



## Three Rivers District Council Audit Committee Progress Report 4 December 2018

### Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 16 November 2018
- Agree the change to the implementation date for 1 audit recommendation (paragraph 2.5) for the reason set out in Appendices 3 to 6
- Agree removal of implemented audit recommendations (Appendices 3 to 6)

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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 16 November 2018.
  - b) Proposed amendments to the approved 2018/19 Annual Audit Plan.
  - c) Implementation status of all previously agreed audit recommendations from 2015/16 onwards.
  - d) An update on performance management information as at 16 November 2018.

## 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 27 September 2018.

# 2. Audit Plan Update

## Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 16 November 2018, 57% 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 Two 2018/19 reports have been finalised since the date of 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>
Emergency Planning	Sep '18	Good	None
Debtors (shared plan)	Nov '18	Good	None

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## 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 November 2018, with full details given in appendices 3 to 6:

<b>Year</b>	<b>Recommendations made No.</b>	<b>Implemented</b>	<b>Not yet due</b>	<b>Outstanding &amp; request made for extended time*</b>	<b>Percentage implemented %</b>
2015/16	29	29	0	0	100%
2016/17	39	37	1	1	95%
2017/18	34	30	4	0	88%
2018/19	4	4	0	0	100%

\*Or no update provided.

- 2.5 Since September 2018 Audit Committee, a date extension has been requested for one recommendation from the 2016/17 Contract Management audit.

## Proposed 2018/19 Audit Plan Amendments

- 2.6 There are no amendments to the 2018/19 Audit Plan to bring before this 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.
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<b>Performance Indicator</b>	<b>Annual Target</b>	<b>Profiled Target to 16 November 2018</b>	<b>Actual to 16 November 2018</b>
<b>1. Planned Days</b> – percentage of actual billable days against planned chargeable days completed (excluding unused contingency).	95%	60% (165 / 275 days)	57% (158 / 275 days)
<b>2. Planned Projects</b> – percentage of actual completed projects to draft report stage against planned completed projects (excludes 2015/16 completion and 'ongoing' pieces).	95%	38% (9 out of 24 projects to draft)	33% (8 out of 24 projects to draft)
<b>3. Client Satisfaction</b> – percentage of client satisfaction questionnaires returned at 'satisfactory' level.	100%	100%	100% (based on two received)
<b>4. Number of High / Critical Priority Audit Recommendations agreed</b>	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 16 NOVEMBER 2018**

**2018/19 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)					13	Yes	4	In Fieldwork
Council Tax (shared plan)					12	Yes	11	In Quality Review
Creditors (shared plan)					9	Yes	1	Terms of Reference Issued
Debtors (shared plan)	Good	0	0	0	9	Yes	9	Final Report Issued
Main Accounting (shared plan)					10	Yes	5	In Fieldwork
NDR (shared plan)					12	Yes	11.5	Draft Report Issued
Payroll (shared plan)					10	Yes	1	Terms of Reference Issued
Treasury Management (shared plan)					5	Yes	0.5	Terms of Reference Issued
Budget Monitoring (shared plan)					5	Yes	0.5	Terms of Reference Issued
<b>Operational Audits</b>								
Agency Spend (shared plan)					10	Yes	9.5	Draft Report Issued
GDPR Preparedness	Satisfactory	0	1	2	12	Yes	12	Final Report Issued
GDPR – post implementation review					8	Yes	0.5	In Planning
Performance Management	Good	0	0	0	8	Yes	8	Final Report Issued
Anti-Social Behaviour					6	Yes	3	In Fieldwork
Disabled Facilities Grants					6	Yes	0.5	In Planning

**APPENDIX 1 INTERNAL AUDIT PLAN 2018/19 – UPDATE ON POSITION AS AT 16 NOVEMBER 2018**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
CIL – spend arrangements					5	BDO	0	Allocated
Communications					8	Yes	0	Allocated
Temporary Accommodation					8	Yes	6	In Fieldwork
Emergency Planning	Good	0	0	0	5	Yes	5	Final Report Issued
Safeguarding (Easter & Summer Playschemes)	Good	0	0	1	6	Yes	6	Final Report Issued
DFG Capital Grant Certification					1	Yes	1	Complete
<b>Procurement</b>								
No audits planned					0		0	
<b>SIAS Joint Work</b>								
Shared Learning Newsletters					3	N/A	2	Through year
Joint Reviews– topics to be determined					2	N/A	0	Allocated
<b>Counter Fraud</b>								
No audits planned					0		0	
<b>Risk Management and Governance</b>								
No audits planned					0		0	
<b>Ad Hoc Advice</b>								
Ad Hoc Advice					2	N/A	1.5	Through year

**APPENDIX 1 INTERNAL AUDIT PLAN 2018/19 – UPDATE ON POSITION AS AT 16 NOVEMBER 2018**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
<b>IT Audits</b>								
Cyber Security (shared plan)					12	BDO	11	In Quality Review
IT Operations (shared plan)					20	BDO	2	Terms of Reference Issued
IT Contract Management (shared plan)					15	BDO	5	In Fieldwork
<b>To Be Allocated</b>								
Unused Contingency (shared plan)					7		0	
<b>Follow-Up Audits</b>								
Follow-up of outstanding audit recommendations					10	N/A	7.5	Through year
<b>Strategic Support</b>								
Head of Internal Audit Opinion 2017/18					2	N/A	2	Complete
External Audit Liaison					1	N/A	0.5	Through year
Audit Committee					8	N/A	6	Through year
Monitoring and Client Meetings					11	N/A	8	Through year
2019/20 Audit Planning					4	N/A	0.5	In Progress
SIAS Development					3	N/A	3	Complete
AGS					3	N/A	3	Complete



**APPENDIX 1 INTERNAL AUDIT PLAN 2018/19 – UPDATE ON POSITION AS AT 16 NOVEMBER 2018**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
<b>2017/18 Projects Requiring Completion</b>								
2017/18 Projects Requiring Completion (6 days shared plan; 5 days TRDC)	Various				11	N/A	11	Complete
<b>TRDC TOTAL</b>					<b>127</b>		<b>81</b>	
<b>SHARED SERVICES TOTAL</b>					<b>155</b>		<b>77</b>	
<b>COMBINED TOTAL</b>					<b>282</b>		<b>158</b>	

Key to recommendation priority levels:

H = High

M = Medium

MA = Merits attention

**APPENDIX 2 2018/19 AUDIT PLAN PROJECTED START DATES**

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

<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>
Council Tax (shared plan) <b>In Quality Review</b>	NDR (shared plan) <b>Draft Report Issued</b>	Treasury Management (shared plan) <b>Terms of Reference Issued</b>	Creditors (shared plan) <b>Terms of Reference Issued</b>	Budget Monitoring (shared plan) <b>Terms of Reference Issued</b>	

## APPENDIX 2 2018/19 AUDIT PLAN PROJECTED START DATES

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

### **\*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.