



Stevenage Borough Council
Audit Committee

1 February 2017

Shared Internal Audit Service –
Progress Report

Recommendation

Members are recommended to note the
Internal Audit Progress Report for the period to
16 January 2017

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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 16 January 2017.
 - b) The findings for the period 28 October 2016 to 16 January 2017.
 - 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 16 January 2017.

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 16 January 2017, 67% of the 2016/17 Audit Plan days had been delivered (calculation excludes contingency days that have not been allocated).
- 2.2 The one remaining audit from the 2015/16 Audit Plan has now been finalised. This is as follows:

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Commercialism	January 2017	Moderate	1 High, 3 Medium, 3 Merits Attention

- 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
Housing Allocations Scheme	November 2016	Substantial	5 Medium 5 Merits Attention
Cyber Risk	November 2016	Moderate	3 Medium 2 Merits Attention
Housing Benefits	December 2016	Full	N/A
Council Tax	January 2017	Substantial	1 Medium 1 Merits Attention
Recruitment	January 2017	Substantial	2 Merits Attention

Proposed Audit Plan Amendments

- 2.4 The Business and Technology Team and Section 151 officers from Stevenage Borough Council and East Herts Council have requested that the time allocated to the Internet and Email audit is reduced and a second IT audit project is completed on Digital Information Management. This links directly to the Information Management (Storage and Retention) audit already completed as part of the 2016/17 Audit Plan.

Reporting of Audit Plan Delivery Progress

- 2.5 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).

- 2.6 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 (15)	
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	Housing Allocation Scheme
Cyber Risk	Housing Benefits
Council Tax	Recruitment
Domestic Heating Systems Contract	

Draft Report Issued (2)	
Confidence level in completion of this work – Full	
Contract Payments	Internet and E-mail Usage

In Fieldwork / Quality Review (11)	
Confidence level in completion of this work – Full	
Officer Expenses	Benchmarking Medium Term Financial Strategy
Creditors	Right to Buy
Main Accounting System	Payroll
NDR	Housing Rents
Debtors	Asbestos Management
Cash and Banking	

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	
Digital Information Management	Treasury Management
Overtime	Agency Staff
Refugee Resettlement Programme	Managing the use of Council Vehicles
Concessions	Risk Management
Significant Counter Fraud Risks	

Allocated / No work commenced (0)	
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	
N/A	

Cancelled / Deferred (0)	
N/A	

Summary		
Status	No of Audits at this Stage	% of Total Audits (37)

Draft / Final Report	17	46%
Quality Review	2	5%
In Fieldwork	9	24%
In Planning / ToR Issued	9	25%
Allocated – Yet to start	0	0%
Cancelled / Deferred	0	0%

High Priority Recommendations

- 2.7 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.
- 2.8 The schedule attached at Appendix B indicates that there is one new high priority audit recommendation arising from the Commercialism audit.

Performance Management

- 2.9 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.
- 2.10 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 14 January 2017
1. Planned Days – percentage of actual billable days against planned chargeable days completed	95%	70% (270/383 days)	67% (255/383 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	60%	44% (17/39 projects)
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at ‘satisfactory’ level	100%	100%	N/A
4. Number of High Priority Audit	95%	95%	None yet made in

Recommendations agreed			2016/17
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APPENDIX A - PROGRESS AGAINST THE 2016/17 AUDIT PLAN AT 14 JANUARY 2017

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	3.5	In Fieldwork
Debtors – Full Audit					10	Yes	3.5	In Fieldwork
Creditors – Full Audit					10	Yes	9	Quality Review
Treasury Management - CRSA Year 2					8	Yes	1	TOR Issued
Payroll – CRSA Year 1					8	Yes	5.5	In Fieldwork
Council Tax – Full Audit	Substantial	0	1	1	10	Yes	10	Final Report issued
NDR – Full Audit					10	Yes	6	In Fieldwork
Housing Benefits - Full Audit	Full	0	0	0	12	Yes	12	Final Report issued
Cash and Banking – Full Audit					10	Yes	2	TOR Issued
Housing Rents – Full Audit					10	Yes	7.5	In Fieldwork
Operational Audits – 168 days								
Overtime					10	Yes	1.5	In Planning
Agency Staff					10	Yes	0.5	In Planning
Asbestos Management					10	Yes	3	In Fieldwork
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	Substantial	0	0	2	10	Yes	10	Final Report Issued
Right to Buy					10	Yes	5.5	In Fieldwork
Housing Allocations Scheme	Substantial	0	0	5	15	Yes	15	Final Report Issued
Refugee Resettlement Programme					5	Yes	0.5	In Planning
Concessions					9	Yes	2	In Planning
Benchmarking Medium Term Financial					10	Yes	5	In Fieldwork

