

# Public Document Pack



## AUDIT COMMITTEE

**Date: Monday, 5 February 2018**

**Time: 6.00 pm,**

**Location: Shimkent Room - Daneshill House, Danestrete**

**Contact:**

**committees@stevenage.gov.uk**

Members: Councillors: M McKay (Chair), J Gardner (Vice-Chair), R Broom, H Burrell, L Chester, D Cullen, G Lawrence, G Snell and B Mitchell (Independent Member)

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## AGENDA

### PART 1

#### **1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

#### **2. MINUTES - 8 NOVEMBER 2017**

To approve as a correct record the Minutes of the meeting of the Audit Committee held on 8 November 2017.

Pages 3 – 6

#### **3. ANNUAL CERTIFICATION REPORT**

To consider the Certification of claims and returns annual report 2016-17

Pages 7 – 14

#### **4. EXTERNAL AUDIT PLAN**

Report To Follow.

#### **5. ANNUAL TREASURY MANAGEMENT STRATEGY (INCLUDING PRUDENTIAL CODE INDICATORS 2018/19)**

Report to follow.

#### **6. SHARED INTERNAL AUDIT SERVICE PROGRESS REPORT**

To note the Internal Audit Progress Report for the period to 20 January 2018.

Pages 15 – 38

**7. URGENT PART 1 BUSINESS**

To consider any Part 1 business accepted by the Chair as urgent.

**8. EXCLUSION OF PUBLIC AND PRESS**

To consider the following motions –

1. That under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as described in paragraphs 1 – 7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to Information) (Variation) Order 2006.

2. That Members consider the reasons for the following reports being in Part II and determine whether or not maintaining the exemption from disclosure of the information contained therein outweighs the public interest in disclosure.

**9. TECHNOLOGY SHARED SERVICE IMPROVEMENT PLAN**

To update members of the Audit Committee about the Council's plan to improve Cyber Security and IT Resilience.

**10. URGENT PART II BUSINESS**

To consider any Part II business accepted by the Chair as urgent.

Agenda Published 26 January 2018

## STEVENAGE BOROUGH COUNCIL

### AUDIT COMMITTEE MINUTES

**Date: 8 November 2017**

**Time: 6:00 pm**

**Place: Shimkent Room, Daneshill House, Danestrete, Stevenage**

**Present:** Councillors: M McKay (Chair), J Gardner (Vice-Chair),  
H Burrell, L Chester, G Lawrence and G Snell.  
Independent Member: B Mitchell

**In Attendance:** K Storey – EY (Ernst and Young)  
C Wood – Shared Internal Audit Service

**Start/End Time:** Start Time: 6:00 pm  
End Time: 7:00 pm

#### **1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

Apologies for absence were received on behalf of Councillors R Broom and D Cullen.

There were no declarations of interest.

#### **2. MINUTES – AUDIT COMMITTEE – 6 SEPTEMBER 2017**

It was **RESOLVED** that the Minutes of the meeting of the Committee held on 6 September 2017 are approved as a correct record and signed by the Chair subject to the correction of a typographical error at Item 6.

The second line of the fourth paragraph should read 'the Council's contribution of £100k to fund the shared anti-fraud service' and not 'the Council's contribution of £140k to fund the shared anti-fraud service' as stated.

#### **3. MINUTES – AUDIT COMMITTEE – 21 SEPTEMBER 2017**

It was **RESOLVED** that the Minutes of the meeting of the Committee held on 21 September 2017 are approved as a correct record and signed by the Chair.

#### **4. ANNUAL AUDIT LETTER FOR THE YEAR ENDED 31 MARCH 2017**

The Committee received the Annual Audit Letter from the Council's external auditors EY.

The Committee was advised that the auditor's fee for 2016/2017 had yet to

be agreed due to the extra work carried out regarding property valuations. This Committee would be advised of the fee once agreed with the Council.

It was **RESOLVED** that the Annual Audit Letter is noted.

## **5. 2017/18 MID YEAR TREASURY MANAGEMENT REVIEW**

The Committee considered a report which updated Members on Treasury Management activities in 2017/2018 and reviewed the effectiveness of the 2017/2018 Treasury Management and Investment Strategy.

The Committee was advised of a typographical error in the report at paragraph 4.3.1 and an updated Investment Balances graph was circulated to Members at the meeting.

The Committee was further advised that the report had been published prior to the recent increase of 0.25% in interest rates. As many of the Council's investments were at fixed rates it was forecast that the net impact to interest income would be an increase in the region of £25k per annum.

In reply to a question concerning overnight deposits the Committee was advised that the facility to invest overnight remained but the Council tended to use 30 day accounts.

In reply to a further question regarding provisions for the town centre regeneration project the Committee was advised that any such provision would need to be included in the overall capital strategy, notwithstanding the fact that the capital strategy could be amended provided the due process was followed.

The Committee did not wish to forward any comments on the report to Council for consideration.

It was **RESOLVED**:

1. That Council is recommended to approve the 2017/2018 Treasury Management Mid-Year review
2. That Council is recommended to approve the latest list of approved Countries for investments.

## **6. SHARED INTERNAL AUDIT SERVICE – PROGRESS REPORT**

The Committee received a report which provided Members with an update of the progress made by the Shared Internal Audit Service in delivering the Council's 2017/2018 Internal Audit Plan.

The Internal Audit Manager advised the Committee that since the report had been written the number of Audit Plan days delivered had increased to

43% and that a total of 25% of audits had been completed.

