



North Herts District Council
Audit Committee Progress Report
24 September 2015

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 28 August 2015;
- Approve the amendments to the Audit Plan as at 28 August 2015; and
- Agree removal of implemented high priority recommendations.

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 2015/16 Audit Plan
- B Implementation Status of High Priority Recommendations
- C Audit Plan Items (April 2015 to March 2016) – Start dates agreed with management

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 2015/16 as at 28 August 2015.
 - b) Findings for the period 23 May 2015 to 28 August 2015 for audits assessed as 'Limited', or 'No' assurance (there were none in the period).
 - c) Proposed amendments to the approved 2015/16 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 28 August 2015.

Background

- 1.2 The 2015/16 Annual Audit Plan was approved by the Finance, Audit & Risk Committee on 18 March 2015.
- 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 15 June 2015. This is the second report giving feedback on the delivery of the 2015/16 Internal Audit Plan.
- 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 28 August 2015, 26% of the 2015/16 Audit Plan days had been delivered. Appendix A provides a status update on each individual project within the audit plan.

- 2.2 The following 2015/16 final reports and assignments have been issued since 22 May (cut-off date for the SIAS Update Report for 15 June 2015 FAR Committee):

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Insurance	June 2015	Substantial	1 Merits Attention
Purchase Cards	July 2015	Substantial	2 Merits Attention
Social Media	August 2015	Substantial	1 Medium, 1 Merits Attention
Section 106	August 2015	Substantial	2 Medium, 1 Merits Attention

Details on the status of all audits in this year's plan are detailed in Appendix A.

High Priority Recommendations

- 2.4 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.
- 2.5 The standard template schedule attached at Appendix B shows the implementation status of previously agreed high priority audit recommendations.

Proposed Audit Plan Amendments

- 2.6 No changes to the 2015/6 Audit Plan are brought to this Committee.

Performance Management

Reporting of Audit Plan Delivery Progress

- 2.7 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 2.10 (below).

- 2.8 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. In addition, for 2015/16 we have agreed formal start dates with management and have allocated resources accordingly; details can be found in Appendix C. This is designed to facilitate a smoother level of audit plan delivery throughout the year.

Completed - Draft or Final report has been issued (5)	
Confidence level in completion of this work – Full	
Review of FAR	Insurance
Social Media	Purchase Cards
Section 106	

Fieldwork currently being carried out or in Quality Review (5)	
Confidence level in completion of this work – Full	
Ongoing Financial Viability of Contractors	Creditors
Main Accounting System	Debtors
Benchmarking of Risk Management	

Scope and Start date agreed with Management - preliminary work has begun (18)	
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.	
District Museum Project	Careline Expansion Initiative
Community Centres & Halls	Safer Staffing
Elections Payroll	Treasury Management
Payroll	Council Tax
Non Domestic Rates	Benefits & Rent Allowances
Asset Management	Waste Contract Mgt & Renewal
Officers & Members Allowances	Profit Share Arrangements
Asset Management	DCO Refurbishment
Data Network	Use of Agency Staff

Formal start dates not yet agreed (0)	
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	

Deferred (0)	
None	

Summary – 28 August 2015		
Status	No of Audits at this Stage	% of Total Audits (28)
Draft / Final	5	18%
Currently in Progress	5	18%
Start Date Agreed	18	64%
Yet to be planned	0	0%
Deferred	0	0%

- 2.9 Annual performance indicators and associated targets were approved by the SIAS Board in March 2015.
- 2.10 As at 28 August 2015, 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 28 August 2015	Actual to 28 August 2015
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	28%	27%
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	21%	18%
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%	N/A	N/A

- 2.11 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2015/16 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 2015/16 AUDIT PLAN AS AT 28 AUGUST 2015

2015/16 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								
Main Accounting System					8	Yes	3.5	In fieldwork
Debtors					8	Yes	3.0	In fieldwork
Creditors					8	Yes	2.0	In fieldwork
Treasury Management					8	Yes	1.0	In planning
Payroll					12	BDO		Start date agreed
Council Tax					12	BDO		Start date agreed
Non Domestic Rates					10	Yes		Start date agreed
Benefits & Rent Allowances					14	Yes		Start date agreed
Asset Management					12	Yes		Start date agreed
Operational Audits								
Ongoing Financial Viability of Contractors					15	Yes	9.5	In fieldwork
Elections Payroll					15	Yes	0.5	In planning
Community Halls and Centres					15	Yes		Start date agreed
Careline Expansion Initiative					12	Yes		In planning
Social Media	Substantial	0	1	1	10	Yes	10	Final report issued
Insurance	Substantial	0	0	1	15	Yes	15	Final report issued
District Museum Project					15	Yes		Start date agreed
Profit Share Arrangements					10	Yes	1	In planning
DCO Refurbishment Project					7	Yes		Start date agreed

