



Stevenage Borough Council Audit Committee

6 September 2023
Shared Internal Audit Service –
Progress Report

Recommendations

Members are recommended to:

- a) Note the Internal Audit Progress Report
- b) Note the Status of Critical and High Priority Recommendations

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1 Introduction and Background

Purpose of Report

- 1.1 To provide Members with:
- The progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's 2023/24 Internal Audit Plan to 18 August 2023.
 - The findings for the period 1 April 2023 to 18 August 2023.
 - Details of any changes required to the approved Internal Audit Plan.
 - The implementation status of previously agreed audit recommendations.
 - An update on performance management information to 18 August 2023.

Background

- 1.2 Internal Audit's Annual Plan for 2023/24 was approved by the Audit Committee at its meeting on 27 March 2023. The Audit Committee receive periodic updates against the Internal Audit Plan. This is the first update report for 2023/24.
- 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 details of changes to the agreed Annual Internal Audit Plan.

2 Audit Plan Update

Delivery of Internal Audit Plan and Key Audit Findings

- 2.1 As of 18 August 2023, 14% of the 2023/24 Internal Audit Plan days have been delivered (the calculation excludes contingency days that have not yet been allocated).
- 2.2 The following final reports have been issued since 1 April 2023:

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Housebuilding & Acquisitions (2022/23)	May 2023	Substantial	One Low Priority
Debtors (2022/23)	June 2023	Reasonable	One High, One Medium, One Low Priority

See definitions for the above assurance levels and recommendation priorities at Appendix D.

- 2.3 The table below summarises the position regarding delivery of the 2023/24 approved projects to 18 August 2023. Appendix A provides a status update on each individual project within the 2023/24 Internal Audit Plan.

Status	No. of Audits at this Stage	% of Total Audits
Final Report Issued	2	7%
Draft Report Issued	0	0%
In Fieldwork/Quality Review	2	7%
In Planning/Terms of Reference Issued	7	25%
Allocated	7	25%
Not Yet Allocated	10	36%
Cancelled/Deferred	0	0%
Total	28	100%

Internal Audit Plan Changes

- 2.4 There has not been any Internal Audit Plan changes during the year to date.

Critical and High Priority Recommendations

- 2.5 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.
- 2.6 The schedule attached at Appendix B details any outstanding Critical and High priority audit recommendations. One new High Priority recommendation has been added to the schedule. This recommendation relates to debt recovery reminder and payment arrangements.

Performance Management

- 2.7 The 2023/24 annual performance indicators were approved at the SIAS Board meeting in March 2023.
- 2.8 The actual performance for Stevenage Borough Council against the targets that can be monitored in year is set out in the table overleaf:

Performance Indicator	Performance Target for 31 March 2024	Profiled Performance 18 Aug 2023	Actual Performance 18 Aug 2023	Notes
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excludes unused contingency)	95%	18%	14%	40.5 days delivered out of the current 290 days planned
2. Planned Projects * – percentage of actual completed projects to draft report stage against planned completed projects by 31 st March 2024	90%	14%	7%	2 projects to draft or final report from the 28 planned
3. Planned Projects – percentage of actual completed projects to final report stage against planned completed projects by the production of the Annual Report	100%	N/a	7%	New Indicator – first measurement will be May 2024 (Currently 2/28 delivered to final report)
4. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100%	Based on the results of the 1 completed questionnaire received (from the 2 issued)
5. Number of High and Critical Priority Audit Recommendations agreed as a percentage	95%	95%	100%	One High Priority recommendation made and agreed

* Based on Audit Plan 'deliverables' at draft, final and audit closed stage and items carried forward from 2022/23 that were not at draft report stage by 31 March 2023.

2.9 In addition, the performance targets listed below are annual in nature. Members will be updated on the performance against these targets within a separate Annual Report:

- **6. Annual Plan** – prepared in time to present to the March meeting of each Audit Committee. If there is no March meeting, then the Plan should be prepared for the first meeting of the financial year. This indicator was achieved for 2023/24 as the audit plan for the financial year 2023/24 was presented to the Committee in March 2023.

- **7. Chief Audit Executive's Annual Report** – presented at the June meeting of the Audit Committee. This indicator was achieved for 2023/24 as the Client Audit Manager's Annual Report (for 2022/23) was presented to the June 2023 meeting of this committee.