In reply to a question concerning the Commercialisation Agenda the Committee was advised that recruitment against the Commercial Manager post had been put on hold pending the appointment of the Assistant Director Direct Services and was currently under review.

In reply to a further question the Committee was advised that the driver for the cancellation of the carry forward research project on the Medium Term Financial Strategy had been the desire to determine the value added of the 'lean review' into the Repairs and Voids Service by carrying out additional testing requested by the Council's management.

It was **RESOLVED** that the Internal Audit Progress Report for the period to 20 October 2017 is noted.

## **7. URGENT PART I BUSINESS**

None.

## **8. EXCLUSION OF PRESS AND PUBLIC**

It was **RESOLVED** that:

1. Under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as described in paragraphs 1-7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to information) (Variation) Order 2006.
2. Members considered the reasons for the following reports being in Part II and determined that the exemption from disclosure of the information contained therein outweighed the public interest in disclosure.

## **PART II**

## **9. PART II MINUTES – AUDIT COMMITTEE – 6 SEPTEMBER**

It was **RESOLVED** that the Part II Minutes of the meeting of the Committee held on 6 September 2017 are approved as a correct record and signed by the Chair.

## **10. DIGITAL INFORMATION MANAGEMENT**

The Committee received a report which updated Members on progress toward addressing the recommendations resulting from the Digital Information Management Audit.

Members asked a number of questions about the report which were answered by the Officer.

It was **RESOLVED** that the report is noted.

**11. STRATEGIC RISK REGISTER QUARTER 2 2017/2018**

The Committee received a report on the latest Strategic Risk Register for Stevenage Borough Council and were advised of the latest developments on risk management issues.

It was **RESOLVED**:

1. That the latest Strategic Risk Register is noted.
2. That the developments on risk management issues are noted.

**12. URGENT PART II BUSINESS**

None

**CHAIR**

## **Certification of claims and returns annual report 2016-17**

Stevenage Borough Council

15 December 2017

Ernst & Young LLP



Building a better  
working world

The Members of the Audit Committee  
Stevenage Borough Council  
Daneshill House House  
Danestrete  
Stevenage  
Herts SG1 1HN

15 December 2017  
Ref: nh/ks/BEN01/17

Email: [nharris2@uk.ey.com](mailto:nharris2@uk.ey.com)

Dear Members

## **Certification of claims and returns annual report 2016-17 Stevenage Borough Council**

We are pleased to report on our certification and other assurance work. This report summarises the results of our work on Stevenage Borough Council's 2016-17 claims.

### **Scope of work**

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and must complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require appropriately qualified auditors to certify the claims and returns submitted to them.

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to the Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.

For 2016-17, these arrangements required only the certification of the housing benefits subsidy claim. In certifying this we followed a methodology determined by the Department for Work and Pensions and did not undertake an audit of the claim.

### **Summary**

Section 1 of this report outlines the results of our 2016-17 certification work and highlights the significant issues. We checked and certified the housing benefits subsidy claim with a total value of £33.3m. We submitted the certified return on 15 November 2017 well ahead of the submission deadline of 30 November. We issued a qualification letter, details of the qualification matters are included in section 1.

Fees for certification and other returns work are summarised in section 3. The housing benefits subsidy claim fees for 2016-17 were published by the Public Sector Audit Appointments Ltd (PSAA) in March 2016 and are now available on the PSAA's website ([www.psaa.co.uk](http://www.psaa.co.uk)).

We welcome the opportunity to discuss the contents of this report with you at the 5 February 2018 Audit Committee.

Yours faithfully

**Neil Harris**  
Associate Partner  
Ernst & Young LLP



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**1. Housing benefits subsidy claim.....1**

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## 1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£33,259,850
Amended/Not amended	Not amended
Qualification letter	Yes
Fee – 2016-17	£12,857 (potentially will reduce by £2,513 subject to the agreement of PSAA Ltd, please refer to section 2)
Fee – 2015-16	£10,911

Local Government administers the Government's housing benefits scheme for tenants and can claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid.

The certification guidance requires auditors to complete more extensive '40+' or extended testing if initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out as a result of errors that have been identified in the audit of previous years claims. We found errors and carried out extended testing.

We have reported underpayments, and the extrapolated value of other errors in a qualification letter. The DWP then decides whether to ask the Council to carry out further work to quantify the error or to claw back the benefit subsidy paid. The main issue we reported was:

The testing of the initial sample of 20 rent allowance cases identified:

- 1 case (value of error £1) where the Authority had overpaid benefit by £1 as a result of miscalculating the claimant's self employed weekly income.

Due to the error found in the initial sample of 20 we reviewed a further 40 cases where the system indicated the claimant had self employed earnings. This testing identified a further 3 cases where income was incorrectly assessed:

- 2 cases where claimants were underpaid (as there is no eligibility to subsidy for benefit which has not been paid, the underpayments identified did not affect subsidy and were not therefore classified as an error for subsidy purposes)
- 1 case where the error had no impact on benefit entitlement (again no impact on subsidy).

The final result from our testing when the results were extrapolated across the rest of the rent allowance expenditure was a potential overstatement of the expenditure of £42.

In year, we were requested to review evidence provided by the Authority in support of correspondence with the Department for Work and Pensions in respect of the 2015-16 housing benefit claim. We had reported in our qualification letter on the 2015-16 claim that there was a lack of evidence for a reduction in income received from abroad by a claimant. This suggested that the claimant had potentially been overpaid. The results of this testing when applied to the total of rent allowance expenditure suggested a potential error value of £66,444. The Council subsequently obtained evidence from the overseas source which indicated that the income was charitable in nature and that therefore it should not have been included in the assessment of the claimant's income, this meant that the claimant had in effect been underpaid. We reissued our qualification letter with the extrapolation of £66,444 removed.

