



Three Rivers District Council Audit Committee Progress Report 7 July 2020

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 19 June 2020
- Approve amendments to the Audit Plan as at 19 June 2020
- Agree changes to the implementation dates for 12 audit recommendations (paragraph 2.7) 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 2020/21 as at 19 June 2020.
 - b) Proposed amendments to the approved 2020/21 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 19 June 2020.

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 2020/21 Annual Audit Plan was approved by Audit Committee on 24 March 2020.
- 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 24 March 2020.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 19 June 2020, 10% of the 2020/21 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 2019/20 reports have been finalised since March 2020 Audit Committee as follows:

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Creditors	Mar '20	Good	None

Contract Management	Mar '20	Satisfactory	1 Medium 5 Low
Taxi Licensing	Apr '20	Limited	3 High 1 Medium 3 Low
Community Strategy	May '20	Satisfactory	3 Medium
Budget Monitoring	Jun '20	Good	None
Risk Management	Jun '20	Satisfactory	4 Medium
Payments to Employees on Non-standard Contracts	Jun '20	Satisfactory	2 Medium 1 Low

2.3 We have not issued any final reports relating to the 2020/21 Audit Plan up to 19 June 2020. Details of the current status of all audits in this year's plan can be found in Appendix A of this report.

2.4 Delivery of the 2020/21 Audit Plan has been adversely affected by the re-prioritisation of Council resources onto COVID-19 related activities. No audits commenced in April and May and the impact of the time lost in this period has been reflected in a revised plan. This will be reviewed on an ongoing basis.

All Priority Audit Recommendations

2.5 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.

2.6 The table below summarises progress in implementation of all outstanding internal audit recommendations at 19 June 2020, 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	38	0	1	97%
2017/18	34	34	0	0	100%
2018/19	38	33	0	5	87%
2019/20	35	19	10	6	54%

2.7 Since March 2020 Audit Committee, extension to implementation dates have been requested by action owners for 12 recommendations as follows:

- a) One from the 2016/17 Contract Management audit,
- b) One from the 2018/19 Cyber Security audit,
- c) One from the 2018/19 Benefits audit,
- d) One from the 2018/19 GDPR audit,
- e) Two from the 2018/19 Agency Staffing audit,
- f) One from the 2019/20 Development Management (enforcement) audit,
- g) One from the 2019/20 Financial Account Reconciliations audit,
- h) One from the 2019/20 Cyber Security audit,
- i) One from the 2019/20 Contract Management audit, and
- j) Two from the 2019/20 Taxi Licensing audit.

Proposed 2020/21 Audit Plan Amendments

2.8 At the start of the new financial year, Council resources were focused on maintaining services and responding to the COVID-19 pandemic and as a result, no audits were started in April and May. A delay in starting the new audit year was experienced across all SIAS clients. As part of the gradual return to the 'new normal', two audits are now underway at the time of writing this report and it is anticipated that further audits will commence going forward.

2.9 Contact was maintained with officers of the Council during this period and a decision made to delay some audits planned for quarter 1 to later in the year and as a result of the loss of available time within the year, an assessment made on audits that are either no longer required or not seen as a priority.

2.10 For the reasons outlined above, the following changes agreed with management are proposed:

Cancellations

- Business Continuity Planning (TRDC Plan – 8 days) - the Councils business continuity plans are being tested in the real environment through the response to COVID-19.
- Complaints (3Cs) (TRDC Plan – 7 days) – audit intended for quarter 4 and was a risk that it may not be required until 2021/22 and will therefore be considered as part of future audit planning.
- Revenues & Benefits System Parameter Testing (Shared Services Plan – 2 days) – work had to take place in April and could not be completed in view of the pressure on the service to deal with the spike in housing benefit claims.

Amendments

- Monitoring and Client Meetings (TRDC Plan – 2 days) – budget reduced to reflect shorter year.
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- 2019/20 Projects Requiring Completion – budget reduced by 3 days to reflect lower level of work required than anticipated.
- Key Financial Audits (Shared Services Plan) – small reduction in the budget for some, but no audits cancelled. Total reduction of 6 days across all audits.

The impact of the above changes is a total reduction of 28 days in the 2020/21 TRDC and Shared Services Audit Plans as originally approved by Audit Committee in March 2020.

It has also been necessary to re-profile the remaining audits in-line with service capacity as known at the time of writing this report. This will be reviewed as the year progresses and any further changes reported to Audit Committee.

