



North Herts District Council
Audit Committee Progress Report
13 June 2016

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 20 May 2016;
- Approve the amendments to the Audit Plan as at 20 May 2016; and
- Note the implementation status of 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
 - 2.7 Performance Management

Appendices

- A Progress against the 2016/17 Audit Plan
- B Implementation Status of High Priority Recommendations
- C Audit Plan Items (April 2016 to March 2017) – 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 2016/17 as at 20 May 2016.
 - b) Findings for the period 5 March 2016 to 20 May 2016 for audits assessed as 'Limited', or 'No' assurance (there were none in the period).
 - c) Proposed amendments to the approved 2016/17 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 May 2016.

Background

- 1.2 The 2015/16 Annual Audit Plan was approved by the Finance, Audit & Risk Committee on 23 March 2016.
- 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 23 March 2016. This is the first report giving feedback on the delivery of the 2016/17 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 May 2016, 10% of the 2016/17 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 9 March (cut-off date for the SIAS Update Report for 23 March 2016 FAR Committee):

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Non Domestic Rates	March 2016	Substantial	2 Medium, 1 Merits Attention
Careline	April 2016	Substantial	1 Medium, 2 Merits Attention
Data Network	April 2016	Full	None
Use of Agency Staff	April 2016	Substantial	2 Medium, 1 Merits Attention
Cemeteries	May 2016	Substantial	1 Medium, 1 Merits Attention
Profit Share Arrangements	May 2016	Full	None
Officer & Member Expenses	May 2016	Substantial	3 Medium
DCO Refurbishment Project	May 2016	Substantial	2 Medium, 2 Merits Attention

- 2.3 The following 2016/17 final reports and assignments have been issued.

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Review of FAR	May 2016	Not Assessed	None

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 It has been agreed with management to allocate five days from contingency to undertake a review of the Baldock Town Partnership. In addition, time has been allocated from the Grants audit budget to investigate an issue with the governance arrangements around specific Area Committee grants made at year end.

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 2016/17 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.

Completed - Draft or Final report has been issued (1)	
Confidence level in completion of this work – Full	
Review of FAR	

Fieldwork currently being carried out or in Quality Review (3)	
Confidence level in completion of this work – Full	
Car Parking Operations	Absence Management
Business Continuity	

Scope and Start date agreed with Management - preliminary work has begun (26)	
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.	
Data Retention & Storage	Contract Management
Ethics Policies	Baldock Town Partnership
Data Protection / FOI	Risk Management
Homelessness	Treasury Management
Main Accounting	Debtors
Creditors	Green Space Strategy
Payroll	Non Domestic Rates
Council Tax	Careline Operations
IT Asset Management	Benefits

Appraisal Process	Development Control
Use of Consultants	Corporate Project Management
Grants	Asset Management
Office Accommodation Project	HTH & Museum

Formal start dates not yet agreed (1)

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
Joint Review (subject to be determined by SIAS Board)	

Deferred (0)

None	
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Summary – 20 May 2016

Status	No of Audits at this Stage	% of Total Audits (31)
Draft / Final	1	3%
Currently in Progress	3	10%
Start Date Agreed	26	84%
Yet to be planned	1	3%

Deferred	0	
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2.9 Annual performance indicators and associated targets were approved by the SIAS Board in March 2015.

2.10 As at 20 May 2016, 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 May 2016	Actual to 20 May 2016
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	12%	10%
2. Planned Projects – percentage of actual completed	95%	3%	3%

projects to draft report stage against planned completed projects			
3. Client Satisfaction with Conduct of the Audit – percentage of client satisfaction questionnaires returned at ‘satisfactory’ level	100%	100%	N/A
4. Number of High Priority Audit Recommendations agreed	95%	N/A	None yet made in 2016/17

2.11 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2016/17 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 2016/17 AUDIT PLAN AS AT 20 MAY 2016

2016/17 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		Start date agreed
Benefits & Rent Allowances					14	Yes		Start date agreed
Council Tax					12	Yes		Start date agreed
Creditors					8	Yes		Start date agreed
Debtors					8	Yes		Start date agreed
Asset Management					12	Yes		Start date agreed
Non Domestic Rates					10	Yes		Start date agreed
Payroll					8	Yes		Start date agreed
Treasury Management					12	Yes		Start date agreed
Operational Audits								
Development Control					15	Yes		Start date agreed
Ethics Policies					10	Yes	2.2	In planning
HTH & Museum Project					15	Yes		Start date agreed
Careline Operation					15	Yes		Start date agreed
Homelessness					10	Yes		Start date agreed
Grants					15	Yes	0.5	In planning
Business Continuity / Disaster Recovery					15	Yes	3.1	In fieldwork
Absence Management					10	Yes	1.9	In fieldwork
Office Accommodation Project					10	Yes		Start date agreed
Appraisal Process					10	Yes		Start date agreed
Risk Management					10	Yes		Start date agreed