## 2. 2016-17 certification fees

The PSAA determine a scale fee each year for the audit of claims and returns. For 2016-17, these scale fees were published by the Public Sector Audit Appointments Ltd (PSAA's) in March 2016 and are now available on the PSAA's website ([www.psaa.co.uk](http://www.psaa.co.uk)).

Claim or return	2016-17	2016-17	2015-16
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	10,344	12,857	10,911

The level of fee for the certification of the housing benefits return can fluctuate year on year depending on the level of errors identified during initial testing. The 2016/17 fee was based on the outturn fee for 2014-15.

We agreed with the Council's Assistant Director (Finance and Estates)(Chief Financial Officer) that if the Council's staff undertook the initial testing of 20 cases for rent allowance and rent rebates that we would seek to reduce the fee by 20% to reflect the lower level of work required from the EY team. This proposed reduction has to be agreed by PSAA (they also have to agree where there have been proposed increases in fees). We have yet to receive agreement to the reduction of £2,513 which is showing in the above table as the difference between the indicative and annual fee.

### 3. Looking forward

#### 2017/18

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to (PSAA) by the Secretary of State for Communities and Local Government.

The Council's indicative certification fee for 2017/18 is £10,911. This was set by PSAA and is based on final 2015/16 certification fees.

Details of individual indicative fees are available at the following web address:

<https://www.psaa.co.uk/audit-fees/201718-work-programme-and-scales-of-fees/individual-indicative-certification-fees/>

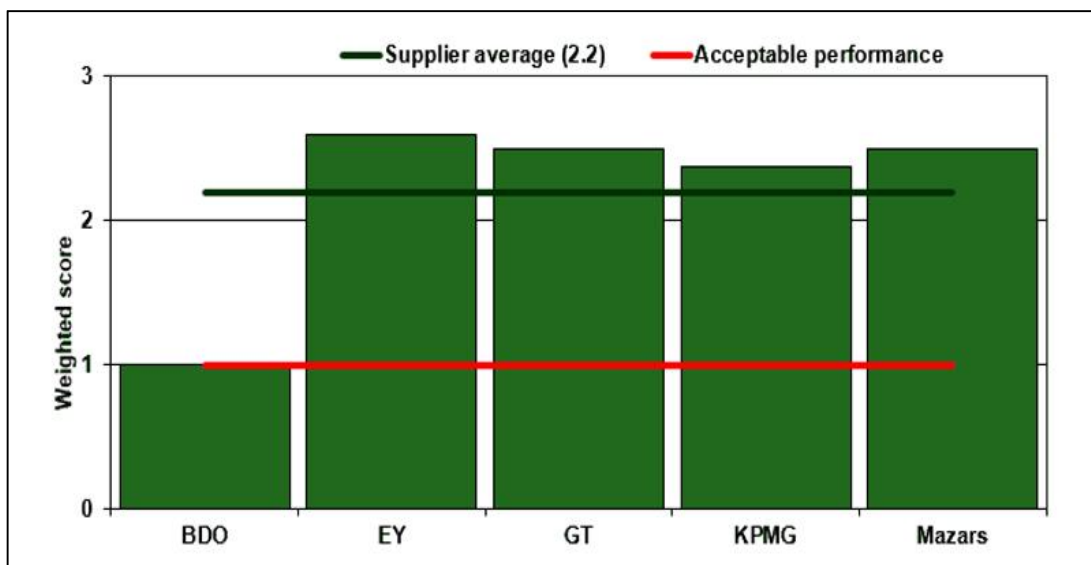
We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Chief Financial Officer before seeking any such variation.

#### 2018/19

From 2018/19, the Council will be responsible for appointing their own reporting accountant to undertake the certification of the housing benefit subsidy claim in accordance with the Housing Benefit Assurance Process (HBAP) requirements that are being established by the DWP. DWP's HBAP guidance is under consultation and is expected to be published around January 2018.

We would be pleased to undertake this work for you, and can provide a competitive quotation for this work.

We currently provide HB subsidy certification to 106 clients, through our specialist Government & Public Sector team. We provide a quality service, and are proud that in the PSAA's latest Annual Regulatory and Compliance Report (July 2017) we score the highest of all providers, with an average score of 2.6 (out of 3).



As we also expect to be appointed by PSAA in December 2017 as your statutory auditor we can provide a comprehensive assurance service, making efficiencies for you and building on the knowledge and relationship we have established with your Housing Benefits service.

Looking forward

## Ernst & Young LLP

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## Stevenage Borough Council Audit Committee

5 February 2018

### Shared Internal Audit Service – Progress Report

#### Recommendation

Members are recommended to note the  
Internal Audit Progress Report for the period to  
20 January 2018

## Contents

### 1 Introduction and Background

1.1 Purpose

1.2 Background

### 2 Audit Plan Update

2.1 Delivery of Audit Plan and Key Findings

2.4 Proposed Audit Plan Amendments

2.5 Reporting of Audit Plan Delivery Progress

2.9 High Priority Recommendations

2.14 Performance Management

### Appendix

A – Progress against the 2017/18 Audit Plan

B – Implementation Status of High Priority  
Recommendations

C – Audit Plan Items (April 2017 to March 2018) -  
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 2017/18 Internal Audit Plan as at 20 January 2018.
  - b) The findings for the period 20 October 2017 to 20 January 2018.
  - c) The proposed amendments required to the approved Annual Internal Audit Plan.
  - d) The implementation status of previously agreed high priority audit recommendations.
  - e) An update on performance management information as at 20 January 2018.

