



## Three Rivers District Council Audit Committee Progress Report 3 December 2019

### Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 22 November 2019
- Agree changes to the implementation dates for 4 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 22 November 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 22 November 2019.

## 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 September 2019.

# 2. Audit Plan Update

## Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 22 November 2019, 56% 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 Four 2019/20 reports have been finalised since the date of the last committee.

<b>Audit Title</b>	<b>Date of Issue</b>	<b>Assurance Level</b>	<b>Number and Priority of Recommendations</b>
Development Management	Sep '19	Good	One low

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(Enforcement)			
DFG Grant Certification	Oct '19	N/A	N/A
NDR (shared services plan)	Oct '19	Good	None
Property (Rent and Lease Administration)	Oct '19	Satisfactory	Two medium One low

#### 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 2019, 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	37	0	2	95%
2017/18	34	34	0	0	100%
2018/19	36	31	2	3	86%
2019/20	4	0	4	0	0%

- 2.5 Since September 2019 Audit Committee, extension to implementation dates have been requested by action owners for 3 recommendations as follows:
- Two from the 2016/17 Contract Management audit,
  - One from the 2018/19 Cyber Security audit, and
  - One from the 2018/19 Benefits audit.
- 2.6 In respect of one of the outstanding recommendations from the 2018/19 Benefits audit, no update was provided by management. The target date for this recommendation was 31 October 2019.

#### Proposed 2019/20 Audit Plan Amendments

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

<b>Performance Indicator</b>	<b>Annual Target</b>	<b>Profiled Target to 22 November 2019</b>	<b>Actual to 22 November 2019</b>
<b>1. Planned Days</b> – percentage of actual billable days against planned chargeable days completed (excluding unused contingency).	95%	58% (150 / 257 days)	56% (144 / 257 days)
<b>2. Planned Projects</b> – percentage of actual completed projects to draft report stage against planned completed projects (excludes 2018/19 completion and 'ongoing' pieces).	95%	43% (10 out of 23 projects to draft)	39% (9 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%	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.
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- **7. Head of Assurance's Annual Report** – presented at the Audit Committee's first meeting of the civic year.

**APPENDIX 1 INTERNAL AUDIT PLAN 2019/20 – UPDATE ON POSITION AS AT 22 NOVEMBER 2019**

**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				
<b>Key Financial Systems</b>									
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	2	Terms of Reference Issued
Council Tax (shared services plan)						12	Yes	8	In Fieldwork
Creditors (shared services plan)						10	Yes	2	Terms of Reference Issued
Debtors (shared services plan)						10	Yes	9.5	Draft Report Issued
Main Accounting (shared services plan)						10	Yes	3	In Fieldwork
NDR (shared services plan)	Good	0	0	0	0	11	Yes	11	Final Report Issued
Payroll (shared services plan)						12	Yes	4	In Fieldwork
Treasury Management (shared services plan)						5	Yes	0.5	Terms of Reference Issued
Budget Monitoring (shared services plan)						5	Yes	0.5	Terms of Reference Issued
<b>Operational Audits</b>									
CIL – spend arrangements						8	Yes	0	Allocated
Taxi Licensing						8	Yes	0	Allocated
Development Management – enforcement	Good	0	0	0	1	8	Yes	8	Final Report Issued

**APPENDIX 1 INTERNAL AUDIT PLAN 2019/20 – UPDATE ON POSITION AS AT 22 NOVEMBER 2019**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Community Strategy						8	Yes	0	Allocated
Payments to employees on non-standard contracts						10	Yes	9.5	Draft Report Issued
Property – rent and lease administration	Satisfactory	0	0	2	1	12	Yes	12	Final Report Issued
Financial Account Reconciliations (shared services plan)						10	Yes	9	In Fieldwork
DFG Capital Grant Certification	N/A	-	-	-	-	1	Yes	1	Complete
<b>Procurement / Contract Management</b>									
Contract Management						8	Yes	7.5	Draft Report Issued
<b>Shared Learning / Joint Reviews</b>									
Shared Learning Newsletters						3	N/A	2	Through year
Joint Review – Hertfordshire Building Control						2	BDO	1	In Fieldwork
<b>Counter Fraud</b>									
No audits planned						0		0	
<b>Risk Management and Governance</b>									
Risk Management						6	BDO	0	Allocated
<b>Ad Hoc Advice</b>									
Ad Hoc Advice						2	N/A	1	Through year



**APPENDIX 1 INTERNAL AUDIT PLAN 2019/20 – UPDATE ON POSITION AS AT 22 NOVEMBER 2019**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
<b>IT Audits</b>									
Cyber Security (shared services plan)						12	BDO	11.5	Draft Report Issued
IT Policies and Procedures (shared services plan)						18	BDO	0	Allocated
<b>To Be Allocated</b>									
Unused Contingency (shared services plan)						1		0	
<b>Follow-Up Audits</b>									
Follow-up of outstanding audit recommendations						9	N/A	6.5	Through year
<b>Strategic Support</b>									
Head of Internal Audit Opinion 2018/19						2	N/A	2	Complete
External Audit Liaison						1	N/A	0.5	Through year
Audit Committee						9	N/A	6.5	Through year
Monitoring and Client Meetings						10	N/A	7	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
<b>2018/19 Projects Requiring Completion</b>									

**APPENDIX 1 INTERNAL AUDIT PLAN 2019/20 – UPDATE ON POSITION AS AT 22 NOVEMBER 2019**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
2018/19 Projects Requiring Completion (6 days shared services plan; 5 days TRDC plan)	Various					11	N/A	10.5	In progress
<b>TRDC TOTAL</b>						<b>122</b>		<b>75.5</b>	
<b>SHARED SERVICES TOTAL</b>						<b>136</b>		<b>68.5</b>	
<b>COMBINED TOTAL</b>						<b>258</b>		<b>144</b>	

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) <b>Final Report Issued</b>	Contract Management <b>Draft Report Issued</b>	Development Management Enforcement <b>Final Report Issued</b>	Payments to Employees on Non-Standard Contracts <b>Draft Report Issued</b>	DFG Grant Certification <b>Complete</b>
			Property (rent and lease administration) <b>Final Report Issued</b>		Hertfordshire Building Control (Joint Review) <b>In Fieldwork</b>
					Financial Account Reconciliations (shared services plan) <b>In Fieldwork</b>

**APPENDIX 2 2019/20 AUDIT PLAN PROJECTED START DATES**

<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>
NDR (shared services plan) <b>Final Report Issued</b>	Council Tax (shared services plan) <b>In Fieldwork</b>	Benefits (shared services plan) <b>Terms of Reference Issued</b>	IT Policies and Procedures (shared services plan)	Budget Monitoring (shared services plan) <b>Terms of Reference Issued</b>	
Debtors (shared services plan) <b>Draft Report Issued</b>	Payroll (shared services plan) <b>In Fieldwork</b>	Treasury Management (shared services plan) <b>Terms of Reference Issued</b>	CIL (spend arrangements)	Taxi Licensing	
Cyber Security (shared services plan) <b>Draft Report Issued</b>		Main Accounting System (shared services plan) <b>In Fieldwork</b>	Risk Management		
			Community Strategy		
			Creditors (shared services plan) <b>Terms of Reference Issued</b>		