planning
Trade / Clinical Waste (incl. Large Item Collection)					10	Yes	2	In Planning
Recruitment					10	Yes	0	In Planning
Right to Buy					10	Yes	0	In Planning
Housing Allocations Scheme					15	Yes	0	Allocated
Refugee Resettlement Programme					5	Yes	0	Allocated
Concessions					9	Yes	0	Allocated
Benchmarking Medium Term Financial					10	Yes	4.5	In Fieldwork

APPENDIX A - PROGRESS AGAINST THE 2015/16 AUDIT PLAN AT 20 MAY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Strategy								
Officers Expenses (incl. Standby Payments)					5	Yes	0	Allocated
Corporate Credit Cards					10	Yes	0.5	In Planning
Tree Surveys					5	Yes	0	In Planning
Freedom of Information					6	Yes	5.5	Draft Report Issued
Managing Personal Use of Council Vehicles					10	Yes	0	Allocated
Statutory Compliance (BMO)					10	Yes	0	Allocated
Gas Services Contract Follow-Up					2	Yes	2	Draft Report Issued
Risk Management and Governance – 6 days								
Risk Management					6	Yes	0	Allocated
Shared Learning and Joint Reviews – 10 days								
Shared Learning Newsletters Audit Committee Workshop Joint Review – Benchmarking Workshop (tbd)					5	Yes	0	Allocated
Joint Reviews - tbd					5	Yes	0	Allocated
Procurement, Contract Management and Project Management – 20 days								
Contract Payments					10	Yes	0	Allocated
Use of Consultants					10	Yes	0	Allocated
IT Audits – 16 days								
Internet and E-mail Usage					8	Yes	0	Allocated
Cyber Risk					8	Yes	0.5	In Planning
Counter Fraud – 5 days								
Significant Counter-Fraud Risks					5	Yes	0	Allocated
Ad Hoc Advice – 5 days								

APPENDIX A - PROGRESS AGAINST THE 2015/16 AUDIT PLAN AT 20 MAY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Ad Hoc Advice					5	Yes	1.5	Through Year
Completion of 15/16 Projects – 10 days								
Cash and Banking	Full	0	0	0		Yes	0.5	Final Report Issued
Cash Kiosk	Full	0	0	0		Yes	0.5	Final Report Issued
Security of Desirable Assets	Substantial	0	3	0		Yes	0.5	Final Report Issued
BMO Materials Follow-up	N/A					Yes	1.5	Final Report Issued
Officers Expenses	Substantial	0	0	1		Yes	1.5	Final Report Issued
Roofing Contract – Breyers and Lakehouse	Substantial	0	3	3		Yes	1.5	Final Report Issued
Corporate Governance	Full	0	0	0		Yes	0.5	Final Report Issued
Risk Management	Full	0	0	0		Yes	0.5	Final Report Issued
IT Helpdesk	Substantial	0	0	2		Yes	0.5	Final Report Issued
Software Licensing	Substantial	0	2	1		Yes	0.5	Final Report Issued
Contract Management Follow-up	N/A					Yes	0.5	Final Report Issued
Procurement Follow-up	N/A					Yes	0.5	Final Report Issued
Commercialism Agenda						Yes	1	In Fieldwork
Contingency – 10 days								
Contingency					8			
Strategic Support – 47 days								
2017/18 Audit Plan					5		0	Allocated
Audit Committee					10		2.5	Through Year
External Audit Liaison					2		0.5	Through Year
Annual Report and Head of Internal Audit Opinion 2015/16					5		5	Completed
Monitoring					12		1.5	Through Year
SIAS Development					5		5	Completed
Client Liaison					8		1	Through Year

APPENDIX A - PROGRESS AGAINST THE 2015/16 AUDIT PLAN AT 20 MAY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
SBC TOTAL					390		51.5	

APPENDIX B - IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	Auditor Comment as at 20 May 2016
1.	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"> • Further training on dealing with potential situations working alone. • Streamline the process. The process is so lengthy that I feel it could discourage referrals. • More information visual in SBC describing good practice, what to do etc. • Training/information on what to do • Awareness of appropriate conduct Make sure that staff consider <p>Whilst a draft version of the Safer Working Practice with Children policy references lone working, results from the staff survey indicate</p>	Agreed.	Safeguarding Officer	31 March 2016	Policy was approved by SMB in February 2016 and has been circulated to DSP's. A Members' Seminar is planned for 7 May 2016.	Implemented.

APPENDIX B - IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	Auditor Comment as at 20 May 2016
		<p>that there would be benefit from considering the further promotion of the common themes highlighted above.</p> <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>					

APPENDIX C - AUDIT PLAN ITEMS (APRIL 2016 TO MARCH 2017) - START DATES AGREED WITH MANAGEMENT

Apr	May	Jun	July	Aug	Sept
Trade and Clinical Waste In Planning	FOI Draft Report Issued	Data / Information Management In Planning	Officers Expenses Allocated	Contract Payments Allocated	Concessions Allocated
Benchmarking MTFS In Fieldwork	Data Protection In Fieldwork	Right to Buy In Planning	Agency Staff In Planning	Asbestos Management Allocated	Tree Surveys Brought forward to Q1
Overtime In Planning – deferred to Q3	Corporate Credit Cards In Planning – deferred to Q2	Recruitment In Planning – deferred to Q2	Housing Allocations Scheme Brought forward to Q1	Use of Consultants Allocated	Managing Personal Use of Council Vehicles Allocated
	Gas Services Contract Follow-up Draft Report Issued	Cyber Risk In Planning			Statutory Compliance (BMO) Allocated

Oct	Nov	Dec	Jan	Feb	Mar
Benefits Allocated	Housing Rents Allocated	Treasury Management Allocated	Cash and Banking Allocated	Refugee Resettlement Scheme Allocated	Risk Management Allocated
Council Tax Allocated	Debtors Allocated	Main Accounting System Allocated	Payroll Allocated	Significant Counter- Fraud Risks Allocated	
NDR Allocated	Creditors Allocated		Internet and E-mail Usage Allocated		