## Background

- 1.2 Internal Audit's Annual Plan for 2017/18 was approved by the Audit Committee at its meeting on 28 March 2017. 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 January 2018, 67% of the 2017/18 Audit Plan days had been delivered (calculation excludes contingency days that have not been allocated).
- 2.2 Final reports for the following audits and projects from the 2017/18 Audit Plan have been issued or completed since the last Audit Committee:

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
IT Disaster Recovery (Post Incident)(Incident Management)	January 2018	Limited	4 High, 1 Medium
IT Procurement	January 2018	Moderate	2 Medium, 1 Merits Attention

Museum Lease Payments	January 2018	N/A	1 (no priority assigned)
Repairs and Voids Service	January 2018	Moderate	2 High, 1 Medium, 1 Merits Attention
Council Tax	January 2018	Full	None
Commercial Properties	January 2018	Moderate	1 Medium, 1 Merits Attention
Mutual Exchanges	December 2017	Substantial	None
Off Street Parking	December 2017	Substantial	1 Medium, 3 Merits Attention
NDR (Business Rates)	November 2017	Substantial	1 Merits Attention

- 2.3 The following 2016/17 reports and assignments have been issued or completed in the period since the last Audit Committee:

<b>Audit Title</b>	<b>Date of Issue</b>	<b>Assurance Level</b>	<b>Number of Recommendations</b>
Joint Review - Prevent	November 2017	N/A	5 suggested control enhancements
Refugee Resettlement	October 2017	Full	None

#### Proposed Audit Plan Amendments

- 2.4 There has been one proposed change to the 2017/18 Audit Plan since the last Audit Committee. The Mobile Device Management and BYOD audit has been deferred to the 2018/19 Audit Plan and replaced by a GDPR Preparedness audit that reflects current risks to the Council with the impending GDPR implementation date in May 2018.

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 2.12 (below).
- 2.6 To help the Committee in assessing the current situation in terms of progress against the 2017/18 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.

<b>Final / Draft Report Issued (15)</b>	
Confidence level in completion of this work – <b>Full</b>	
Repairs and Voids Service (final)	Incident Management (IT Disaster Recovery – Post Incident (final)
NDR (final)	Off-street Parking (final)
Local Authority Serious and Organised Crime Checklist (draft)	Health and Safety (final)
Integra Upgrade (final)	DFG Capital Grant Certification (complete)
IT Procurement (final)	Mutual Exchanges (final)
Council Tax (final)	Commercial Properties (final)
Museum Lease Payments (final)	Creditors (draft)
Payroll (draft)	

<b>In Fieldwork / Quality Review (8)</b>	
Confidence level in completion of this work – <b>Full</b>	
Payroll Self-Service	Contract Management
Cemetery Fuel Follow-up	Main Accounting System (General Ledger)
Housing Benefits (Quality Review)	Debtors
Housing Allocations Follow-up (Quality Review)	Housing Rents

<b>Terms of Reference Issued / In Planning - Scope and Start date agreed with Management - preliminary work has begun (9)</b>	
Confidence level in completion of this work – <b>Strong</b> – resources have been allocated to these activities by SIAS and management has agreed the way forward; dates are planned in diaries	
Cash and Banking (ToR)	Treasury Management (ToR)
Empty Properties / Voids (ToR)	Repairs and Voids Service - Standby and Callout Payments (ToR)
GDPR Preparedness (ToR)	Shared Legal Services (ToR)
Cyber Security (ToR)	Fire Safety (ToR)
IT Shared Service Agreement (ToR)	

<b>Allocated / No work commenced (5)</b>	
Confidence level in completion of this work – <b>Moderate to Strong</b> – resources have been allocated to these activities by SIAS and management has agreed the way forward; dates are	

planned in diaries	
Customer Service Centre - Complaints Handling	Corporate Governance
Risk Management	Joint Reviews - tbd
Housing Development - Kenilworth Scheme	

<b>Cancelled / Deferred (0)</b>	
No 2017/18 audits deferred or cancelled	

<b>Summary – 20 January 2018</b>		
<b>Status</b>	<b>No of Audits at this Stage</b>	<b>% of Total Audits (36)</b>
Draft / Final Report	15	41%
Quality Review	2	5%
In Fieldwork	6	16%
ToR Issued	9	24%
In Planning	0	0%
Allocated – Yet to start	5	14%

Cancelled / Deferred	0	0%
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- 2.7 We have also included some similar tables to summarise the position with regard to 2016/17 audits brought forward into the 2017/18 Audit Plan. These projects will be included in our 2017/18 Head of Assurance Opinion and Internal Audit Annual Report, where they constitute assurance pieces.

<b>Draft / Final Report Issued (4)</b>	
Confidence level in completion of this work – <b>Full</b>	
Agency Staff (final)	Overtime (final)
Joint Review – Prevent (final)	Refugee Resettlement (final)

<b>In Quality Review (0)</b>	
Confidence level in completion of this work – <b>Full</b>	
N/A	

<b>In Fieldwork (2)</b>	
Confidence level in completion of this work – <b>Full</b>	
Joint Review – Local Authority Trading	Managing Use of Council Vehicles (deferred to Q3)

<b>Cancelled / Deferred (2)</b>	
Concessions	Medium Term Financial Strategy

- 2.8 Significant progress has been made in delivery of both of our key performance indicators (billable days and audits to draft report stage) since the last Audit Committee. We are pleased with the traction gained, and have worked hard to bring audit start dates forward where other audit projects have been deferred. Details in this regard are provided at Appendix C.