APPENDIX A PROGRESS AGAINST THE 2016/17 AUDIT PLAN AS AT 20 MAY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Car Parking Operations					10	Yes	3.0	In fieldwork
Green Space Strategy					10	Yes	0.1	Start date agreed
Data Retention & Storage					10	Yes	1.5	In planning
Procurement								
Use of Consultants					10	Yes	0.2	Start date agreed
Corporate Project Management					15	Yes		Start date agreed
Contract Management					15	Yes	2.0	ToR issued
Joint Reviews								
Shared Learning Newsletters Audit Committee Workshop Joint Review – Benchmarking Workshop (tbd)					5	Yes		
Joint Reviews – tbd by SIAS Board					5	Yes		
IT Audits								
Data Protection / FOI					10	Yes	0.1	Start date agreed
IT Asset Management					10	Yes		Start date agreed
Contingency & Other								
Contingency					0			
Election Support					2	Yes	2.0	Completed
Baldock Town Partnership					5	Yes	1.0	In planning
Review of FAR					3	Yes	3.0	Completed
Strategic Support								
Head of Internal Audit Opinion 2016/17					5	Yes	5.0	Completed

APPENDIX A PROGRESS AGAINST THE 2016/17 AUDIT PLAN AS AT 20 MAY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
External Audit Liaison					1		On-going	
Audit Committee					12	3.0	On-going	
Client meetings					10		On-going	
2017/18 Audit Planning					10		Start date agreed	
Progress Monitoring					10	2.0	On-going	
SIAS Development					5			
15/16 Projects Requiring Completion					10	8.0		
Asset Management							Draft report issued	
Careline Expansion Initiative	Substantial	0	1	2			Final report issued	
Profit Share Arrangements	Full	0	0	0			Final report issued	
DCO Refurbishment Project	Substantial	0	2	2			Final report issued	
Use of Agency Staff	Substantial	0	2	1			Final report issued	
Safer Staffing							Draft report issued	
Officer & Members Allowances	Substantial	0	3	0			Final report issued	
Cemeteries	Substantial	0	1	1			Final report issued	
Waste Contract – Management & Renewal							Draft report issued	
Data Network (Starters & Leavers)	Full	0	0	0			Final report issued	
Total - North Herts D.C.					400	38.6		

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 20 May 2016	Status of Progress
1.	Community Halls and Centres February 2016	An updated report be taken to Cabinet to obtain a formal decision on how the Council should progress and complete community centre lease negotiations, in order to conclude this process and set the expectations for future lease negotiations for other NHDC owned community assets. This should include an update of the current position, including work undertaken to date and also tenancy options to be considered.	Agreed – updated report to be produced and taken to Cabinet, seeking guidance on how officers should now progress remaining lease negotiations and/or review agreed policy.	Senior Estates Surveyor and Head of Policy & Community Services	June 2016	Head of Policy & Community Services – May 2016 A report on the status of lease negotiations with four community centres (Walsworth, Coombes, Westmill and St Michaels) was presented to the June 2016 Cabinet. It was resolved that officers should once more attempt to progress negotiations on basis agreed by the two relevant Executive Members, and by August 2016. If no agreement is reached by that time, officers to report again to Cabinet in September when they will consider and may resolve to take	In progress	Carry Forward to Sept FAR

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 20 May 2016	Status of Progress
						alternative approach. We are hopeful that agreement will be reached with Westmill and conclude negotiations within 5/6 weeks, with second meetings due with other centres regarding revised lease documents in the next month.		

NHDC 2016/17 Audit Plan Start Months											
Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Car Parking Operations	Absence Management	Contract Management	DP/FOI	Office Accommodation Project	HTH & Museum	Homelessness	Payroll	Benefits	Use of Consultants	Asset Management	
Review of FAR	Data Retention & Storage	Ethics Policies			Risk Management	Treasury Management	NDR	Appraisal Process	Corporate Project Management		
	Business Continuity					Main Accounting	Council Tax	Development Control	Grants		
						Debtors	Careline Operation				
						Creditors	IT Asset Management				
						Green Space Strategy					