



North Herts District Council
Audit Committee Progress Report
19 September 2013

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report;
- Approve the amendments to the Audit Plan as at 23 August 2013;
- And note the status of high priority recommendations listed at Appendix B.

Contents

- 1 Introduction and Background
 - 1.1 Purpose
 - 1.2 Background

- 2 Audit Plan Update
 - 2.1 Delivery of Audit Plan and Key Findings
 - 2.3 High Priority Recommendations
 - 2.5 Proposed Amendments to Audit Plan
 - 2.6 Performance Management

Appendices

- A Progress against the 2013-14 Audit Plan

- B Implementation Status of High Priority Recommendations

1. Introduction and Background

Purpose of Report

- 1.1 This report details:
- a) Progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's Annual Audit Plan for 2013-14 as at 23 August 2013.
 - b) Findings for the period 18 May 2013 to 23 August 2013 for audits assessed as 'Limited', or 'No' assurance (there were none in the period).
 - c) Proposed amendments to the approved 2013-14 Audit Plan.
 - d) Implementation status of previously agreed high priority audit recommendations.
 - e) An update on performance management information as at 23 August 2013.

Background

- 1.2 The 2013-14 Annual Audit Plan was approved by the Finance, Audit & Risk Committee on 20 March 2013.
- 1.3 The Finance, Audit & Risk Committee receives periodic updates against the Annual Internal Audit Plan, the most recent of which was brought to this Committee on 13 June 2013.
- 1.4 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 provision is fulfilling its statutory obligations. It is considered good practice that progress reports also include proposed amendments to the agreed annual audit plan.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 23 August 2013, 29% of the 2013-14 Audit Plan days had been delivered. Appendix A provides a status update on each individual project within the audit plan.
- 2.2 The following 2012-13 reports and assignments have been issued in the period since 17 May 2013 (cut-off date for the SIAS Update Report for 13 June 2013 FAR Committee):

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Corporate Governance	May '13	Substantial	one medium two merits attention
Fraud Baseline Assessment	Jun '13	N/A (baseline assessment)	five observations for consideration by all SIAS clients
VAT	Jul '13	Substantial	four merits attention

All 2012-13 audits have now been finalised.

The following 2013-14 reports have been finalised since the last FAR Committee. The current status of all 2013-14 audits is noted in Appendix A.

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Council Tax - amendments	Jul '13	Full	none
Open Data	Aug '13	Substantial	two medium five merits attention

High Priority Recommendations

- 2.3 Members will be aware that a Final Audit Report is issued when it has been agreed by management; this includes an agreement to implement the recommendations that have been made. It is SIAS's responsibility to bring to Members' attention the implementation status of high priority recommendations; it is the responsibility of Officers to implement the recommendations by the agreed date.
- 2.4 The standard template schedule attached at Appendix B shows the implementation status of previously agreed high priority audit recommendations.

Proposed Audit Plan Amendments

- 2.5 No deletions from the 2013-14 Audit Plan are currently proposed. Since the June meeting of this Committee, the following additions to the plan have been agreed with officers of the Council:

Parking Enforcement (12 days)

Value For Money Reviews - consultancy (2 days)

The budgeted days for these has been taken from contingency.

Performance Management

- 2.6 Annual performance indicators and associated targets were approved by the SIAS Board in 2011.
- 2.7 As at 23 August 2013, actual performance for North Herts against the targets that can be monitored in year was as shown in the table below.

Performance Indicator	Annual Target	Profiled Target to 23 August 2013	Actual to 23 August 2013
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	30%	29%

2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	20%	15%
3. Client Satisfaction with Conduct of the Audit – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100%
4. Number of High Priority Audit Recommendations agreed	95%	95%	None made

2.8 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2013-14 Head of Assurance's Annual Report:

- **5. External Auditors' Satisfaction** – the Annual Audit Letter should formally record whether or not the External Auditors are able to rely upon the range and the quality of SIAS' work.
- **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.
- **7. Head of Assurance's Annual Report** – presented at the Audit Committee's first meeting of the civic year.

APPENDIX A PROGRESS AGAINST THE 2013-14 AUDIT PLAN AS AT 23 AUGUST 2013

2013-14 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								
Asset Management					12	No	0	Target Q3/4
Benefits & Rent Allowances					14	No	0	Target Q3/4
Council Tax					12	No	0	Target Q3/4
Creditors					12	PwC	0	Target Q3/4
Debtors					12	PwC	0	Target Q3/4
Main Accounting					12	PwC	0	Target Q3/4
NNDR					12	No	0	Target Q3/4
Payroll					12	PwC	0	Target Q3/4
Treasury					8	No	0	Target Q3
Operational Audits								
Area Committee Grants					15	Yes	6	In fieldwork
Assets of Community Value					10	Yes	5	In fieldwork
Community Partnerships					12	Yes	11	Draft Report Issued
Consultation for Local Development Plan Framework					10	Yes	1	In planning
Council Tax - Amendments	Full	0	0	0	5	Yes	5	Final Report Issued
Document Retention					12	Yes	7	In fieldwork
Equalities					10	Yes	2.5	In planning
Green Spaces Strategy					20	Yes	10	In fieldwork
Home Improvement Grants (Disabled Facilities)					6	No	0	Target Q3