High Priority Recommendations

- 2.9 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.
- 2.10 The schedule attached at Appendix B provides a history of management comments and updates for any outstanding high priority audit recommendations.
- 2.11 Six new high priority audit recommendations have been added since the previous Audit Committee.
- 2.12 Those from the Repairs and Voids Service audit covered:
- a) Recruitment issues, and
  - b) Post project closure reports and follow up actions.
- 2.13 Those from the IT Disaster Recovery (Post Incident) audit covered:
- a) Network resilience,
  - b) Environmental controls,
  - c) Disaster recovery planning, and
  - d) Risk assessment and tolerance.

Performance Management

- 2.14 The 2017/18 annual performance indicators were approved at the SIAS Board meeting in March 2017. Targets were also agreed by the SIAS Board for the majority of the performance indicators.
- 2.15 The actual performance for Stevenage Borough Council’s 2017/18 Audit Plan 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 October 2017
<b>1. Planned Days</b> – percentage of actual billable days against planned chargeable days completed	95%	72% (280 / 390 days)	67% (262 / 390 days)
<b>2. Planned Projects</b> – percentage of actual completed projects to draft report stage against planned completed projects	95%	54% (20 / 37 projects)	41% (15 / 37 projects)
<b>3. Client Satisfaction</b> –	100%	100%	100% (5 received for

percentage of client satisfaction questionnaires returned at 'satisfactory' level			2017/18)
<b>4. Number of High Priority Audit Recommendations agreed</b>	95%	N/A	100% 8 (2 from 2016/17 audit issued in June 2017 and 6 from 2017/18 work)

## APPENDIX A - PROGRESS AGAINST THE 2017/18 AUDIT PLAN AT 20 JANUARY 2018

### 2017/18 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 – 100 days								
Main Accounting System (General Ledger)					8	Yes	4.5	In Fieldwork
Debtors					10	Yes	7.5	In Fieldwork
Creditors					12	Yes	11.5	Draft Report Issued
Treasury Management					8	Yes	1	ToR Issued
Payroll					12	Yes	11.5	Draft Report Issued
Council Tax	Full	0	0	0	10	Yes	10	Final report Issued
NDR	Substantial	0	0	1	10	Yes	10	Final report Issued
Housing Benefits					12	Yes	11	Quality Review
Cash and Banking					8	Yes	1.0	ToR Issued
Housing Rents					10	Yes	2.5	In Fieldwork
Operational Audits – 127 days								
Mutual Exchanges	Substantial	0	0	0	10	Yes	10	Final report Issued
Empty Properties / Voids					10	Yes	3.5	In Fieldwork
Off-street Parking	Substantial	0	1	3	10	Yes	10	Final report Issued
Repairs and Voids Service	Moderate	2	1	1	18	Yes	18	Final Report Issued
Health and Safety	Substantial	0	0	1	10	Yes	10	Final report Issued
Commercial Properties	Moderate	0	1	1	10	Yes	10	Final report Issued
Payroll Self-Service					10	Yes	3.5	In Fieldwork
Integra Upgrade	Substantial	0	1	2	10	Yes	10	Final report Issued
Customer Service Centre - Complaints Handling					10	Yes	0.5	Allocated
Repairs and Voids Service - Standby and Callout Payments					7	Yes	1	ToR Issued
Shared Legal Services					10	Yes	1	ToR Issued

# APPENDIX A - PROGRESS AGAINST THE 2017/18 AUDIT PLAN AT 20 JANUARY 2018

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Fire Safety					10	Yes	1.5	ToR Issued
DFG Capital Grant Certification	N/A	0	0	0	2	Yes	2	Complete
<b>Procurement, Contract Management and Project Management – 13.5 days</b>								
Contract Management					10	Yes	5.5	In Fieldwork
Housing Development - Kenilworth Scheme					1	Yes	0	Allocated
Museum Lease Payments					2.5	Yes	2.5	Final Report Issued
<b>Risk Management and Governance – 12 days</b>								
Risk Management					6	Yes	0	Allocated
Corporate Governance					6	Yes	0	Allocated
<b>IT Audits – 30 days</b>								
IT Procurement	Moderate	0	2	1	6	Yes	6	Final Report Issued
Mobile Device Management and BYOD					1	Yes	1	Cancelled
IT Shared Service Agreement					6	Yes	1	ToR Issued
Incident Management	Limited	4	1	0	6	Yes	6	Final Report Issued
Cyber Security					6	Yes	1	ToR Issued
GDPR Preparedness					6	Yes	1	ToR Issued
<b>Shared Learning and Joint Reviews – 7.5 days</b>								
Shared Learning					5	Yes	1.5	Through Year
Joint Reviews - tbd					1.5	Yes	0	Allocated
<b>Counter Fraud – 12 days</b>								
Local Authority Serious and Organised Crime Checklist					12	Yes	11.5	Draft Report Issued
<b>Ad Hoc Advice – 5 days</b>								
Ad Hoc Advice					5	Yes	4	Through Year
<b>Follow-up Audits – 8 days</b>								
Housing Allocations					5	Yes	4	Quality Review