APPENDIX A PROGRESS AGAINST THE 2015/16 AUDIT PLAN AS AT 28 AUGUST 2015

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Section 106 Payments	Substantial	0	2	1	10	Yes	10	Final report issued
Use of Agency Staff					15	Yes	0.5	In planning
Safer Staffing (inc. partner Organisations)					15	Yes		Start date agreed
Officers & Members Allowances					15	Yes		Start date agreed
Neighbourhood Plans					15	Yes		Start date agreed
Procurement								
Waste Contract Mgt & Renewal					20	BDO		Start date agreed
Procurement Cards	Substantial	0	0	2	12	Yes	12	Final report issued
Joint Reviews								
Shared Learning – inc. Benchmarking of Risk Management					5	Yes	0.5	In fieldwork
IT Audits								
Data Network (Access & Resilience etc.)					15	Yes		Start date agreed
Contingency & Other								
Contingency					5			As and when required
Election Support					2	Yes	2	Completed
Review of FAR	N/A	N/A			3	Yes	3	Final report issued
Strategic Support								
Head of Internal Audit Opinion 2014/15					5		5	Completed
Audit Committee					12		4	On-going

APPENDIX A PROGRESS AGAINST THE 2015/16 AUDIT PLAN AS AT 28 AUGUST 2015

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Client liaison meetings					9		4.0	On-going
External Audit Liaison					1			On-going
Progress Monitoring					10		4.5	On-going
SIAS Development					5		5	Completed
2016/17 Audit Planning					10			Start date agreed
14-15 Projects Requiring Completion					10		10	
Asset Management	Substantial	0	3	2				Final report issued
Benefits & Rent Allowances	Full	0	0	0				Final report issued
Payroll Contracts Mgt	Substantial	0	1	4				Final report issued
NDR	Substantial	0	2	0				Final report issued
Council Tax	Substantial	0	1	2				Final report issued
Debtors	Substantial	0	2	3				Final report issued
Electronic Planning Register	Not Assessed	0	0	0				Final report issued
IT Change Control	Substantial	0	0	4				Final report issued
Disabled Facilities	Substantial	0	4	6				Final report issued
Total - North Herts D.C.					400		106	

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	SIAS Comment at 28 August 2015	Status of Progress
1,	Data Protection and FOI (March 2015)	<p>Data sharing agreements should be put in place for all known data sharing arrangements. Data sharing agreements should reflect the ICO Code of Data Sharing Practice.</p> <p>Reviews of data sharing agreements should be scheduled and completed accordingly (the ICO guidance is that 'regular reviews' are expected).</p> <p>The current</p>	Recommendation agreed	IT Business Manager	1 July 2015	<p>Information Communications Technology Manager Update – August 2015</p> <p>Data sharing agreements put in place for all known data sharing arrangements.</p> <p>Data sharing agreements reflect the ICO Code of Data Sharing Practice.</p> <p>Reviews of data sharing agreements are scheduled and completed accordingly</p> <p>Team Meetings attended and Heads of Service contacted</p>	Implemented	Completed – to be removed

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No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment at 28 August 2015	Status of Progress
		<p>exercise to visit all service management teams to identify whether all data sharing arrangement are known to the ICT team should be completed as soon as reasonably possible.</p> <p>Service managers should be reminded that they must liaise with the ICT section before entering into any data sharing arrangement and, if advised that a formal data sharing agreement is needed (e.g. the data will be shared on an ongoing</p>				<p>to ascertain which external bodies their departments share data with.</p> <p>Managers have been reminded that they must liaise with the ICT section before entering into any data sharing arrangement.</p> <p>Recommendation completed but ongoing Meetings and reviews of Data Sharing Agreements and arrangements will continue to be carried out.</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	SIAS Comment at 28 August 2015	Status of Progress
		rather than a one-off basis) then they should ensure that this is in place and copy the signed agreement to the ICT Manager without delay.						

APPENDIX C AUDIT PLAN ITEMS (APRIL 2015 TO MARCH 2016) – START DATES AGREED WITH MANAGEMENT

Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Insurance Final Report Issued	Procurement Cards Final Report Issued	Ongoing Financial Viability of Contractors In Fieldwork		Elections Payroll In Planning	Benchmarking of Risk Mgt	Key Financial Systems (8)	Officers & Members Allowances	Profit Share Arrangements	Asset Mgt	Data Network	District Museum Project
Social Media Final Report Issued	Section 106 Final Report Issued					Waste Contract Mgt & Renewal	Neighbourhood Plans	Community Halls & Centres	DCO Refurbishment	Use of Agency Staff	
	Review of FAR Final Report Issued						Careline Expansion Initiative			Safer Staffing	