



Agenda Item 10

Three Rivers District Council Audit Committee Progress Report 24 March 2020

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 13 March 2020
- Agree changes to the implementation dates for 3 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)

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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 2019/20 as at 13 March 2020.
 - b) Proposed amendments to the approved 2019/20 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 13 March 2020.

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 2019/20 Annual Audit Plan was approved by Audit Committee on 26 March 2019.
- 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 3 December 2019.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 13 March 2020, 96% of the 2019/20 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 One 2018/19 report has been finalised since December Audit Committee, marking closure of the Audit Plan for that year.

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Agency Staffing	Dec '19	Satisfactory	Two medium

Five 2019/20 reports have been finalised since the December 2019 Committee.

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Financial Account Reconciliations	Dec '19	Satisfactory	One medium One low
Cyber Security	Jan '20	Satisfactory	Three medium
Payroll	Feb '20	Good	One medium
Main Accounting	Feb '20	Good	None
Treasury	Feb '20	Good	None
Debtors	Mar '20	Satisfactory	One medium

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 March 2020, with full details given in appendices 3 to 5:

Year	Recommendations made No.	Implemented	Not yet due	Outstanding & request made for extended time or no update provided	Percentage implemented %
2016/17	39	38	1	0	97%
2017/18	34	34	0	0	100%
2018/19	38	33	2	3	87%
2019/20	10	1	8	1	10%

2.5 Since December 2019 Audit Committee, extension to implementation dates have been requested by action owners for 3 recommendations as follows:

- a) One from the 2018/19 Cyber Security audit,
- b) One from the 2018/19 Benefits audit, and
- c) One from the 2019/20 Development Management (enforcement) audit.

- 2.6 In respect of the one outstanding recommendation from the 2018/19 GDPR (PIR) audit, no update was provided by management. The target date for this recommendation was 31 December 2019.

Proposed 2019/20 Audit Plan Amendments

- 2.7 There are no amendments to the 2019/20 Audit Plan to bring before this Committee.

Performance against Targets

Reporting of Audit Plan Delivery Progress

- 2.8 To help the Committee assess the current situation in terms of progress against the projects in the 2019/20 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.
- 2.9 The 2019/20 Annual performance indicators and targets were approved by the SIAS Board in March 2019. 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 13 March 2020	Actual to 13 March 2020
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency).	95%	97% (244 / 252.5 days)	96% (241.5 / 252.5 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects (excludes 2018/19 completion and 'ongoing' pieces).	95%	86% (18 out of 21 projects to draft)	81% (17 out of 21 projects to draft)
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level.	100%	100%	100%
4. Number of High Priority Audit Recommendations agreed	95%	95%	N/A – none yet made in 2019/20

- 2.10 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported in the 2019/20 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 2019/20 – UPDATE ON POSITION AS AT 13 MARCH 2020
2019/20 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Key Financial Systems									
Revenues and Benefits System Parameters (shared services plan)	Good	0	0	0	0	2	Yes	2	Final Report Issued
Benefits (shared services plan)						13	Yes	12.5	Draft Report Issued
Council Tax (shared services plan)						13	Yes	12.5	Draft Report Issued
Creditors (shared services plan)						10	Yes	9.5	Draft Report Issued
Debtors (shared services plan)	Satisfactory	0	0	0	0	13	Yes	13	Final Report Issued
Main Accounting (shared services plan)	Good	0	0	0	0	12	Yes	12	Final Report Issued
NDR (shared services plan)	Good	0	0	0	0	12	Yes	12	Final Report Issued
Payroll (shared services plan)	Good	0	0	1	0	12	Yes	12	Final Report Issued
Treasury Management (shared services plan)	Good	0	0	0	0	5	Yes	5	Final Report Issued
Budget Monitoring (shared services plan)						5	Yes	4.5	In Quality Review
Operational Audits									
CIL – spend arrangements						0.5	Yes	0.5	Cancelled
Taxi Licensing						9	Yes	8.5	Draft Report Issued
Development Management – enforcement	Good	0	0	0	1	8	Yes	8	Final Report Issued
Community Strategy						8	BDO	6	In Fieldwork
Payments to employees on non-						11	Yes	10.5	Draft 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	L				
standard contracts									
Property – rent and lease administration	Satisfactory	0	0	2	1	12	Yes	12	Final Report Issued
Financial Account Reconciliations (shared services plan)	Satisfactory	0	0	1	1	10	Yes	10	Final Report Issued
DFG Capital Grant Certification	N/A	-	-	-	-	1	Yes	1	Complete
Procurement / Contract Management									
Contract Management	Satisfactory	0	0	1	5	11	Yes	11	Final Report Issued
Shared Learning / Joint Reviews									
Shared Learning Newsletters						3	N/A	3	Complete
Joint Review – Hertfordshire Building Control						7	BDO	5	In Fieldwork
Counter Fraud									
No audits planned						0		0	
Risk Management and Governance									
Risk Management						6	BDO	4	In Fieldwork
Ad Hoc Advice									
Ad Hoc Advice						2	N/A	2	Complete
IT Audits									
Cyber Security (shared services)	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	L				
plan)									
IT Policies and Procedures (shared services plan)						1	N/A	1	Cancelled
To Be Allocated									
Unused Contingency (shared services plan)						25		0	
Follow-Up Audits									
Follow-up of outstanding audit recommendations						9	N/A	8	Through year
Strategic Support									
Head of Internal Audit Opinion 2018/19						2	N/A	2	Complete
External Audit Liaison						1	N/A	1	Complete
Audit Committee						11	N/A	10.5	Through year
Monitoring and Client Meetings						10	N/A	9.5	Through year
2020/21 Audit Planning						4	N/A	4	Complete
SIAS Development						3	N/A	3	Complete
AGS						3	N/A	3	Complete
2018/19 Projects Requiring Completion									
2018/19 Projects Requiring Completion (6 days shared services plan; 5 days TRDC plan)	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	L				
TRDC TOTAL						126.5		117.5	
SHARED SERVICES TOTAL						151		124	
COMBINED TOTAL						277.5		241.5	

Key to recommendation priority levels:

C = Critical

H = High

M = Medium

L = Low

APPENDIX 2 2019/20 AUDIT PLAN PROJECTED START DATES

Apr	May	Jun	July	Aug	Sept
	Revenues & Benefits System Parameter Testing (shared services plan) Final Report Issued	Contract Management Final Report Issued	Development Management Enforcement Final Report Issued	Payments to Employees on Non-Standard Contracts Draft Report Issued	DFG Grant Certification Complete
			Property (rent and lease administration) Final Report Issued		Hertfordshire Building Control (Joint Review) In Fieldwork
					Financial Account Reconciliations (shared services plan) Final Report Issued

APPENDIX 2 2019/20 AUDIT PLAN PROJECTED START DATES

Oct	Nov	Dec	Jan	Feb	Mar
NDR (shared services plan) Final Report Issued	Council Tax (shared services plan) Draft Report Issued	Benefits (shared services plan) Draft Report Issued	Risk Management In Fieldwork	Budget Monitoring (shared services plan) In Quality Review	
Debtors (shared services plan) Final Report Issued	Payroll (shared services plan) Final Report Issued	Treasury Management (shared services plan) Final Report Issued	Community Strategy In Fieldwork	Taxi Licensing Draft Report Issued	
Cyber Security (shared services plan) Final Report Issued		Main Accounting System (shared services plan) Final Report Issued	Creditors (shared services plan) Draft Report Issued		