# APPENDIX A - PROGRESS AGAINST THE 2017/18 AUDIT PLAN AT 20 JANUARY 2018

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Cemetery Fuel					3	Yes	2.5	In Fieldwork
<b>Completion of 16/17 Projects – 28 days</b>								
Other					3		3	Complete
Refugee Resettlement Programme	Full	0	0	0	5	Yes	5	Final Report Issued
Concessions					0	Yes	0	Cancelled
Medium Term Financial Strategy Benchmarking					1	Yes	1	Cancelled
Overtime	Moderate	0	4	0	9	Yes	9	Final Report Issued
Managing Use of Council Vehicles					5	Yes	2	In Fieldwork (deferred to Q3)
Agency Staff	Full	0	0	0	4	Yes	4	Final Report Issued
Joint Review - Local Authority Trading					0.5	Yes	0	In Fieldwork
Joint Review - Prevent					0.5	Yes	0.5	Final Report Issued
<b>Contingency – 0 days</b>								
Contingency								
<b>Strategic Support – 47 days</b>								
Annual Report and Head of Internal Audit Opinion 2016/17					5		5	Complete
Audit Committee					10		8	Through Year
Client Liaison					8		6.5	Through Year
Liaison with External Audit					2		1.5	Completed
Monitoring					12		10	Through Year
SIAS Development					5		5	Complete
2018/19 Audit Planning					5		2	Q3/Q4
<b>SBC TOTAL</b>					<b>390</b>		<b>262</b>	

## 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 January 2018
1.	Digital Information Management	<p><b>Digital Record Retention</b></p> <p>Senior Management should, in conjunction with the IT Service, identify an appropriate file management system(s) through which the Councils' record retention schedules can be enforced.</p> <p>The digital records, which include those that are stored within IT systems, should be reviewed on a routine basis and where there is not a demonstrable need for their retention they should be disposed of.</p> <p>The IT Service should maintain a record of the IT systems that do not conform to the Councils' requirements for digital record retention and appropriate compensating controls should be deployed.</p>	<p>SBC has recruited a new Information Officer who is delivering an action plan for the Council to comply with GDPR including focus on personal data. This post currently reports to the Head of Legal Services but will transfer to AD of Corporate Projects, Customer Services and Technology in July 2017.</p> <ul style="list-style-type: none"> <li>Action plan delivery,</li> <li>GDPR Compliance at SBC,</li> <li>Proposing formation of a sub group of the Corporate Governance Group to be created to focus on good information governance for SBC,</li> <li>EH have a new</li> </ul>	Assistant Director (Corporate Projects, ICT and Customer Services ) (Stevenage Borough Council) / Borough Solicitor	<p>31 July 2017</p> <p>31 May 2018</p> <p>30 September 2017</p> <p>31 May 2018</p>	<p>25/08/2017 - This is a new addition and the management response opposite is the latest comment.</p> <p>The AD Corporate Projects, ICT and Customer Services and Senior IT Manager will be in attendance at the Audit Committee to take any questions.</p> <p>30/10/2017 – An update will be provided by representatives of IT Services at the Audit Committee meeting.</p> <p>23/01/2018 - An update will be provided by representatives of IT Services at the Audit Committee meeting.</p>	Not yet implemented – the update on ICT is a separate report to the Audit Committee.

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No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	Auditor Comment as at 20 January 2018
			Policy Officer leading on GDPR compliance and staff training.				
2.	Digital Information Management	<p><b>Security Standards for IT Systems</b></p> <p>Management should establish a standard for securing the IT systems that are used to collect, process and store digital records. This should include, but not be limited to:</p> <ul style="list-style-type: none"> <li>- Password standards, which should be aligned to or exceed the requirement for active directory accounts.</li> <li>- All users should be uniquely identified and generic accounts should be locked unless there is a business requirement for their use</li> <li>- A full audit trail should be enabled to trace user activity.</li> </ul> <p>Management should</p>	<p>ICT Policy Frameworks to be strengthened – deliver actions within the Improvement Plan from the ICT Review (already procurement of a policy framework is being investigated)</p> <p>Cybersecurity Action Plan in place and being delivered.</p>	Assistant Director (Corporate Projects, ICT and Customer Services ) (Stevenage Borough Council)	<p>30 September 2017</p> <p>Ongoing</p>	<p>25/08/2017 - This is a new addition and the management response opposite is the latest comment.</p> <p>The AD Corporate Projects, ICT and Customer Services and Senior IT Manager will be in attendance at the Audit Committee to take any questions.</p> <p>30/10/2017 – An update will be provided by representatives of IT Services at the Audit Committee meeting.</p> <p>23/01/2018 - An update will be provided by representatives of IT Services at the Audit Committee meeting.</p>	Not yet implemented – the update on ICT is a separate report to the Audit Committee.

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No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	Auditor Comment as at 20 January 2018
		maintain a record of the IT systems that do not comply with the standard and take appropriate action to mitigate the risk of a security breach.					
3.	Repairs and Voids Service	<p><b>Recruitment issues</b></p> <p>a) While the recruitment process continues for these key roles, the progress of these actions should be reported to a relevant forum such as SLT.</p> <p>b) Once recruited, the established KPIs for each role should be monitored through the new performance appraisal process.</p> <p><u>For context – Finding included as background</u></p> <p>There are several roles within the Repairs and Voids Service which are currently not filled with substantive staff:</p> <p>a) Service Manager (filled by Interim Service Manager)</p> <p>b) Repairs Manager</p>	<p>Agreed. The appropriate forum will be agreed with the Strategic Director and Deputy Chief Executive.</p> <p>Agreed.</p> <p>Please also see below details. Following a comprehensive recruitment process we have appointed a permanent Repairs and Voids Service Manager who will join</p>	Strategic Director and Deputy Chief Executive	30 September 2017	No new management updates as report issued in January 2018.	Not yet 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 January 2018
		<p>c) Contract/Supplier Manager d) Information Manager</p> <p>These roles are currently filled via a mix of agency staff and existing substantive employees taking on additional roles until successful candidates are recruited. There have been a number of unsuccessful recruitment cycles for each role.</p> <p>We noted that KPIs which reflect the objectives of the Service as outlined in the Improvement Plan have been established for each role to ensure that the progress made by implementation of each project is embedded once these posts have been filled.</p> <p>Examination of relevant risk registers and InPhase indicates that the risk around the vacant posts has been added as a corporate risk.</p>	<p>the Council on October 30th 2017. Regrettably the person who was offered the 2nd position - Repairs and Voids Manager position withdrew so we are going back out to advert for this post.</p> <p>We are also out to advert to recruit the permanent Information Analyst. We have been unsuccessful to date in recruiting the permanent Contract/Supplier Manager but are back out to advert Recruitment issues further link into operational roles - the requirement for NVQ 2/3 has affected the service's ability to fill roles quickly.</p> <p>With this recognised we have adopted a skills test for agency workers which have resulted in recruitment of time</p>				

