



North Herts District Council  
Audit Committee Progress Report  
10 December 2015

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 20 November 2015;
- Approve the amendments to the Audit Plan as at 20 November 2015; 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 2015/16 as at 20 November 2015.
  - b) Findings for the period 29 August 2015 to 20 November 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 20 November 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 24 September 2015. This is the third 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 20 November 2015, 46% 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 28 August (cut-off date for the SIAS Update Report for 24 September 2015 FAR Committee):

<b>Audit Title</b>	<b>Date of Issue</b>	<b>Assurance Level</b>	<b>Number of Recommendations</b>
Ongoing Financial Viability of Contractors	November 2015	Moderate	3 Medium, 1 Merits Attention
Treasury Management	November 2015	Substantial	None

#### 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 There are currently no outstanding high priority recommendations to be brought to the Committee's attention.

#### Proposed Audit Plan Amendments

- 2.5 At the request of the Head of Finance Performance & Asset Management, one day has been allocated for an independent examination of the annual accounts of the King George V Playing Fields Charitable Trust. The budget for this piece of additional work will be met from the Authority's contingency allowance, leaving a balance of four days.

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

<b>Completed - Draft or Final report has been issued (9)</b>	
Confidence level in completion of this work – Full	
Review of FAR	Insurance
Social Media	Purchase Cards
Section 106	Ongoing Financial Viability of Contractors
Payroll	Treasury Management
Elections Payroll	

<b>Fieldwork currently being carried out or in Quality Review (10)</b>	
Confidence level in completion of this work – Full	
Council Tax	Creditors
Main Accounting System	Debtors
Benchmarking of Risk Management	Community Centres & Halls
Waste Contract Mgt & Renewal	Neighbourhood Plans
Benefits & Rent Allowances	Non Domestic Rates

<b>Scope and Start date agreed with Management - preliminary work has begun (10)</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.	
District Museum Project	Careline Expansion Initiative
Profit Share Arrangements	Safer Staffing
DCO Refurbishment	Asset Management
Use of Agency Staff	Officers & Members Allowances
Data Network	King George V Charitable Trust

<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	
<b>Audit</b>	<b>Status Update</b>
None	

<b>Deferred (0)</b>	
None	

<b>Summary – 20 November 2015</b>		
<b>Status</b>	<b>No of Audits at this Stage</b>	<b>% of Total Audits (29)</b>
Draft / Final	9	31%
Currently in Progress	10	34.5%

Start Date Agreed	10	34.5%
Yet to be planned	0	0%
Deferred	0	0%

2.8 Annual performance indicators and associated targets were approved by the SIAS Board in March 2015.

2.9 As at 20 November 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 20 November 2015	Actual to 20 November 2015
<b>1. Planned Days</b> – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	45%	46%
<b>2. Planned Projects</b> – percentage of actual completed projects to draft report stage against planned completed projects	95%	34%	31%
<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%	N/A	N/A

2.10 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 20 NOVEMBER 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				
<b>Key Financial Systems</b>								
Main Accounting System					8	Yes	7	Drafting report
Debtors					8	Yes	7	Drafting report
Creditors					8	Yes	5	Drafting report
Treasury Management	Substantial	0	0	0	8	Yes	3	Final report issued
Payroll					12	BDO	11	Draft report issued
Council Tax					12	BDO	9	In fieldwork
Non Domestic Rates					10	Yes	1	In fieldwork
Benefits & Rent Allowances					14	Yes	3	In fieldwork
Asset Management					12	Yes		Start date agreed
<b>Operational Audits</b>								
Ongoing Financial Viability of Contractors	Moderate	0	3	1	15	Yes	14.5	Final report issued
Elections Payroll					15	Yes	14	Draft report issued
Community Halls and Centres					15	Yes	2.5	In fieldwork
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	1.5	In planning
DCO Refurbishment Project					7	Yes		Start date agreed

**APPENDIX A PROGRESS AGAINST THE 2015/16 AUDIT PLAN AS AT 20 NOVEMBER 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	0.5	In planning
Neighbourhood Plans					15	Yes	3	In fieldwork
King George V Charitable Trust					1	No		To be allocated
<b>Procurement</b>								
Waste Contract Mgt & Renewal					20	BDO	2	In fieldwork
Procurement Cards	Substantial	0	0	2	12	Yes	12	Final report issued
<b>Joint Reviews</b>								
Shared Learning – inc. Benchmarking of Risk Management					5	Yes	2.5	In fieldwork
<b>IT Audits</b>								
Data Network (Access & Resilience etc.)					15	Yes	0.5	In planning
<b>Contingency &amp; Other</b>								
Contingency					4			As and when required
Election Support					2	Yes	2	Completed
Review of FAR	N/A	N/A			3	Yes	3	Final report issued
<b>Strategic Support</b>								
Head of Internal Audit Opinion 2014/15					5		5	Completed



**APPENDIX A PROGRESS AGAINST THE 2015/16 AUDIT PLAN AS AT 20 NOVEMBER 2015**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Audit Committee					12		8.5	On-going
Client liaison meetings					9		4.5	On-going
External Audit Liaison					1		0.5	On-going
Progress Monitoring					10		6.5	On-going
SIAS Development					5		5	Completed
2016/17 Audit Planning					10		2	In fieldwork
<b>14-15 Projects Requiring Completion</b>					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
<b>Total - North Herts D.C.</b>					<b>400</b>		<b>181.5</b>	

NHDC - 15/16 Audit Plan - Start Months											
Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Insurance - Final report	Procurement Cards - Final Report	On-going Financial Viability of Contractors - Final report		Elections Payroll – draft report	Bench-marking of Risk Mgt -drafting report	Main Accounting CRSA Yr1 - drafting report	Officers & Members Allowances - in planning	Profit Share Arrangements – in planning	Asset Management	Data Network	District Museum Project
Social Media - Final Report	Section 106 - Final report					Debtors CRSA Yr1 - drafting report	Neighbourhood Plans – in fieldwork	Community Centres and Halls – in fieldwork	DCO Refurbishment	Use of Agency Staff	
	Review of FAR - Final report					Creditors CRSA Yr1 – drafting report	NDR - in fieldwork	Benefits & Rent Allowances - in fieldwork	Careline Expansion Initiative	Safer Staffing	
						Treasury Management CRSA Yr2 – Final report	Council Tax - in fieldwork				
						Payroll - draft report					
						Waste Contract Mgt & Renewal - in fieldwork					