Performance against Targets

Reporting of Audit Plan Delivery Progress

- 2.11 To help the Committee assess the current situation in terms of progress against the projects in the 2020/21 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.
- 2.12 The 2020/21 Annual performance indicators and targets were approved by the SIAS Board in March 2020. 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 19 June 2020	Actual to 19 June 2020
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency).	95%	11% (25 / 228 days)	10% (22.5 / 228 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%	0% (0 out of 21 projects to draft)	0% (0 out of 21 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%	100% (3 made in recently)

Performance Indicator	Annual Target	Profiled Target to 19 June 2020	Actual to 19 June 2020
			finalised (2019/20 audit)

2.13 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported in the 2020/21 Head of Assurance's Annual Report:

- **5. 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.
- **6. Head of Assurance's Annual Report** – presented at the Audit Committee's first meeting of the civic year.

APPENDIX 1 INTERNAL AUDIT PLAN 2020/21 – UPDATE ON POSITION AS AT 19 JUNE 2020

2020/21 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									
Benefits (shared services plan)						10		0	
Budget Monitoring (shared services plan)						5		0	
Council Tax (shared services plan)						9		0	
Creditors (shared services plan)						8		0	
Debtors (shared services plan)						10		0	
Main Accounting (shared services plan)						6		0	
NDR (shared services plan)						9		0	
Payroll (shared services plan)						10		0	
Revenues and Benefits System Parameter Testing (shared services plan)	-	-	-	-	-	0	-	0	Cancelled
Treasury Management (shared services plan)						5		0	
Operational Audits									
Business Continuity Planning	-	-	-	-	-	0	-	0	Cancelled
Climate Change and Sustainability						5		0	
Complaints, Compliments & Comments (3Cs)	-	-	-	-	-	0	-	0	Cancelled
DFG Capital Grant Certification						1		0	

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Equalities and Diversity						6		0	
Freedom of Information						7		0	
Garage Income						10	Yes	1	Terms of Reference Issued
Garden Waste Charging						8	Yes	2	In Fieldwork
Homelessness Reduction Act						8		0	
Revenues and Benefits Payments (shared services plan)						10		0	
Section 106						8		0	
Watersmeet Theatre Bar						8		0	
Shared Learning / Joint Reviews									
Shared Learning Newsletters						2		0	
Joint Reviews						3		0	
Counter Fraud									
No audits planned						0		0	
Risk Management and Governance									
No audits planned						0		0	
Ad Hoc Advice									
Ad Hoc Advice						2		0	
IT Audits									

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Cyber Security (shared services plan)						12		0	
IT Policies and Procedures (shared services plan)						15		0	
To Be Allocated									
Unused Contingency (shared services plan)						0		0	
Follow-Up Audits									
Follow-up of outstanding audit recommendations						10		2.5	Through Year
Strategic Support									
2021/22 Audit Planning						5		0	
Annual Governance Statement						3		3	Complete
Audit Committee						10		2	Through Year
External Audit Liaison						1		0	
Head of Internal Audit Opinion 2019/20						2		2	Complete
Monitoring and Client Meetings						10		2	Through Year
SIAS Development						3		3	Complete
2019/20 Projects Requiring Completion									
2019/20 Projects Requiring Completion						7		5	In progress

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
(3 days TRDC plan / 4 days shared services plan)									
TRDC TOTAL						115		19.5	
SHARED SERVICES TOTAL						113		3	
COMBINED TOTAL						228		22.5	

Key to recommendation priority levels:

C = Critical

H = High

M = Medium

L = Low

APPENDIX 2 2020/21 AUDIT PLAN PROJECTED START DATES

Apr	May	Jun	July	Aug	Sept
		Garden Waste Charging In Fieldwork	Garage Income Terms of Reference Issued	IT Policies and Procedures (shared services plan)	DFG Grant Certification
				Revenues and Benefits Payments (shared services plan)*	NDR (shared services plan)

Oct	Nov	Dec	Jan	Feb	Mar
Debtors (shared services plan)	Council Tax (shared services plan)	Benefits (shared services plan)	Main Accounting (shared services plan)	Budget Monitoring (shared services plan)	
Cyber Security (shared services plan)	Payroll (shared services plan)	Creditors (shared services plan)	Treasury Management (shared services plan)	Freedom of Information****	
Section 106		Climate Change and Sustainability	Homelessness Reduction Act		
Equalities and Diversity**			Watersmeet Theatre***		

APPENDIX 2 2020/21 AUDIT PLAN PROJECTED START DATES

Key:

- * Start date moved from May to August as the service could not accommodate the audit due to the impact of COVID-19 on capacity in the service.
 - ** Start date moved from July to October as key service contacts do not have capacity to support the audit at the original start date due to re-prioritisation of resources on to COVID-19 related tasks.
 - *** Start date moved from April to January as not possible to complete this audit remotely and site visits are required.
 - **** Start date moved from July to February as key service contact does not have capacity to support the audit at this time due to COVID-19 related tasks.
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