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Attachment 1

Three Rivers District Council

Audit Committee Progress Report

5 December 2017

Recommendation

Members are recommended to:

* Note the Internal Audit Progress Report for the period to 17 November 2017
* Agree removal of implemented audit recommendations (Appendices 3 to 6)
* Agree changes to the implementation dates for 2 audit recommendations (paragraph 2.7) for the reasons set out in Appendices 3 to 6

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1. Introduction and Background

Purpose of Report

* 1. This report details:
  2. Progress made by the Shared Internal Audit Service (SIAS) in delivering the Council’s annual audit plan for 2017/18 as at 17 November 2017.
  3. Implementation status of all previously agreed audit recommendations from 2014/15 onwards.
  4. An update on performance management information as at 17 November 2017.

Background

* 1. 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. The 2017/18 Annual Audit Plan was approved by Audit Committee on 28 March 2017.
  3. 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 26 September 2017.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

2.1 As at 17 November 2017, 61% of the 2017/18 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 Six 2017/18 reports have been finalised since the date of the last committee:

|  |  |  |  |
| --- | --- | --- | --- |
| **Audit Title** | **Date of Issue** | **Assurance Level** | **Number and Priority of Recommendations** |
| DFG Capital Grant Certification | Sep ‘17 | N/A | N/A |
| Licensing | Oct ‘17 | Substantial | One medium |
| Development Management | Oct ‘17 | Substantial | One merits attention |
| Local Authority Serious and Organised Crime Checklist | Nov ‘17 | N/A | N/A |
| NDR | Nov ‘17 | Substantial | One medium |
| Council Tax | Nov ‘17 | Substantial | Two medium  One merits attention |

All Priority Audit Recommendations

* 1. 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 November 2017, with full details given in appendices 3 to 6:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Year** | **Recommendations made**  **No.** | **Implemented** | **Not yet due** | **Outstanding**  **& request made for extended time\*** | **Percentage implemented**  **%** |
| 2014/15 | 67 | 65 | 2 | 0 | 97% |
| 2015/16 | 29 | 28 | 0 | 1 | 97% |
| 2016/17 | 39 | 34 | 3 | 2 | 87% |
| 2017/18 | 12 | 5 | 7 | 0 | 42% |

\*Or no update provided.

2.5 Since September 2017 Audit Committee, extension to implementation dates have been requested by action owners for 2 recommendations from the 2016/17 Contract Management audit.

2.6 In respect of the one outstanding recommendation from the 2015/16 Contract Management audit, no update was provided by the ‘action owner’. The target date for this recommendation was 31 August 2017.

Proposed 2017/18 Audit Plan Amendments

2.7 There have been no amendments to the 2017/18 Audit Plan since the September meeting of 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 2017/18 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 2017/18 Annual performance indicators and targets were approved by the SIAS Board in March 2017. 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 17 November 2017** | **Actual to 17 November 2017** |
| --- | --- | --- | --- |
| **1. Planned Days** – percentage of actual billable days against planned chargeable days completed (excluding unused contingency). | 95% | 64%  (180 / 279.5 days) | 61%  (171 / 279.5 days) |
| **2. Planned Projects** – percentage of actual completed projects to draft report stage against planned completed projects (excludes 2015/16 completion and ‘ongoing’ pieces). | 95% | 48%  (12 out of 25 projects to draft) | 48%  (12 out of 25 projects to draft) |
| **3. Client Satisfaction** – percentage of client satisfaction questionnaires returned at ‘satisfactory’ level. | 100% | 100% | 100% (one received in 2017/18) |
| **4. Number of High Priority Audit Recommendations agreed** | 95% | 95% | 100%  (3 recs made in 2017/18) |

2.10 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported in the 2017/18 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.

