



Three Rivers District Council
Audit Committee Progress Report
26 March 2019

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 8 March 2019
- Agree changes to the implementation dates for 2 audit recommendations (paragraph 2.5) for the reasons set out in Appendices 3 to 5
- Agree removal of implemented audit recommendations (Appendices 3 to 5)

Contents

- 1 Introduction and Background
 - 1.1 Purpose of Report
 - 1.2 Background

- 2 Audit Plan Update
 - 2.1 Delivery of Audit Plan and Key Findings
 - 2.3 All Priority Audit Recommendations
 - 2.6 Proposed Audit Plan Amendments
 - 2.7 Performance against Targets

Appendices

- 1 Progress against the 2018/19 Audit Plan
 - 2 2018/19 Audit Plan Projected Start Dates
 - 3-5 Progress against Outstanding Internal Audit 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 2018/19 as at 8 March 2019.
 - b) Proposed amendments to the approved 2018/19 Annual Audit Plan.
 - c) Implementation status of all previously agreed audit recommendations from 2016/17 onwards.
 - d) An update on performance management information as at 8 March 2019.

Background

- 1.2 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.
- 1.3 The 2018/19 Annual Audit Plan was approved by Audit Committee on 15 March 2018.
- 1.4 The Audit Committee receives periodic updates on progress against the Annual Audit Plan from SIAS, the most recent of which was brought to this Committee on 4 December 2018.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 8 March 2019, 91% of the 2018/19 Audit Plan days had been delivered (calculation excludes unused 'To Be Allocated'). Appendix A provides a status update on each individual deliverable within the audit plan.
- 2.2 Eight 2018/19 reports have been finalised since the date of the December meeting of this committee.

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
NDR	Dec '18	Satisfactory	One medium Two low
Cyber Security	Jan '19	Satisfactory	Three medium
Temporary	Feb '19	Satisfactory	Three medium

Accommodation			One low
Council Tax	Feb '19	Satisfactory	One medium Four low
Payroll	Feb '19	Good	None
Treasury Management	Feb '19	Good	None
CIL (Recovery & Enforcement)	Feb '19	Satisfactory	Two low
Creditors	Feb '19	Good	None

All Priority Audit Recommendations

2.3 Members will be aware that a Final Audit Report is issued when agreed by Management. This includes an agreement to implement the recommendations made. It is SIAS's responsibility to bring to Members' attention the implementation status of recommendations; it is the responsibility of officers to implement the recommendations by the agreed date.

2.4 The table below summarises progress in implementation of all outstanding internal audit recommendations at 8 March 2019, with full details given in appendices 3 to 5:

Year	Recommendations made No.	Implemented	Not yet due	Outstanding & request made for extended time*	Percentage implemented %
2016/17	39	37	2	0	95%
2017/18	34	33	1	0	97%
2018/19	19	8	9	2	42%

*Or no update provided.

2.5 Since December 2018 Audit Committee, extension to implementation dates have been requested by action owners for 2 recommendations as follows:

- a) One from the 2018/19 Temporary Accommodation audit, and
- b) One from the 2018/19 Council Tax audit.

Proposed 2018/19 Audit Plan Amendments

2.6 There are no amendments to the 2018/19 Audit Plan to bring before this meeting of the Committee.

Performance against Targets

Reporting of Audit Plan Delivery Progress

- 2.7 To help the Committee assess the current situation in terms of progress against the projects in the 2018/19 Audit Plan, an analysis of agreed start dates is shown at Appendix 2. Dates have been agreed with management and resources allocated accordingly. This is designed to facilitate smooth delivery of the audit plan through the year.
- 2.8 The 2018/19 Annual performance indicators and targets were approved by the SIAS Board in March 2018. Actual performance for Three Rivers District Council (including the Shared Services Plan) against the targets that are monitored in year is set out in the table below.

Performance Indicator	Annual Target	Profiled Target to 8 March 2019	Actual to 8 March 2019
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency).	95%	91% (260 / 287 days)	88% (253 / 287 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects (excludes 2017/18 completion and 'ongoing' pieces).	95%	83% (20 out of 24 projects to draft)	79% (19 out of 24 projects to draft)
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level.	100%	100%	100% (based on five received)
4. Number of High / Critical Priority Audit Recommendations agreed	95%	95%	N/A – none yet made in 2018/19

- 2.9 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported in the 2018/19 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 civic year.
 - **7. Head of Assurance's Annual Report** – presented at the Audit Committee's first meeting of the civic year.
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APPENDIX 1 INTERNAL AUDIT PLAN 2018/19 – UPDATE ON POSITION AS AT 8 MARCH 2019