Summary of Performance Against KPI's

- 2.10 In respect of current performance against key performance indicators, SIAS are broadly on track with profiled targets for both delivery of planned days and projects. As the Committee will be aware, during 2022/23 SIAS had several vacant posts, with these reaching six vacancies at the end of the financial year. This resulted in SIAS using additional resources from external partners to deliver the planned work for quarter four and allowed us to complete the programmes of work for all SIAS Partners.
- 2.11 We are pleased to report that significant progress has been made in filling the vacancies. A new Assistant Client Audit Manager started in June and three Trainee Auditors started in August. Combined with the ability to use our external co-sourced partner, we are currently satisfied that sufficient internal resources are available to deliver the Stevenage Borough Council Internal Audit Plan for 2023/24.

APPENDIX A - PROGRESS AGAINST THE 2023/24 INTERNAL AUDIT PLAN

2023/24 Internal Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS *				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Key Financial Systems – 57 days									
Business Rates (shared with EHC)						57	No	0.5	Not Yet Allocated
Council Tax (shared with EHC)							No		Not Yet Allocated
Housing Benefits (shared with EHC)							No		Not Yet Allocated
Treasury Management (assurance mapping refresh)							No		Not Yet Allocated
Debtors (assurance mapping)							No		Not Yet Allocated
Creditors (assurance mapping refresh)							No		Not Yet Allocated
Payroll & Expenses							Yes		In Planning
Housing Rents							No		Not Yet Allocated
Cash & Banking (assurance mapping refresh)							No		Not Yet Allocated
Operational Audits – 108 days									
Housing Regulator Reporting						12	Yes	0	Allocated
Community Grants & Funding						12	Yes	3	In Fieldwork
Communities External Commissions						10	Yes	0	Allocated
Land Charges						10	Yes	0.5	In Planning
S106 Spend Arrangements						10	Yes	1	In Planning
Court Cost Tracking						10	Yes	2.5	In Planning
Leaseholder Liability & Billing						12	Yes	0.5	In Planning
Homeless B & B						10	Yes	0	Allocated
Wholly Owned Company (Decision Making)						12	Yes	0	Allocated
Leisure Contract Management						10	Yes	0	Allocated
Corporate Services/Themes – 54 days									
Tender Process						12	Yes	2.5	In Planning

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS *				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Risk Management Assurance Mapping						10	No	0	Not Yet Allocated
Corporate Governance Assurance Mapping						10	No	0	Not Yet Allocated
Performance Indicators						10	Yes	6.5	In Fieldwork
Sickness Absence Management						12	Yes	0	Allocated
IT Audits – 12 days									
Mobile Phone Security (shared with EHC)						6	Yes	0	Allocated
IT Project Management (shared with EHC)						6	Yes	1	In Planning
Completion of 2022/23 Projects – 7 days									
Debtors	Reasonable	0	1	1	1	4	Yes	2	Final Report Issued
Housebuilding & Acquisitions	Substantial	0	0	0	1	3	Yes	1.5	Final Report Issued
Contingency – 10 days									
Contingency						10	N/A	0	Through Year
Strategic Support – 52 days									
On Demand Grant Audits						5	Yes	0	Through Year
Head of Assurance Opinion						3	Yes	3	Complete
Audit Committee & Recommendation Follow Up						10	Yes	2	Through Year
Client Engagement & Adhoc Advice						10	Yes	4	Through Year
2024/25 Audit Planning						5	Yes	0	Allocated
Service Development						5	Yes	5	Through Year
Progress Monitoring						12	Yes	5	Through Year
SAFS Related Matters						2	Yes	0	Allocated
SBC TOTAL		0	1	1	2	300		40.5	
* C = Critical Priority, H = High Priority, M = Medium Priority, LA = Low/Advisory Priority									

APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS

The following appendix provides Audit Committee Members with a summary of the most recent update provided by management in respect of outstanding high priority recommendations.