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			<p>served operatives with a high skill level.</p> <p>While the approach gets the right people in it does not create a succession plan as the requirement of NVQ 2/3 negates the ability to apply for a full time role - agency costs are circa 15% higher than full times roles.</p> <p>Furthermore any operative recruited on an NVQ 2 has to commit to obtaining a NVQ 3 (within work time) within a period of a year - bearing in mind the current course last 2 years.</p> <p>Releasing a volume of operatives on day release impacts on service delivery and increases the need for sub-contract support.</p> <p>It should also be noted that SBC has appointed the</p>				

## 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 January 2018
			Assistant Director for Stevenage Direct Services who took the post up in early November 2017. The AD will line manage the R&V Service Manager and will be responsible for driving the necessary actions forward.				
4.	Repairs and Voids Service	<p><b>Post Project Closure Reports and Follow Up Actions</b></p> <p>a) Management of the implementation of these actions should be included in the job objectives for the incoming Information Manager.</p> <p>b) Implementation of post project actions should be monitored by the ECHFL Board.</p>	<p>Agreed. Project Leads and the Information Analyst are to meet with all relevant parties on a monthly basis to review the actions and collate all relevant information and reports. This will then be reviewed and signed off by the Service Delivery Manager.</p> <p>Agreed. Monthly reviews of this document will take place with the Service Delivery Manager</p>	<p>Service Delivery Manager</p> <p>Service Delivery Manager and ECHFL Board</p>	<p>On appointment</p> <p>To be commenced October 2017</p>	No new management updates as report issued in January 2018.	Not yet 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 January 2018
		<p>For context – Finding included as background</p> <p>From the five projects selected, a post project closure report has been completed for four of these. The remaining one is due for completion following the final staff away day, September 2017.</p> <p>Whilst these projects are reported as completed, the closing reports for each project identify future actions and post project actions. The project team leaders are mostly in charge of the future actions. Some of the actions such as those for the Repairs Diagnosis project have been ongoing since July 2016.</p> <p>During the course of the audit, a consolidated post project action tracker was being developed to allow the orderly demobilisation of the programme management team. There was no central monitoring of actions prior to the implementation of this tracker. It is essential that</p>	<p>and all updates will be logged and monitored. This can then be reviewed by ECHFL.</p> <p>Please also refer to the attached Post Programme Actions spreadsheet.</p>				



## 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 January 2018
		<p>the incoming management team continue to monitor and implement these actions.</p> <p>The consolidated tracker has been developed to ensure that as the programme closes down and permanent managers recruited the actions are available. Prior to this, individual project managers tracked the progress of post project actions.</p> <p>Several actions on the post programme tracker have been assigned to the 'Information Manager' post which has not yet been filled.</p>					
5.	IT Disaster Recovery (Post-Incident)	<p><b>Network resilience</b></p> <p>Management should put in place a defined procedure for establishing a single data centre in the event of a loss of synchronisation between the two data centres.</p> <p>These procedures should be incorporated within the</p>	<p>Agreed.</p> <p>A technical procedure for establishing all IT services at a single data centre has been drafted. This will be further refined following testing and use.</p>	Interim Senior IT Manager	Complete	No new management updates as report issued in January 2018.	Partially 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 January 2018
		<p>IT disaster recovery planning (see Finding 2).</p> <p>Furthermore, additional connectivity should be added to the IT network so that the single point of failure for Stevenage Borough Council is addressed.</p>	<p>Additional connectivity options are being considered and will be implemented as part of the outcomes from the IT Disaster Recovery review in January 2018.</p>		31 August 2018		
6.	IT Disaster Recovery (Post-Incident)	<p><b>Environmental controls</b></p> <p>Appropriate environmental controls should be installed at both data centres so that they can continue to operate in the event of a disaster. This should include:</p> <ul style="list-style-type: none"> <li>• Appropriate UPS deployed at both data centres</li> <li>• Appropriate power sources to support the continued operation of air conditioning at the Daneshill site.</li> </ul> <p>Management should define the processing capacity threshold at which it is no longer possible for a data centre to operate as the single data centre.</p>	<p>Agreed.</p> <p>Increased power resilience will be implemented with larger capacity UPS deployed at both data centres, plus a generator will be installed to support the continued operation of the Daneshill data centre in the event of power disruption.</p> <p>Capacity requirements will be considered as part of identifying the technical solution within the planned review of IT Disaster</p>	Interim Senior IT Manager	<p>31 May 2018</p> <p>31 March 2018</p>	No new management updates as report issued in January 2018.	Not yet 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 January 2018
		This should be monitored and, where exceeded, appropriate action should be taken.	Recovery Plans.  More formal improved capacity management processes will be introduced as part of the IT Service's adoption of ITIL.		31 December 2018		
7.	IT Disaster Recovery (Post-Incident)	<p><b>Disaster recovery planning</b></p> <p>Working with stakeholders from both Councils, Senior Management must define the recovery time and point objectives for critical IT systems and determine the order by which they should be recovered by the Service.</p> <p>Where the Service is unable to achieve these objectives, the relevant IT system owner must identify alternative recovery solutions.</p> <p>The Service should put in place a defined IT disaster recovery plan, which is aligned to the Councils' continuity planning.</p>	<p>Agreed.</p> <p>A review of IT Disaster Recovery arrangements will be undertaken, which will re-establish the councils' business requirements and identify the technical solutions needed.</p>	Interim Senior IT Manager	31 March 2018	No new management updates as report issued in January 2018.	Not yet 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 January 2018
8.	IT Disaster Recovery (Post-Incident)	<p><b>Risk assessment and tolerance</b></p> <p>Management should assess the risk of the data centres becoming unavailable and, where necessary, revise the risk treatment plans.</p> <p>Senior management at both Councils, supported by the Service, should perform a business impact assessment with regards to the loss of IT and define their respective risk appetites so that appropriate actions are taken by the Service.</p>	<p>Agreed.</p> <p>The risk appetites of the councils will be considered and addressed as part of the planned review of IT Disaster Recovery Plans.</p>	Interim Senior IT Manager	31 March 2018	No new management updates as report issued in January 2018.	Not yet implemented.

