



Stevenage Borough Council
Audit Committee

9 November 2016

Shared Internal Audit Service –
Progress Report

Recommendation

Members are recommended to note the
Internal Audit Progress Report for the period to
21 October 2016

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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 2016/17 Internal Audit Plan as at 21 October 2016.
- b) The findings for the period 13 August 2016 to 21 October 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 21 October 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 21 October 2016, 47% of the 2016/17 Audit Plan days had been delivered (calculation excludes contingency days that have not been allocated).
- 2.2 There is one remaining audit from the 2015/16 Audit Plan, which is not yet finalised. This is the Commercialism audit and a draft report is currently with management for response.
- 2.3 The following 2016/17 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
Corporate Credit Cards	September 2016	Substantial	4 Medium 2 Merits Attention
DFG Capital Grant Certification	September 2016	N/A	N/A
Use of Consultants	September 2016	Moderate	5 Medium 1 Merits Attention
Trade and Clinical Waste	October 2016	Substantial	3 Merits Attention
Tree Surveys	October 2016	Full	N/A
Data/Information Management	October 2016	Substantial	1 Medium 4 Merits Attention

Proposed Audit Plan Amendments

- 2.4 The timing of three audits has been moved at the request of Council management (see Appendix C for further details). These are as follows:
- Payroll - brought forward to November 2016 to accommodate the upgrades to the Council's finance systems,
 - Main Accounting System – deferred from December to a start month of January 2017 to accommodate the upgrades to the Council's finance systems,
 - Debtors – deferred from November to a start month of January 2017 to accommodate the upgrades to the Council's finance systems.
 - Agency Staff – deferred from July to October 2016 to accommodate an internal review in this area.
- 2.5 One day was taken from contingency to perform the verification work and certification of the Disabled Facilities Capital Grant submission to the DCLG. Under new grant requirements, this required sign-off by the Chief Executive and Chief Internal Auditor.

Reporting of Audit Plan Delivery Progress

- 2.6 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).
- 2.7 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.

Final Report Issued (9)	
Confidence level in completion of this work – Full	
Gas Services Contract Follow-up	FOI
Data Protection	Trade and Clinical Waste
Corporate Credit Cards	Tree Surveys
DFG Capital Grant Certification	Use of Consultants
Information and Data Management	

Draft Report Issued (4)	
Confidence level in completion of this work – Full	
Cyber Risk	Recruitment
Housing Allocation Scheme	Contract Payments

In Fieldwork / Quality Review (5)	
Confidence level in completion of this work – Full	
Officer Expenses	Benchmarking Medium Term Financial Strategy
Council Tax	Domestic Heating Systems Contract
Housing Benefits	

Terms of Reference Issued / In Planning - Scope and Start date agreed with Management - preliminary work has begun (16)	
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 Rents
Cash and Banking	Managing the use of Council Vehicles
Overtime	Agency Staff
Concessions	Right to Buy
Asbestos Management	Internet and E-mail Usage

Allocated / No work commenced (3)	
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	

Allocated / No work commenced (3)	
Significant Counter Fraud Risks	Risk Management
Refugee Resettlement Programme	

Cancelled / Deferred (0)	
N/A	

Summary		
Status	No of Audits at this Stage	% of Total Audits (37)
Draft / Final Report	13	35%
Quality Review	1	3%
In Fieldwork	4	11%
In Planning / ToR Issued	16	43%
Allocated – Yet to start	3	8%

Cancelled / Deferred	0	0%
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High Priority Recommendations

- 2.8 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.
- 2.9 The schedule attached at Appendix B indicates that there are currently no outstanding high priority audit recommendations.

Performance Management

- 2.10 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.
- 2.11 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 21 October 2016
1. Planned Days – percentage of actual billable days against planned chargeable days completed	95%	50%	47% (181.5/383 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	46%	35% (13/37 projects)

