



## Three Rivers District Council Audit Committee Progress Report 24 September 2020

### Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 11 September 2020
- Agree changes to the implementation dates for 2 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 11 September 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 11 September 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 7 July 2020.

# 2. Audit Plan Update

## Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 11 September 2020, 21% 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 No 2019/20 reports have been finalised since July 2020 Audit Committee.
- 2.3 We have not issued any final reports relating to the 2020/21 Audit Plan up to 11 September 2020. Details of the current status of all audits in this year's plan can be found in Appendix A of this report.
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2.4 Delivery of the 2020/21 Audit Plan has been re-profiled to take into account the impact of COVID-19. Delivery of the audit plan commenced in June and some audits have been deferred to later in the year. As a result, the plan is backloaded into the second half of the year. This presents some delivery risks in terms of available resources; however, this is being constantly reviewed and if necessary, additional work can be allocated to our external partner.

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 11 September 2020, with full details given in appendices 3 to 5:

<b>Year</b>	<b>Recommendations made No.</b>	<b>Implemented</b>	<b>Not yet due</b>	<b>Outstanding &amp; request made for extended time or no update provided</b>	<b>Percentage implemented %</b>
2016/17	39	39	0	0	100%
2017/18	34	34	0	0	100%
2018/19	38	35	1	2	92%
2019/20	35	23	9	3	66%

2.7 Since July 2020 Audit Committee, extension to implementation dates have been requested by action owners for 2 recommendations as follows:

- a) One from the 2018/19 GDPR audit, and
- b) One from the 2019/20 Development Management (enforcement) audit.

2.8 In respect of three recommendations, no progress update was received from action owners as follows:

- a) One from the 2018/19 Benefits audit, and
  - b) Two from the 2019/20 Community Strategy audit.
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## Proposed 2020/21 Audit Plan Amendments

- 2.9 There are no changes to the TRDC or Shared Services audit plans to bring before this committee.

### Performance against Targets

#### Reporting of Audit Plan Delivery Progress

- 2.10 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.
- 2.11 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.

<b>Performance Indicator</b>	<b>Annual Target</b>	<b>Profiled Target to 11 September 2020</b>	<b>Actual to 11 September 2020</b>
<b>1. Planned Days</b> – percentage of actual billable days against planned chargeable days completed (excluding unused contingency).	95%	24% (55 / 231 days)	21% (48.5 / 231 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%	10% (2 out of 20 projects to draft)	10% (2 out of 20 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% (3 made in finalised 2019/20 audit)

- 2.12 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:
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- **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 11 SEPTEMBER 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				
<b>Key Financial Systems</b>									
Benefits (shared services plan)						12	Yes	0	
Budget Monitoring (shared services plan)						6	Yes	0	
Council Tax (shared services plan)						10	Yes	0	
Creditors (shared services plan)						9	Yes	0	
Debtors (shared services plan)						10	Yes	0	
Main Accounting (shared services plan)						8	Yes	0	
NDR (shared services plan)						10	Yes	0	
Payroll (shared services plan)						12	Yes	0	
Revenues and Benefits System Parameter Testing (shared services plan)	-	-	-	-	-	0	-	0	Cancelled
Treasury Management (shared services plan)						6	Yes	0	
<b>Operational Audits</b>									
Business Continuity Planning	-	-	-	-	-	0	-	0	Cancelled
Climate Change and Sustainability						5	Yes	0	
Complaints, Compliments & Comments (3Cs)	-	-	-	-	-	0	-	0	Cancelled
DFG Capital Grant Certification						1	Yes	0	

**APPENDIX 1 INTERNAL AUDIT PLAN 2020/21 – UPDATE ON POSITION AS AT 11 SEPTEMBER 2020**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Equalities and Diversity						7	Yes	0	
Freedom of Information						8	Yes	0	
Garage Income						10	Yes	9.5	Draft Report Issued
Garden Waste Charging						10	Yes	9.5	Draft Report Issued
Homelessness Reduction Act						9	Yes	0	
Revenues and Benefits Payments (shared services plan)						10	Yes	1	In Planning
Section 106						8	Yes	0	
Watersmeet Theatre Bar						8	Yes	0	
<b>Shared Learning / Joint Reviews</b>									
Shared Learning Newsletters						2		0	
Joint Reviews						3		0	
<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		0	
<b>IT Audits</b>									
Cyber Security						12	BDO	0	



**APPENDIX 1 INTERNAL AUDIT PLAN 2020/21 – UPDATE ON POSITION AS AT 11 SEPTEMBER 2020**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
(shared services plan)									
IT Policies and Procedures (shared services plan)	-	-	-	-	-	0	-	0	Cancelled
<b>To Be Allocated</b>									
Unused Contingency (shared services plan)						0		0	
<b>Follow-Up Audits</b>									
Follow-up of outstanding audit recommendations						10		5	Through Year
<b>Strategic Support</b>									
2021/22 Audit Planning						5		0	
Annual Governance Statement						3		3	Complete
Audit Committee						11		4	Through Year
External Audit Liaison						1		0.5	Through Year
Head of Internal Audit Opinion 2019/20						2		2	Complete
Monitoring and Client Meetings						10		4	Through Year
SIAS Development						3		3	Complete
<b>2019/20 Projects Requiring Completion</b>									
2019/20 Projects Requiring Completion (3 days TRDC plan / 5 days shared)						8		7	In progress

**APPENDIX 1 INTERNAL AUDIT PLAN 2020/21 – UPDATE ON POSITION AS AT 11 SEPTEMBER 2020**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
services plan)									
<b>TRDC TOTAL</b>						<b>121</b>		<b>43.5</b>	
<b>SHARED SERVICES TOTAL</b>						<b>110</b>		<b>5</b>	
<b>COMBINED TOTAL</b>						<b>231</b>		<b>48.5</b>	

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 <b>Draft Report Issued</b>	Garage Income <b>Draft Report Issued</b>	Revenues and Benefits Payments (shared services plan)* <b>In Planning</b>	DFG Grant Certification <b>In Planning</b>
					NDR (shared services plan)

## APPENDIX 2 2020/21 AUDIT PLAN PROJECTED START DATES

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***		

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.