



North Herts District Council  
Audit Committee Progress Report  
19 March 2014

**Recommendation**

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 21 February 2014;
- Approve the amendments to the Audit Plan as at 21 February 2014; and
- Agree removal of implemented high priority recommendations.

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## **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 21 February 2014.
  - b) Findings for the period 8 November 2013 to 21 February 2014 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 and to agree removal of completed actions.
  - e) An update on performance management information as at 21 February 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 5 December 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 21 February 2014, 82% 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 2013-14 audits have been finalised since the last FAR Committee. The current status of all 2013-14 audits is noted in Appendix A.

<b>Audit Title</b>	<b>Date of Issue</b>	<b>Assurance Level</b>	<b>Number of Recommendations</b>
Creditors	Feb 2014	Substantial	one medium three merits attention
Debtors	Feb 2014	Substantial	two medium four merits attention
Treasury Management	Jan 2014	Substantial	three medium three merits attention
Increasing Financial Hardship	Feb 2014	Full	None
Common Housing Allocation Scheme	Dec 2013	Substantial	five medium one merits attention
Partnerships / Community Partnerships	Nov 2013	Substantial	four medium four merits attention
Cash Receipting System	Jan 2014	Substantial	three medium one merits attention
Parking Strategy	N/A	Consultancy	N/A
Local Development Plan Framework	Jan 2014	Substantial	one merits attention
Home Improvement Grants	N/A	Consultancy	N/A
VFM Reviews	N/A	Consultancy	N/A
Delta E-tendering	N/A	Consultancy	N/A

#### 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 A piece of unplanned consultancy work looking at processes related to the Delta E-tendering system was carried out during the period with the time budget met from the Authority's contingency allowance.

#### Performance Management

##### Reporting of Audit Plan Delivery Progress

- 2.6 At the meeting of FAR on 5 December 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 now reflected in the figures at 2.13 (below).
- 2.7 To help the Committee in assessing the current situation in terms of progress against the projects in the audit plan we have provided an overall progress update in the table below. Once again we have indicated our confidence

level about the work being completed on time based on our knowledge of our resource availability and other factors.

<b>Completed - Draft or Final report has been issued (23)</b>	
Confidence level in completion of this work – Full	
Council Tax Amendments	Community Partnerships
Area Committee Grants	Green Spaces Strategy
Assets of Community Value	Housing Allocations & Nominations
Increasing Financial Hardship	Partnerships
Safe Staffing	Open Data
Parking Enforcement	Creditors
Debtors	Main Accounting
Payroll	Treasury Mgt
Home Improvement Grants	Local Development Plan Framework
Equalities	Parking Strategy
Document Retention	Cash Receipting System
Email encryption	

<b>Fieldwork currently being carried out or in Quality Review (12)</b>	
Confidence level in completion of this work – Full	
Managing Change	Subsidised Services
Benefits & Rent Allowances	Council Tax
Anti-Fraud Coverage	Asset Management
Contract Management	Disaster Recovery
Letchworth Contract	NDR
Managing Money	Herts Waste Partnership

<b>Scope and Start date agreed with Management - preliminary work has begun (1)</b>	
Confidence level in completion of this work – Good – resources have been allocated to these activities by SIAS and management has agreed the way forward; dates are planned in diaries; all pieces are considered by SIAS to be relatively straightforward	
BACS	

<b>Formal start dates not yet agreed (0)</b>	
Confidence level in completion of this work – Moderate – resources have been allocated by SIAS but dates have not yet been planned in diaries; generally these audits are more complex and will need good engagement with management to ensure delivery	
Audit	Status Update
None	N/A

<b>Deferred (1)</b>	
Procurement	

<b>Summary – 21 February 2014</b>		
<b>Status</b>	<b>No of Audits at this Stage</b>	<b>% of Total Audits (37)</b>
Completed	23	62%
Currently in Progress	11	32%
Start Date Agreed	2	3%
Yet to be planned	0	
Deferred	1	3%

2.12 Annual performance indicators and associated targets were approved by the SIAS Board in 2011.

2.13 As at 21 February 2014, actual performance for North Herts against the targets that can be monitored in year was as shown in the table below.