APPENDIX A PROGRESS AGAINST THE 2013-14 AUDIT PLAN AS AT 23 AUGUST 2013

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Housing Allocations & Nominations					6	Yes	4	In fieldwork
Increasing Financial Hardship					12	Yes	8	Draft Report Issued
Managing Change					12	No	0	Target Quarter tbc
Parking Strategy					6	No	2.5	In fieldwork
Partnerships					8	Yes	7.5	Draft Report Issued
Safe Staffing					10	Yes	6	In fieldwork
Subsidised Services					10	Yes	0	Target Q3
Procurement								
Contract Management					12	No	0	Target Q3
Letchworth Contract					10	No	0	Target Q3
Procurement					12	No	0	Target Q3
Counter Fraud								
TBC					10	No	0	Target Quarter tbc
Joint Reviews								
Managing Money					2	No	0	Target Quarter tbc
Herts Waste Partnership					2	No	0	Target Quarter tbc
IT Audits								
Cash Receipting System (Post Implementation Review)					10	Yes	0.5	In planning
Email Encryption					10	PwC	0	Target Q3
Open Data	Substantial	0	2	5	10	Yes	10	Final Report Issued
Disaster Recovery					10	No	0.5	In planning
Contingency								

APPENDIX A PROGRESS AGAINST THE 2013-14 AUDIT PLAN AS AT 23 AUGUST 2013

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Postal Votes					1	Yes	1	Completed
Review of FAR Committee					2	Yes	2	Completed
Payroll – Certificate of Assurance					0.5	Yes	0.5	Completed
Parking Enforcement					12	Yes	8	In fieldwork
VFM Reviews					2	Yes	0.5	In planning
To be applied as required					2.5	N/A	0	To be allocated
Follow Up Audits								
Follow up of high priority audit recommendations					7	N/A	1	On-going
Strategic Support								
Strategic Support					50	N/A	22	On-going
Completion of 2012-13 audits								
Allowance for any work remaining from the 2012-13 plan					5	N/A	5	Complete
NHDC TOTAL					440		126.5	

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (2012 & 2013 only)	SIAS Comment at 23 August 2013	Status of Progress
1	Consultants (2010-11)	Appointments over £50,000 should be approved by the Corporate Management Team (or project board if applicable).	This requirement will be considered for inclusion in the next revision of Contract Procurement Rules.	Head of Finance, Performance & Asset Management	Dec 2011	<p><u>Nov 12:</u> Procurement rules update has gone to CPG for review. Plan is – Procurement Strategy to Dec 12 FAR Committee; Contract Procurement Rules update to Jan 13 FAR.</p> <p><u>Feb 13:</u> Procurement Rules will now be taken to FAR Committee in new civic year. Assessment of rules is now also seeking to align with intentions of Public Services (Social Value) Act as well as Localism Act.</p>	Contract Procurement Rules on agenda at 5 September Full Council.	80% complete - continue to monitor

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (2012 & 2013 only)	SIAS Comment at 23 August 2013	Status of Progress
						<p><u>May 13:</u> Update going to June FAR before approval by Cabinet and Full Council.</p> <p><u>Aug 13:</u> Approved by FAR on 13 June and Cabinet on 30 July. Due to go to Full Council on 5 September for final sign-off.</p>		
2	Consultants (2010-11)	The Performance & Risk Manager should be consulted prior to any appointment to ensure that adequate insurances are in place and in order to comply with the	Commissioning officers will be reminded of best practice. Intranet procurement pages will be updated as necessary to reinforce this	Procurement Officer & Contracts Solicitor	Aug 2011	<p><u>Nov 12:</u> Procurement rules update has gone to CPG for review. Plan is – Procurement Strategy to Dec 12 FAR</p>	Contract Procurement Rules on agenda at 5 September Full Council.	80% complete - continue to monitor

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (2012 & 2013 only)	SIAS Comment at 23 August 2013	Status of Progress
		<p>Council's Contract Procurement Rules (30.2).</p> <p>Further guidance is given in Part H and in the Council's Procurement Guide. Commissioning officers should be reminded of this requirement.</p>	<p>requirement.</p> <p>Contract documents should make explicit the requirement to maintain professional indemnity insurance.</p>			<p>Committee; Contract Procurement Rules update to Jan 13 FAR Committee.</p> <p><u>Feb 13:</u> Procurement Rules will now be taken to FAR Committee in new civic year. Assessment of Rules is now also seeking to align with intentions of Public Services (Social Value) Act as well as Localism Act.</p> <p><u>May 13:</u> Update going to June FAR before approval by Cabinet and Full Council.</p>		

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (2012 & 2013 only)	SIAS Comment at 23 August 2013	Status of Progress
						<p><u>Aug 13:</u> Approved by FAR on 13 June and Cabinet on 30 July. Due to go to Full Council on 5 September for final sign-off.</p>		
3	Payroll (13/03/12)	Approval of the monthly BACS payroll payment to be in accordance with the Council's Authorised Signatory Listing.	Liaise with relevant authorised signatory (John Robinson, Strategic Director) to seek agreement for them to approve (by countersigning the BACS report) any payments in excess of HR Services Managers limit.	HR Services Manager	Immediate and completed	None	No BACS payroll payments over £700k since the audit. Therefore cannot test this control.	Progress cannot be verified - continue to monitor