No.	Report Title	Recommendation / Original Management Response	Responsible Officer / Original Due Date	Latest management update (or previous commentary where appropriate)	Status of Progress (Aug 2023)
1.	Environmental Maintenance (2022/23).	<p><u>Recommendation:</u> <u>Strategy and Policy.</u> Ensure the Council has an up-to-date Environmental Maintenance strategy in place to ensure best practice, and a statutory compliance governance framework aiming to:</p> <ul style="list-style-type: none"> • Ensure environmental maintenance works, street cleansing, fly tipping and graffiti removal, are performed in accordance with all legislative requirements. • Clearly defined roles and responsibilities are coordinated effectively for each activity. • Service standards are outlined. • Industry best practice is promoted. • There is a clear and robust process for full accountability that links to wider plans and strategies. <p><u>Agreed Management Action(s):</u> All agreed as above.</p>	<p>Responsible Officer: Operations Manager Due Date: 30 June 2023.</p>	<p><u>August 2023.</u> The recommendation has been implemented as agreed.</p>	Implemented.
2.	Debtors (2022/23).	<p><u>Recommendation:</u> <u>Debt Recovery – Reminders and Payment Arrangements.</u></p> <ul style="list-style-type: none"> - The Council should introduce regular reporting of all debts at a specific point in time i.e. every month, which should include the recovery actions taken and the current recovery position. Where it is identified that debts are not at the recovery position they should be, or the necessary recovery action has not taken place, this should be investigated and rectified. - The Council should ensure that the Procedure Note for Dealing with Debt Recovery is version controlled to show the date of creation and date of the next review. - The Council should consider discussing with their IT department how to differentiate arrangement payments from outstanding payments on Integra. <p><u>Agreed Management Action(s):</u></p> <ul style="list-style-type: none"> - Currently exploring a technological solution to monitoring debt and progressing recovery. 	<p>Responsible Officer: Debt Manager Due Date: 31 December 2023.</p>	<p><u>August 2023.</u> New recommendation. The management response opposite is the latest comment.</p>	Not yet due.

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No.	Report Title	Recommendation / Original Management Response	Responsible Officer / Original Due Date	Latest management update (or previous commentary where appropriate)	Status of Progress (Aug 2023)
		<ul style="list-style-type: none"> - Agreed. - This is being considered as part of the Major Integra system upgrade. 			

APPENDIX C – INTERNAL AUDIT PLAN 2023/24 – PLANNED AUDIT START DATES

Apr	May	Jun	July	Aug	Sept
Debtors 2022/23 (Final Report)	Performance Indicators (In Fieldwork)	Community Grants & Funding (In Fieldwork) c/f from May	IT Project Management (In Planning)	Leaseholder Liability & Billing (In Planning)	S106 Spend Arrangements (In Planning)
Housebuilding & Acquisitions 2022/23 (Final Report)			Land Charges (In Planning)	Communities External Commissions (Allocated)	Payroll & Expenses (In Planning)
			Court Cost Tracking (In Planning) c/f from June	Homeless Bed & Breakfast (Allocated)	
				Tender Process (In Planning) c/f from July	
Oct	Nov	Dec	Jan	Feb	Mar
Wholly Owned Company (Decision Making) (Allocated)	Mobile Device Security (Allocated)	Business Rates	Corporate Governance Assurance Mapping	Risk Management Assurance Mapping	
Housing Rents (Former Tenant Arrears)	Housing Benefits	Housing Regulator Reporting (Allocated)	Sickness Absence Management (Allocated)	Leisure Contract Management	
		Debtors Assurance Mapping	Cash & Banking Assurance Mapping Refresh	Treasury Management Assurance Mapping Refresh	
			Council Tax	Creditors Assurance Mapping Refresh	

APPENDIX D – ASSURANCE / RECOMMENDATION PRIORITY LEVELS

Audit Opinions	
Assurance Level	Definition
Assurance Reviews	
Substantial	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Not Assessed	This opinion is used in relation to consultancy or embedded assurance activities, where the nature of the work is to provide support and advice to management and is not of a sufficient depth to provide an opinion on the adequacy of governance or internal control arrangements. Recommendations will however be made where required to support system or process improvements.
Grant / Funding Certification Reviews	
Unqualified	No material matters have been identified in relation the eligibility, accounting and expenditure associated with the funding received that would cause SIAS to believe that the related funding conditions have not been met.
Qualified	Except for the matters identified within the audit report, the eligibility, accounting and expenditure associated with the funding received meets the requirements of the funding conditions.
Disclaimer Opinion	Based on the limitations indicated within the report, SIAS are unable to provide an opinion in relation to the Council's compliance with the eligibility, accounting and expenditure requirements contained within the funding conditions.
Adverse Opinion	Based on the significance of the matters included within the report, the Council have not complied with the funding conditions associated with the funding received.
Recommendation Priority Levels	
Priority Level	Definition
Corporate	Critical Audit findings which, in the present state, represent a serious risk to the organisation as a whole, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately.
Service	High Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently.
	Medium Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner.
	Low Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible.