



Three Rivers District Council  
Audit Committee Progress Report  
26 November 2015

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 6 November 2015
- Approve amendments to the Audit Plan as at 6 November 2015
- Agree removal of implemented audit recommendations (Appendices 3-9)
- Agree changes to the implementation dates for 5 audit recommendations (paragraph 2.5.1) for the reasons set out in Appendices 3 to 9
- Note the status of the 19 IT audit recommendations (paragraph 2.5.2)

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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 6 November 2015.
- b) Implementation status of all previously agreed audit recommendations from 2009/10 onwards.
- c) An update on performance management information as at 6 November 2015.

## 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 2015/16 Annual Audit Plan was approved by Audit Committee on 17 March 2015.
  - 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 29 September 2015.
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## 2. Audit Plan Update

### Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 6 November 2015, 53% of the 2015/16 Audit Plan days had been delivered (calculation excludes unused contingency). Appendix A provides a status update on each individual deliverable within the audit plan.
- 2.2 One 2015/16 audit providing assurance to the Audit Committee has been finalised since the September meeting of this Committee.

<b>Audit Title</b>	<b>Date of Issue</b>	<b>Assurance Level</b>	<b>Number and Priority of Recommendations</b>
Data Protection	Sep '15	Substantial	One merits attention

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

Year	Recommendations made No.	Implemented	Not yet due	Outstanding & request made for extended time	Percentage implemented %
2009/10	144	141	0	3	98%
2010/11	180	179	0	1	99%
2011/12	102	99	0	3	97%
2012/13	36	35	0	1	97%
2013/14	79	72	4	3	91%
2014/15	67	47	7	13	70%
2015/16	8	3	5	0	38%

2.5 The 24 recommendations in the 'outstanding and request made for extended time' column fall into 2 categories as per sections 2.5.1 and 2.5.2 below.

2.5.1 Extension to implementation dates have been requested for 5 recommendations as follows:

- a) One for Main Accounting System,
- b) Two for Debtors,
- c) One for NDR, and
- d) One for Benefits.

2.5.2 For the 19 outstanding IT audit recommendations, no specific updates have been provided and a generic comment has been added to each in appendices 3 to 9. The following management comment was provided by the Director of Finance:

'These recommendations will be taken into consideration in the new arrangement for the ICT service from June 2016.'

The recommendations relate to the following audits:

- a) Three for Network Infrastructure,
  - b) One for IT Remote Working,
  - c) One for IT Project Management,
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- d) Two for IT Back-Up and Disaster Recovery,
- e) One for Server Virtualisation,
- f) Two for Cyber Risk,
- g) Three for IT Change Management,
- h) Three for Disaster Recovery, and
- i) Three for IT Operations and Contract Management.

### Proposed 2015/16 Audit Plan Amendments

2.6 Since September 2015 Audit Committee, the following amendments to the 2015/16 Audit Plan have been agreed with officers of the Council and are detailed below for Audit Committee approval:

- Office Services – new audit added to the 2015/16 Plan at the request of management. Discussions underway with management to scope the review. Ten days taken from the contingency budget.
- ASB & Safeguarding – 2 additional days taken from contingency to cover extended scope.
- Corporate Governance – 5 additional days taken from contingency to cover extended scope.

### 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 2015/16 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 2015/16 Annual performance indicators and targets were approved by the SIAS Board on 4 March 2015. Actual performance for Three Rivers District Council against the targets that are monitored in year is set out in the table below.

<b>Performance Indicator</b>	<b>Annual Target</b>	<b>Profiled Target to 6 November 2015</b>	<b>Actual to 6 November 2015</b>
<b>1. Planned Days</b> – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	55%	53%
<b>2. Planned Projects</b> – percentage of actual completed projects to draft report stage against planned completed projects (excludes 2014/15 completion and ‘ongoing’ pieces)	95%	43% (10 out of 23 projects to draft)	35% (8 out of 23 projects to draft)
<b>3. Client Satisfaction</b> – percentage of client satisfaction questionnaires returned at ‘satisfactory’ level	100%	100%	100%
<b>4. Number of High Priority Audit Recommendations agreed</b>	95%	95%	100%

2.9 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported 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 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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## 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>								
Benefits (shared plan)					14	Yes	4.5	In fieldwork
Council Tax (shared plan)					11	Yes	4	In fieldwork
Creditors (shared plan)					9	Yes	1	In planning. Fieldwork to start January 2016
Debtors (shared plan)					10	Yes	2	In fieldwork
Main Accounting CRSA Yr2 (shared plan)					10	Yes	1	Terms of reference issued. Fieldwork to start January 2016
NDR (shared plan)					11	Yes	9	In fieldwork
Payroll including payroll contract (shared plan)					15	Yes	2	Terms of reference issued. Fieldwork to start November 2015
Treasury Management CRSA Yr2 (shared plan)					8	Yes	3	In fieldwork
Budget Monitoring (shared plan)					8	Yes	1	In planning. Fieldwork to start February 2016
<b>Operational Audits</b>								
Anti-Social Behaviour &	Substantial	0	0	3	14	Yes	14	Final report issued



AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Safeguarding								
Business Continuity & Emergency Planning					12	Yes	11.5	Draft report issued
Data Protection	Substantial	0	0	1	6	Yes	6	Final report issued
Diesel Usage	Moderate	1	1	1	6	Yes	6	Final report issued
Disabled Facilities Grants	Full	0	0	0	6	Yes	6	Final report issued
Freedom of Information	Substantial	0	0	1	6	Yes	6	Final report issued
Office Services					8	Yes	0.5	In planning. Fieldwork to start January 2016
Recruitment (shared plan)					10	Yes	9	Draft report issued
<b>Procurement</b>								
Contract Management					10	Yes	9.5	In quality review
South Oxhey Initiative					12	Yes	0	Planned for Q4
<b>SIAS Joint Work</b>								
Shared Learning Newsletters and Summary Themed Reports					2	N/A	1	On-going
Audit Committee Workshop					1	N/A	0	Planned for Q4
Risk Management Benchmarking Workshop	N/A	-	-	-	2	N/A	2	Complete

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
<b>Counter Fraud</b>								
Review of Counter-Fraud Arrangements (shared plan)					5	No	0	Planned for Q4
<b>Risk Management and Governance</b>								
Corporate Governance					15	Yes	5	In fieldwork
<b>Ad Hoc Advice</b>								
Ad Hoc Advice					3	N/A	0	On-going
<b>IT Audits</b>								
IT Managed Service Delivery (shared plan)					0.5	N/A	0.5	Cancelled
IT Contract Management (shared plan)					15	Yes	10	In fieldwork
IT Disaster Recovery Extended Follow-Up (shared plan)					0.5	N/A	0.5	Cancelled
<b>Contingency</b>								
Unused Contingency (shared plan)					7	N/A	0	As required
<b>Follow-Up Audits</b>								

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Follow-up of outstanding audit recommendations					10	N/A	7	On-going
<b>Strategic Support</b>								
Head of Internal Audit Opinion 2014/15	N/A				2	N/A	2	Complete
External Audit Liaison	N/A				1	N/A	0.5	On-going
Audit Committee	N/A				10	N/A	6	On-going
Monitoring and Client Meetings	N/A				12	N/A	8	On-going
2016/17 Audit Planning	N/A				8	N/A	0.5	In progress
SIAS Development	N/A				3	N/A	3	Complete
<b>2014/15 Projects Requiring Completion</b>								
2014/15 Projects Requiring Completion (5 days shared plan; 4 days TRDC)	Various				9	N/A	9	Complete
<b>TRDC TOTAL</b>								
					<b>153</b>		<b>98.5</b>	
<b>SHARED SERVICES TOTAL</b>								
					<b>139</b>		<b>52.5</b>	
<b>COMBINED TOTAL</b>								
					<b>292</b>		<b>151</b>	

Key to recommendation priority levels:

H = High

M = Medium

MA = Merits attention

Key to Assurance Levels:

N/A = Not applicable

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## APPENDIX 2 2015/16 AUDIT PLAN PROJECTED START DATES

Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Diesel Usage <b>(Final report issued)</b>	ASB / Safeguarding <b>(Final report issued)</b>	Disabled Facilities Grants* <b>(Final report issued)</b>		Contract Management <b>(In quality review)</b>	Corporate Governance <b>(In fieldwork)</b>	Business Continuity and Emergency Planning <b>(Draft report issued)</b>	Benefits (shared plan) <b>(In fieldwork)</b>	Risk Mgmt (Joint Review) <b>(Complete)</b>	Creditors (shared plan) <b>(In planning)</b>	Budget Monitoring (shared plan) <b>(In planning)</b>	
Revenues & Benefits System Parameter Testing (shared plan)* <b>(Complete)</b>	Data Protection <b>(Final report issued)</b>			Recruitment (shared plan)* <b>(Draft report issued)</b>		Council Tax (shared plan) <b>(In fieldwork)</b>	Payroll inc contract (shared plan) <b>(Terms of reference issued – fieldwork to start November 2015)</b>	NDR (shared plan) <b>(In fieldwork)</b>	Main Accounting (shared plan) <b>(Terms of reference issued – fieldwork to start January 2016)</b>	Review of Counter-Fraud Arrangements (shared plan)	
	Freedom of Information <b>(Final report issued)</b>			IT Contract Management (shared plan)* <b>(In fieldwork)</b>		Debtors (shared plan) <b>(In fieldwork)</b>	Treasury Mgmt (shared plan) <b>(In fieldwork)</b>		South Oxhey Initiative		

## APPENDIX 2 2015/16 AUDIT PLAN PROJECTED START DATES

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### \* Notes:

- Revenues & Benefits System Parameter Testing work completed in May – remainder of Benefits, NDR and Council Tax audits in fieldwork.
  - Disabled Facilities Grants audit brought forward from July to June with the agreement of the Service Manager.
  - Recruitment audit moved back from June to late August / September at request of Head of HR. Audit scoped and terms of reference issued in April.
  - IT Contract Management brought forward from November.
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