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 2016/17 AUDIT PLAN AT 21 OCTOBER 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	0.5	TOR Issued
Debtors – Full Audit					10	Yes	0.5	TOR Issued
Creditors – Full Audit					10	Yes	1	TOR Issued
Treasury Management - CRSA Year 2					8	Yes	0.5	TOR Issued
Payroll – CRSA Year 1					8	Yes	1	TOR Issued
Council Tax – Full Audit					10	Yes	2	In Fieldwork
NDR – Full Audit					10	Yes	1	TOR Issued
Housing Benefits - Full Audit					12	Yes	3	In Fieldwork
Cash and Banking – Full Audit					10	Yes	0.5	TOR Issued
Housing Rents – Full Audit					10	Yes	0.5	TOR Issued
Operational Audits – 165 days								
Overtime					10	Yes	1	In Planning
Agency Staff					10	Yes	0.5	In Planning
Asbestos Management					10	Yes	2	TOR Issued
Data Protection	Substantial	0	2	2	10	Yes	10	Final Report issued
Information / Data Management	Substantial	0	1	4	10	Yes	10	Final Report Issued
Trade / Clinical Waste (incl. Large Item Collection)	Substantial	0	0	3	10	Yes	10	Final Report Issued
Recruitment					10	Yes	9.5	Draft Report Issued
Right to Buy					10	Yes	1	TOR Issued
Housing Allocations Scheme					15	Yes	14.5	Draft Report Issued
Refugee Resettlement Programme					5	Yes	0	Allocated
Concessions					9	Yes	2	In Planning
Benchmarking Medium Term Financial					10	Yes	5	In Fieldwork

APPENDIX A - PROGRESS AGAINST THE 2016/17 AUDIT PLAN AT 21 OCTOBER 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	4	In Fieldwork
Corporate Credit Cards	Substantial	0	4	2	10	Yes	10	Final Report Issued
Tree Surveys	Full	0	0	0	5	Yes	5	Final Report Issued
Freedom of Information	Substantial	0	2	5	6	Yes	6	Final Report Issued
Managing Personal Use of Council Vehicles					10	Yes	0.5	In Planning
Domestic Heating Systems Contract					10	Yes	9	Quality Review
Gas Services Contract Follow-Up	N/A	0	0	0	2	Yes	2	Final Report Issued
DFG Capital Grant Certification	N/A	0	0	0	1	Yes	1	Final 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	0.5	Through year
Joint Review – Prevent Agenda and Trading					5	Yes	0.5	TOR Issued for both
Procurement, Contract Management and Project Management – 20 days								
Contract Payments					10	Yes	9.5	Draft Report Issued
Use of Consultants	Moderate	0	5	1	10	Yes	10	Final Report Issued
IT Audits – 16 days								
Internet and E-mail Usage					8	Yes	0.5	In Planning
Cyber Risk					8	Yes	7.5	Draft Report Issued
Counter Fraud – 5 days								
Significant Counter-Fraud Risks					5	Yes	0	Allocated

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Ad Hoc Advice – 5 days								
Ad Hoc Advice					5	Yes	2.5	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	Draft Report Issued
Contingency – 10 days								
Contingency					7			
Strategic Support – 47 days								
2017/18 Audit Plan					5		0	Allocated
Audit Committee					10		6	Through Year
External Audit Liaison					2		1	Through Year
Annual Report and Head of Internal Audit Opinion 2015/16					5		5	Completed
Monitoring					12		6	Through Year
SIAS Development					5		5	Completed

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Client Liaison					8		4	Through Year
SBC TOTAL					390		181.5	

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 21 October 2016
1.	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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 Final Report Issued	FOI Final Report Issued	Data / Information Management Final Report	Officers Expenses In Fieldwork	Contract Payments Draft Report	Concessions In Planning
Benchmarking MTFS Fieldwork	Data Protection Final Report Issued	Right to Buy ToR Issued	Housing Allocations Scheme Draft Report	Asbestos Management ToR Issued	Overtime In Planning – deferred from Q1
	Gas Services Contract Follow-up Final Report Issued	Cyber Risk Draft Report Issued	Corporate Credit Cards Final Report Issued – deferred from Q1	Use of Consultants Final Report Issued	Managing Personal Use of Council Vehicles In planning
		Tree Surveys Final Report Issued – brought forward from September	DFG Grant Claim Certification Final Report	Recruitment Draft Report issued – deferred from Q1	Domestic Heating Systems Contract Quality Review

Oct	Nov	Dec	Jan	Feb	Mar
Benefits Fieldwork	Housing Rents ToR Issued	Treasury Management ToR Issued	Cash and Banking ToR Issued	Refugee Resettlement Scheme Allocated	Risk Management Allocated
Council Tax Fieldwork	Payroll ToR Issued – brought forward from January		Debtors ToR Issued – deferred from November	Significant Counter-Fraud Risks Allocated	
NDR ToR Issued	Creditors ToR Issued		Internet and E-mail Usage In Planning		
Agency Staff In Planning – deferred from July			Main Accounting System ToR Issued – deferred from December		