<b>Performance Indicator</b>	<b>Annual Target</b>	<b>Profiled Target to 21 February 2014</b>	<b>Actual to 21 February 2014</b>
<b>1. Planned Days</b> – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	88%	82%
<b>2. Planned Projects</b> – percentage of actual completed projects to draft report stage against planned completed projects; please also see table under 2.11	95%	76%	62%
<b>3. Client Satisfaction with Conduct of the Audit</b> – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100%
<b>4. Number of High Priority Audit Recommendations agreed</b>	95%	95%	100%

2.14 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 21 FEBRUARY 2014**

**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				
<b>Key Financial Systems</b>								
Asset Management					12	Yes	6	In fieldwork
Benefits & Rent Allowances					14	Yes	5	In fieldwork
Council Tax					12	Yes	6	In fieldwork
Creditors	Substantial	0	1	3	12	PwC	12	Final report issued
Debtors	Substantial	0	2	4	12	PwC	12	Final report issued
Main Accounting					12	PwC	11	Draft report issued
NDR					12	Yes	6	In fieldwork
Payroll					12	PwC	11	Draft report issued
Treasury	Substantial	0	3	3	8	Yes	8	Final report issued
<b>Operational Audits</b>								
Area Committee Grants	Substantial	0	1	2	15	Yes	15	Final report issued
Assets of Community Value	Moderate	1	0	1	10	Yes	10	Final report issued
Community Partnerships	Substantial	0	4	4	12	Yes	12	Final report issued
Consultation for Local Development Plan Framework	Substantial				10	Yes	10	Final report issued
Council Tax - Amendments	Full	0	0	0	5	Yes	5	Final report issued
Document Retention					12	Yes	11.5	Draft report Issued
Equalities					10	Yes	9.5	Draft report Issued
Green Spaces Strategy	Substantial	0	1	0	20	Yes	20	Final report issued
Home Improvement Grants (Disabled Facilities)					2	Yes	2	Complete

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Housing Allocations & Nominations	Substantial	0	5	1	6	Yes	6	Final report issued
Increasing Financial Hardship	Full	0	0	0	12	Yes	12	Final report issued
Managing Change					12	Yes	6	In fieldwork
Parking Strategy					3	Yes	3	Complete
Partnerships	As per 'Partnerships' (above)				8	Yes	8	Final report issued
Safe Staffing	Substantial	0	3	2	10	Yes	10	Final report issued
Subsidised Services					10	Yes	2	In fieldwork
<b>Procurement</b>								
Contract Management					12	Yes	6	In fieldwork
Letchworth Contract					10	Yes	5.5	In fieldwork
Procurement						No		Audit deferred to 14/15
<b>Counter Fraud</b>								
Anti-fraud coverage from baseline assessment					10	Yes	6	In fieldwork
<b>Joint Reviews</b>								
Managing Money					2	No	1	In fieldwork
Herts Waste Partnership					2	Yes	1	In fieldwork
<b>IT Audits</b>								
BACS (Post Implementation Review)					7	Yes	0	In planning
Cash Receipting System (Post Implementation Review)	Substantial	0	3	1	10	Yes	10	Final report issued
Email Encryption					10	PwC	9	Draft report issued



**APPENDIX A      PROGRESS AGAINST THE 2013-14 AUDIT PLAN AS AT 21 FEBRUARY 2014**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Open Data	Substantial	0	2	5	10	Yes	10	Final report issued
Disaster Recovery					10	Yes	7	In fieldwork
<b>Contingency</b>								
Postal Votes	N/A	N/A			1	Yes	1	Completed
Review of FAR Committee	N/A	N/A			2	Yes	2	Completed
Payroll – Certificate of Assurance	N/A	N/A			0.5	Yes	0.5	Completed
Parking Enforcement	Substantial	0	0	3	12	Yes	11	Final report issued
VFM Reviews	N/A	N/A			2	Yes	2	Completed
Delta E-tendering					3.5		3.5	
To be applied as required	N/A	N/A			11	N/A	0	
<b>Follow Up Audits</b>								
Follow up of high priority audit recommendations	N/A	N/A			7	N/A	7	On-going
<b>Strategic Support</b>								
Strategic Support	N/A	N/A			50	N/A	46	On-going
<b>Completion of 2012-13 audits</b>								
Allowance for any work remaining from the 2012-13 plan	N/A	N/A			5	N/A	5	Complete
<b>NHDC TOTAL</b>					<b>440</b>		<b>352.5</b>	

## APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

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No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment at 21 February 2014	Status of Progress
		No High Priority Recommendations in this reporting period.						