



Stevenage Borough Council Audit Committee

6 February 2024
Shared Internal Audit Service –
Progress Report

Recommendations

Members are recommended to:

- a) Note the Internal Audit Progress Report
- b) Approve the Internal Audit Plan Changes
- c) 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 19 January 2024.
 - The findings for the period 19 August 2023 to 19 January 2024.
 - 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 19 January 2024.

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 second 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 19 January 2024, 64% 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 19 August 2023:

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Performance Indicators	Sept 2023	Substantial	None
IT Malicious Software (2022/23)	Sept 2023	Reasonable	Four Medium Priority
S106 Spend Arrangements	Sept 2023	Substantial	None
Local Land Charges	Oct 2023	Substantial	None
Housing Benefits	Dec 2023	Substantial	None
Council Tax	Jan 2024	Substantial	Two 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 19 January 2024. 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	9	31%
Draft Report Issued	6	21%
In Fieldwork/Quality Review	6	21%
In Planning/Terms of Reference Issued	3	10%
Allocated	3	10%
Not Yet Allocated	0	0%
Cancelled/Deferred	2	7%
Total	29	100%

Internal Audit Plan Changes

- 2.4 The planned internal audit of Bed and Breakfast Accommodation has been cancelled. This is because there have been very few cases in the year to date. The unused audit days have been returned to contingency and may be reallocated to other work in progress, or any emerging issues during the remainder of the financial year.

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. No new High Priority recommendations have been added to the schedule since the last Progress Report.

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 19 Jan 2024	Actual Performance 19 Jan 2024	Notes
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excludes unused contingency)	95%	68%	64%	177.5 days delivered out of the current 276 days planned
2. Planned Projects * – percentage of actual completed projects to draft report stage against planned completed projects by 31 st March 2024	90%	59%	56%	15 projects to draft or final report from the 27 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	33%	New Indicator – first measurement will be May 2024 (Currently 9/27 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 4 completed questionnaire received (from the 8 issued)
5. Number of High and Critical Priority Audit Recommendations agreed as a percentage	95%	95%	100%	1 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 Whilst Plan delivery is naturally subject to a continued stable establishment and availability of client officers to support audits, we currently report no risks to the delivery of a robust annual assurance opinion.

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 – 49 days									
Business Rates (shared with EHC)						49	Yes	41	Draft Report Issued
Council Tax (shared with EHC)	Substantial	0	0	0	2		Yes		Final Report Issued
Housing Benefits (shared with EHC)	Substantial	0	0	0	0		Yes		Final Report issued
Treasury Management (risk & control mapping refresh)							Yes		In Planning
Debtors (follow up)							Yes		Deferred
Creditors (risk & control mapping refresh)							Yes		Draft Report Issued
Payroll & Expenses							Yes		In Fieldwork
Housing Rents							Yes		Draft Report Issued
Cash & Banking (risk & control mapping refresh)							Yes		Draft Report Issued
Operational Audits – 100 days									
Housing Regulator Reporting						12	Yes	5	In Fieldwork
Community Grants & Funding						12	Yes	9	Quality Review
Communities External Commissions						10	Yes	9.5	Draft Report Issued
Land Charges	Substantial	0	0	0	0	10	Yes	10	Final Report Issued
S106 Spend Arrangements	Substantial	0	0	0	0	10	Yes	10	Final Report Issued
Court Cost Tracking						10	Yes	9.5	Draft Report Issued
Leaseholder Liability & Billing	Substantial	0	0	0	3	12	Yes	12	Final Report Issued
Bed & Breakfast Accommodation						2	Yes	2	Cancelled
Wholly Owned Company (Decision Making)						12	Yes	5	In Fieldwork
Leisure Contract Management						10	Yes	1.5	In Fieldwork
Corporate Services/Themes – 57 days									
Tender Process						15	Yes	10.5	In Fieldwork

APPENDIX A - PROGRESS AGAINST THE 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				
Risk Management (risk & control mapping)						10	Yes	0	Allocated
Governance (risk & control mapping)						10	Yes	0	Allocated
Performance Indicators	Substantial	0	0	0	0	10	Yes	10	Final Report Issued
Sickness Absence Management						12	Yes	0	Allocated
IT Audits – 12 days									
Mobile Phone Security (shared with EHC)						6	Yes	2	ToR Issued
IT Project Management (shared with EHC)						6	Yes	2	ToR Issued
Completion of 2022/23 Projects – 6 days									
Debtors	Reasonable	0	1	1	1	2	Yes	2	Final Report Issued
Housebuilding & Acquisitions	Substantial	0	0	0	1	2	Yes	2	Final Report Issued
IT Malicious Software	Reasonable	0	0	4	0	2	Yes	2	Final Report Issued
Contingency – 24 days									
Contingency						24	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	6.5	Through Year
Client Engagement & Adhoc Advice						10	Yes	8	Through Year
2024/25 Audit Planning						5	Yes	3	In Progress
Service Development						5	Yes	5	Through Year
Progress Monitoring						12	Yes	9	Through Year
SAFS Related Matters						2	Yes	0	Allocated
SBC TOTAL		0	1	5	7	300		177.5	
* 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 (Jan 2024)
1.	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. - Agreed. - This is being considered as part of the Major Integra system upgrade. 	<p>Responsible Officer: Debt Manager Due Date: 31 March 2024.</p>	<p><u>January 2024.</u> Work currently in progress.</p>	Not yet due.

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

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

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.

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