2018/19 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	MA				
Key Financial Systems									
Benefits (shared plan)						14	Yes	13.5	Draft Report Issued
Council Tax (shared plan)	Satisfactory	0	0	1	3	13	Yes	13	Final Report Issued
Creditors (shared plan)	Good	0	0	0	0	10	Yes	10	Final Report Issued
Debtors (shared plan)	Good	0	0	0	0	10	Yes	10	Final Report Issued
Main Accounting (shared plan)						14	Yes	10	In Fieldwork
NDR (shared plan)	Satisfactory	0	0	1	2	13	Yes	13	Final Report Issued
Payroll (shared plan)	Good	0	0	0	0	10	Yes	10	Final Report Issued
Treasury Management (shared plan)	Good	0	0	0	0	5	Yes	5	Final Report Issued
Budget Monitoring (shared plan)						5	Yes	3	In Fieldwork
Operational Audits									
Agency Spend (shared plan)						10	Yes	9.5	Draft Report Issued
GDPR Preparedness	Satisfactory	0	0	1	2	12	Yes	12	Final Report Issued
GDPR – post implementation review						8	Yes	7.5	Draft Report Issued
Performance Management	Good	0	0	0	0	8	Yes	8	Final Report Issued
Anti-Social Behaviour						6	Yes	3	In Fieldwork
Disabled Facilities Grants						6	Yes	4	In Fieldwork
CIL (Recovery & Enforcement)	Satisfactory	0	0	0	2	7	BDO	7	Final Report Issued

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	MA				
Communications						8	Yes	7.5	Draft Report Issued
Temporary Accommodation	Satisfactory	0	0	3	1	9	Yes	9	Final Report Issued
Emergency Planning	Good	0	0	0	0	5	Yes	5	Final Report Issued
Safeguarding (Easter & Summer Playschemes)	Good	0	0	0	1	6	Yes	6	Final Report Issued
DFG Capital Grant Certification	N/A	-	-	-	-	1	Yes	1	Complete
Procurement									
No audits planned						0		0	
SIAS Joint Work									
Shared Learning Newsletters						3	N/A	3	Complete
Joint Reviews– topics to be determined						2	N/A	2	Complete
Counter Fraud									
No audits planned						0		0	
Risk Management and Governance									
No audits planned						0		0	
Ad Hoc Advice									
Ad Hoc Advice						2	N/A	2	Complete
IT Audits									
Cyber Security (shared plan)	Satisfactory	0	0	3	0	12	BDO	12	Final Report Issued

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	MA				
IT Operations (shared plan)						20	BDO	2	Terms of Reference Issued
IT Contract Management (shared plan)						15	BDO	14.5	Draft Report Issued
To Be Allocated									
Unused Contingency (shared plan)						5		0	
Follow-Up Audits									
Follow-up of outstanding audit recommendations						10	N/A	10	Complete
Strategic Support									
Head of Internal Audit Opinion 2017/18						2	N/A	2	Complete
External Audit Liaison						1	N/A	1	Complete
Audit Committee						8	N/A	7	Through year
Monitoring and Client Meetings						11	N/A	10	Through year
2019/20 Audit Planning						4	N/A	3.5	In Progress
SIAS Development						3	N/A	3	Complete
AGS						3	N/A	3	Complete
2017/18 Projects Requiring Completion									
2017/18 Projects Requiring Completion (6 days shared plan; 5	Various					11	N/A	11	Complete

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	MA				
days TRDC)									
TRDC TOTAL						130		121.5	
SHARED SERVICES TOTAL						162		131.5	
COMBINED TOTAL						292		253	

Key to recommendation priority levels:

H = High

M = Medium

MA = Merits attention

APPENDIX 2 2018/19 AUDIT PLAN PROJECTED START DATES

Apr	May	Jun	July	Aug	Sept
Revenues & Benefits System Parameter Testing (shared plan)* Complete		Safeguarding – Summer Play Schemes Final Report Issued	Agency Staffing (shared plan) Draft Report Issued	Emergency Planning Final Report Issued	Cyber Security (shared plan) Final Report Issued
GDPR Preparedness Final report issued			Performance Management Final Report Issued		Anti-Social Behaviour (CPNs) In Fieldwork
			Temporary Accommodation Final Report Issued		DFG Grant Certification Complete

Oct	Nov	Dec	Jan	Feb	Mar
Council Tax (shared plan) Final Report Issued	NDR (shared plan) Final Report Issued	Treasury Management (shared plan) Final Report Issued	Creditors (shared plan) Final Report issued	Budget Monitoring (shared plan) In Fieldwork	

APPENDIX 2 2018/19 AUDIT PLAN PROJECTED START DATES

Oct	Nov	Dec	Jan	Feb	Mar
Debtors (shared plan) Final Report Issued	Benefits (shared plan) Draft Report Issued	CIL Final Report Issued	Main Accounting (shared plan) In Fieldwork		
	Payroll (shared plan) Final Report issued	Communications Draft Report Issued	GDPR (PIR)* Draft Report Issued		
	IT Contract Management (shared plan) Draft Report Issued	Disabled Facility Grants (DFGs)* In Fieldwork	IT Operations (shared plan) Terms of Reference Issued		

***Notes:**

- Revenues & Benefits System Parameter Testing work completed in May – remainder of Benefits, NDR and Council Tax work due Q3.
- Disabled Facility Grants (DFGs) – deferred from August to December to meet service resource availability.
- GDPR (PIR) – deferred from August to January as original audit only completed in July 2018.