



Three Rivers District Council
Audit Committee Progress Report
23 July 2019

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 5 July 2019
- Agree removal of implemented audit recommendations (Appendices 3 to 5)

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- 1 Progress against the 2019/20 Audit Plan
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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 5 July 2019.
 - 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 5 July 2019.
 - e) The revised assurance definitions/priority levels.

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 26 March 2019.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 5 July 2019, 13% 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 Seven 2018/19 reports have been finalised since the date of the last committee:

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Budget Monitoring	Mar '19	Good	None
Disabled Facilities Grants	Mar '19	Good	None
Benefits	Apr '19	Satisfactory	Two medium
ASB (Use of PCNs)	May '19	Good	None
Main Accounting	Jun '19	Satisfactory	Three low
Communications	Jun '19	Satisfactory	One medium Two low
GDPR (PIR)	Jun '19	Satisfactory	Two medium Three low

No 2019/20 reports have yet been finalised.

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 July 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	0	2	95%
2017/18	34	34	0	0	100%
2018/19	30	19	6	5* (see note)	63%
2019/20	0				

*No update provided.

2.5 Since March 2019 Audit Committee, no extension to implementation dates have been requested by action owners.

Proposed 2019/20 Audit Plan Amendments

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

Performance against Targets

Reporting of Audit Plan Delivery Progress

- 2.7 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.
- 2.8 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 5 July 2019	Actual to 5 July 2019
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency).	95%	16% (40 / 256 days)	13% (32 / 256 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%	4% (1 out of 23 projects to draft)	4% (1 out of 23 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

- 2.9 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.

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)						12	Yes	0	Allocated
Council Tax (shared services plan)						12	Yes	0	Allocated
Creditors (shared services plan)						10	Yes	0	Allocated
Debtors (shared services plan)						10	Yes	0	Allocated
Main Accounting (shared services plan)						10	Yes	0	Allocated
NDR (shared services plan)						11	Yes	0	Allocated
Payroll (shared services plan)						12	Yes	0	Allocated
Treasury Management (shared services plan)						5	Yes	0	Allocated
Budget Monitoring (shared services plan)						5	Yes	0	Allocated
Operational Audits									
CIL – spend arrangements						8	Yes	0	Allocated
Taxi Licensing						8	Yes	0	Allocated
Development Management – enforcement						8	Yes	1	In Planning
Community Strategy						8	Yes	0	Allocated
Payments to employees on non-						10	Yes	0	Allocated

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						12	Yes	2	In Planning
Financial Account Reconciliations (shared services plan)						10	Yes	1	In Planning
DFG Capital Grant Certification						1	Yes	0	Allocated
Procurement / Contract Management									
Contract Management						8	Yes	2	In Fieldwork
Shared Learning / Joint Reviews									
Shared Learning Newsletters						3	N/A	1	Through year
Joint Review – Hertfordshire Building Control						2	BDO	0	In Planning
Counter Fraud									
No audits planned						0		0	
Risk Management and Governance									
Risk Management						6	Yes	0	Allocated
Ad Hoc Advice									
Ad Hoc Advice						2	N/A	0	Through year
IT Audits									
Cyber Security (shared services)						12	BDO	0.5	In Planning

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)					18	BDO	0	Allocated	
To Be Allocated									
Unused Contingency (shared services plan)					0		0		
Follow-Up Audits									
Follow-up of outstanding audit recommendations					9	N/A	2	Through year	
Strategic Support									
Head of Internal Audit Opinion 2018/19					2	N/A	2	Complete	
External Audit Liaison					1	N/A	0	Through year	
Audit Committee					8	N/A	1.5	Through year	
Monitoring and Client Meetings					10	N/A	2.	Through year	
2020/21 Audit Planning					4	N/A	0	Due quarter 4	
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	9	In Progress	

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
TRDC TOTAL						121		24.5	
SHARED SERVICES TOTAL						135		7.5	
COMBINED TOTAL						256		32	

Key to recommendation priority levels:

C = Critical

H = High

M = Medium

L = Low

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

Oct	Nov	Dec	Jan	Feb	Mar
NDR (shared services plan)	Council Tax (shared services plan)	Benefits (shared services plan)	IT Policies and Procedures (shared services plan)	Budget Monitoring (shared services plan)	
Debtors (shared services plan)	Payroll (shared services plan)	Creditors (shared services plan)	CIL (spend arrangements)	Taxi Licensing	
Cyber Security (shared services plan)	Treasury Management (shared services plan)	Main Accounting System (shared services plan)	Risk Management		
			Community Strategy		