**2017/18 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** | | | | | | | | | | | |
| Benefits (shared plan) |  |  |  |  | 14 | | Yes | | | 2 | Parameter testing complete – remainder due to start December |
| Council Tax (shared plan) | Substantial | 0 | 2 | 1 | 12 | | Yes | | | 12 | Final report issued |
| Creditors (shared plan) |  |  |  |  | 10 | | Yes | | | 1 | Terms of reference issued |
| Debtors (shared plan) |  |  |  |  | 10 | | Yes | | | 9.5 | Draft report issued |
| Main Accounting (shared plan) |  |  |  |  | 12 | | Yes | | | 1 | Terms of reference issued |
| NDR (shared plan) | Substantial | 0 | 1 | 0 | 12 | | Yes | | | 12 | Final report issued |
| Payroll (shared plan) |  |  |  |  | 12 | | Yes | | | 0.5 | In planning |
| Treasury Management (shared plan) |  |  |  |  | 10 | | Yes | | | 1 | Terms of reference issued |
| Budget Monitoring (shared plan) |  |  |  |  | 8 | | Yes | | | 1 | Terms of reference issued |
| **Operational Audits** | | | | | | | | | | | |
| Information Management |  |  |  |  | 10 | | Yes | | | 9.5 | Draft report issued |
| Safeguarding |  |  |  |  | 5 | | Yes | | | 0 | Due to start January |
| Customer Service Centre |  |  |  |  | 5 | | Yes | | | 0.5 | In planning |
| Community Infrastructure Levy |  |  |  |  | 5 | | Yes | | | 0 | Due to start December |
| Licensing | Substantial | 0 | 1 | 0 | 8 | | Yes | | | 8 | Final report issued |
| Development Management | Substantial | 0 | 0 | 1 | 8 | | Yes | | | 8 | Final report issued |
| Asset Management |  |  |  |  | 5 | | Yes | | | 3.5 | In fieldwork |
| Land Charges |  |  |  |  | 8 | | Yes | | | 0 | Due to start January |
| DFG Capital Grant Certification | N/A | - | - | - | 1 | | Yes | | | 1 | Complete |
| Starters & Leavers Consultancy Review of new process (shared plan) | N/A | 0 | 0 | 0 | 6 | | Yes | | | 6 | Complete |
| **Procurement** | | | | | | | | | | | |
| The South Oxhey Initiative – Procurement |  |  |  |  | 8 | Yes | | | | 5.5 | In fieldwork |
| **SIAS Joint Work** | | | | | | | | | | | |
| Shared Learning Newsletters |  |  |  |  | 2 | N/A | | | | 1.5 | Ongoing |
| Joint Reviews– topics to be determined |  |  |  |  | 8 | Yes | | | | 0 | Due Q4 |
| **Counter Fraud** | | | | | | | | | | | |
| Local Authority Serious and Organised Crime Checklist (shared plan) | N/A | - | - | - | 15 | | Yes | | | 15 | Final report issued |
| **Risk Management and Governance** | | | | | | | | | | | |  |  |  |  |  |
| Risk Management | Full | 0 | 0 | 0 | 6 | | Yes | | | 6 | Final report issued |
| **Ad Hoc Advice** | | | | | | | | | | | |
| Ad Hoc Advice |  |  |  |  | 3.5 | |  | | | 2.5 | Ongoing |
| **IT Audits** | | | | | | | | | | | |
| Follow up of legacy IT audit recommendations & extended DR scope (shared plan) | Moderate | 0 | 4 | 0 | 8 | | Yes | | | 8 | Final report issued |
| Cyber Security (shared plan) | Limited | 3 | 3 | 0 | 12 | | Yes | | | 12 | Final report issued |
| **To Be Allocated** | | | | | | | | | | | |
| Unused Contingency  (shared plan) |  |  |  |  | 18 | |  | | |  |  |
| **Follow-Up Audits** | | | | | | | | | | | |
| Follow-up of outstanding audit recommendations |  |  |  |  | 10 | | N/A | | | 7.5 | Ongoing |
| **Strategic Support** | | | | | | | | | | | |
| Head of Internal Audit Opinion 2016/17 |  |  |  |  | 2 | | N/A | | | 2 | Complete |
| External Audit Liaison |  |  |  |  | 1 | | N/A | | | 0.5 | Ongoing |
| Audit Committee |  |  |  |  | 8 | | N/A | | | 6 | Ongoing |
| Monitoring and Client Meetings |  |  |  |  | 12 | | N/A | | | 8.5 | Ongoing |
| 2018/19 Audit Planning |  |  |  |  | 4 | | N/A | | | 0.5 | In progress |
| SIAS Development |  |  |  |  | 3 | | N/A | | | 3 | Complete |
| AGS |  |  |  |  | 4 | | N/A | | | 4 | Complete |
| **2016/17 Projects Requiring Completion** | | | | | | | | | | | |
| 2016/17 Projects Requiring Completion (7 days shared plan; 5 days TRDC) | Various |  |  |  | 12 | | | | N/A | 12 | Complete |
|  | | | | | | | | | | | |
| **TRDC TOTAL** |  |  |  |  | **131.5** | | | |  | **83** |  |
| **SHARED SERVICES TOTAL** |  |  |  |  | **166** | | | |  | **88** |  |
| **COMBINED TOTAL** |  |  |  |  | **297.5** | | | |  | **171** |  |

Key to recommendation priority levels:

H = High

M = Medium

MA = Merits attention

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Apr** | **May** | **Jun** | **July** | **Aug** | **Sept** |
| Revenues & Benefits Parameter Testing (shared plan)**\***  **Complete** | Follow up of legacy IT Audit Recommendations & Extended DR Scope  (shared plan)  **Final report issued** | Information Management  **Draft report issued** | Local Authority Serious and Organised Crime Checklist  (shared plan)  **Final report issued** | Development Management  **Final report issued** | Licensing  **Final report issued** |
|  | Cyber Security  (shared plan)  **Final report issued** |  |  |  | DFG Grant Certification  **Complete** |
|  | The South Oxhey Initiative – Procurement  **In fieldwork** | Risk Management  **Final report issued** |  |  |  |

| **Oct** | **Nov** | **Dec** | **Jan** | **Feb** | **Mar** |
| --- | --- | --- | --- | --- | --- |
| Council Tax  (shared plan)  **Final report issued** | NDR  (shared plan)  **Final report issued** | Creditors  (shared plan)  **Terms of reference issued** | Joint Reviews | Budget Monitoring (shared plan)  **Terms of reference issued** |  |
| Debtors  (shared plan)  **Draft report issued** | Benefits  (shared plan)  **Terms of reference issued** | Main Accounting  (shared plan)  **Terms of reference issued** | Treasury Management  (shared plan)  **Terms of reference issued** |  |  |
|  | Payroll  (shared plan)  **In planning** | Community Infrastructure Levy | Asset Management  **In fieldwork** |  |  |
|  | Customer Service Centre  **In planning** |  | Safeguarding |  |  |
|  |  |  | Land Charges |  |  |

**\*Notes:**

* Revenues & Benefits System Parameter Testing work completed in May – remainder of Benefits, NDR and Council Tax work due Q3.
* Land Charges moved from July to January as significant changes underway in the service and no value in auditing the processes at the original time.
* Safeguarding moved from October to January to enable key financial audits to be completed in quarter 3.