## APPENDIX C - AUDIT PLAN ITEMS (APRIL 2017 TO MARCH 2018) - START DATES AGREED WITH MANAGEMENT

Apr	May	Jun	July	Aug	Sept
16/17 Audit - Overtime <b>(Final Report Issued)</b>	Follow-up – Cemetery Fuel <b>(In Fieldwork)</b>	Local Authority Serious and Organised Crime Checklist <b>(Draft Report Issued)</b>	IT Procurement <b>(Final Report Issued)</b>	IT Disaster Recovery / Incident Management <b>(Final Report Issued)</b>	DFG Capital Grant Certification <b>(Complete)</b>
16/17 Audit – Managing Use of Council Vehicles <b>(In Fieldwork - Deferred to Q3 (October))</b>	Integra Upgrade <b>(Final Report Issued)</b>	Health and Safety Compliance <b>(Final Report Issued)</b>	Commercial Properties <b>(Final Report Issued)</b>	Mobile Device Management and BYOD <b>(Cancelled – replaced by GDPR Preparedness)</b>	IT Shared Service Agreement <b>(ToR Issued - February start agreed)</b>
16/17 Audit – Refugee Resettlement Programme <b>(Final Report Issued)</b>	Payroll Self-Service <b>(In Fieldwork – deferred to commencement of Payroll audit)</b>	Cyber Security <b>(ToR Issued - February start agreed)</b>	Repairs and Voids Service <b>(Final Report Issued)</b>	Off-Street Parking <b>(Final Report Issued)</b>	Mutual Exchanges <b>(Final Report Issued)</b>
16/17 Audit – Concessions <b>(Cancelled)</b>	Repairs and Voids Service - Standby and Callout Payments <b>(ToR issued - deferred to Q3)</b>		Contract Management <b>(In Fieldwork)</b>		Fire Safety <b>(ToR Issued – February start agreed)</b>
16/17 Audit – MTFS Benchmarking <b>(Cancelled)</b>					
16/17 Audit – Joint Reviews (Prevent and Local Authority Trading) <b>(Final Report Issued / Workshop)</b>					
16/17 Audit – Agency Staff <b>(Final Report Issued)</b>					

## APPENDIX C - AUDIT PLAN ITEMS (APRIL 2017 TO MARCH 2018) - START DATES AGREED WITH MANAGEMENT

Oct	Nov	Dec	Jan	Feb	Mar
Main Accounting System (General Ledger) <b>(In Fieldwork – December start date agreed)</b>	Cash and Banking <b>(ToR Issued)</b>	Treasury Management <b>(ToR Issued)</b>	Follow-up – Housing Allocations <b>(Quality Review)</b>	Risk Management <b>(Allocated – March start date agreed)</b>	Housing Development - Kenilworth Scheme <b>(Allocated)</b>
Debtors <b>(In Fieldwork – December start date agreed)</b>	NDR <b>(Final Report Issued)</b>	Payroll <b>(Draft Report Issued)</b>	Empty Homes / Voids <b>(In Planning)</b>	Corporate Governance <b>(Allocated – March start date agreed)</b>	
Creditors <b>(Draft Report Issued)</b>	Housing Benefits <b>(In Fieldwork)</b>	Housing Rents <b>(In Fieldwork)</b>	Customer Service Centre – Complaints Handling <b>(In Planning)</b>	Shared Legal Service <b>(ToR Issued)</b>	
Council Tax <b>(Final Report Issued)</b>		Museum Lease Payments <b>(Final Report Issued)</b>		GDPR Preparedness <b>(ToR Issued)</b>	

This is an indicative spread of audit start dates agreed prior to the start of the financial year as part of the annual planning process. It is accepted that this that may change as the financial year progresses, as the Audit Plan is intended to be dynamic and flexible. Revised start months agreed with management have been annotated on the calendar above.

All key financial systems audits have been brought forward to accommodate early closure and external audit requirements.

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