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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	4.5	Quality Review
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	Substantial	0	3	1	10	Yes	10	Final Report Issued
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	0.5	ToR Issued
Shared Learning and Joint Reviews – 10 days								
Shared Learning Newsletters Audit Committee Workshop					5	Yes	1	Through year
Joint Review – Benchmarking Workshop -Prevent Agenda and Trading					5	Yes	1	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					4	Yes	3.5	Draft Report Issued
Cyber Risk	Moderate	0	3	2	8	Yes	8	Final Report Issued
Digital Information Management					4	Yes	0.5	In planning
Counter Fraud – 5 days								
Significant Counter-Fraud Risks					5	Yes	0.5	In planning

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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	3.5	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 – 7 days								
Contingency					7			
Strategic Support – 47 days								
2017/18 Audit Plan					5		1.5	In Fieldwork
Audit Committee					10		7	Through Year
External Audit Liaison					2		1.5	Through Year
Annual Report and Head of Internal Audit Opinion 2015/16					5		5	Completed
Monitoring					12		9	Through Year
SIAS Development					5		5	Completed

APPENDIX A - PROGRESS AGAINST THE 2016/17 AUDIT PLAN AT 14 JANUARY 2017

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Client Liaison					8		6	Through Year
SBC TOTAL					390		255	

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 14 January 2017
1.	Commercialism	<p>In conjunction with a wider communication strategy to raise the profile of commercial thinking within the Council (see finding 2), encourage officers to come forward with potential ideas, ensuring that there are appropriate channels in place to facilitate the collection of such ideas for review by the programme board.</p> <p>Such ideas could be generated through workshops or brainstorming sessions for officers (either targeted towards senior individuals or more widely across the Council, including Members), which will also support the communication strategy by raising awareness of commercialism.</p> <p>The workshops could be facilitated either internally (where appropriate skills and knowledge are available) or externally by consultants or officers from other local authorities which have successfully implemented a commercial</p>	<p>The role of the newly appointed Commercial Manager will be to review current and new income opportunities. In addition the Financial Security (FS) Officers Group is sending out a newsletter to staff explaining the FS work stream, asking them for ideas (rebranding a previous email address for ideas), giving tips and planning drop in sessions for staff.</p> <p>It is envisaged that the Commercial Manager in conjunction with staff engagement and the new Senior Management Review will generate ideas and other efficiency options as part of the SMR2. There will also be efficiencies through the 'connecting to our customers' work</p>	Financial Security Officers Group	30 November 2016 and ongoing	This is a new addition and the management response opposite is the latest comment.	See history of management comments.

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 14 January 2017
		approach.	stream (digital agenda). The AD Finance and Estates will be presenting to the Leadership Forum (150 managers about the FS work stream.				

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

Oct	Nov	Dec	Jan	Feb	Mar
Benefits Final Report issued	Housing Rents In Fieldwork	Treasury Management ToR Issued – Deferred to February	Cash and Banking In Fieldwork	Refugee Resettlement Scheme In Planning	Risk Management ToR Issued
Council Tax Final Report issued	Payroll In Fieldwork		Debtors In Fieldwork	Significant Counter-Fraud Risks In Planning	
NDR In Fieldwork	Creditors Quality Review		Internet and E-mail Usage Draft Report Issued		
Agency Staff In Planning – deferred to February			Main Accounting System In Fieldwork		
			Digital Information Management In planning		