

Agenda Item 7



Three Rivers District Council Audit Committee Progress Report 11 November 2020

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 30 October 2020
- Approve amendments to the Audit Plan as at 30 October 2020
- Agree changes to the implementation dates for two 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)

Contents

- 1 Introduction and Background
 - 1.1 Purpose of Report
 - 1.2 Background

- 2 Audit Plan Update
 - 2.1 Delivery of Audit Plan and Key Findings
 - 2.5 All Priority Audit Recommendations
 - 2.9 Proposed Audit Plan Amendments
 - 2.10 Performance against Targets

Appendices

- 1 Progress against the 2020/21 Audit Plan
 - 2 2020/21 Audit Plan Projected Start Dates
 - 3-5 Progress against Outstanding Internal Audit Recommendations
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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 30 October 2020.
 - b) Proposed amendments to the approved 2020/21 Annual Audit Plan.
 - c) Implementation status of all previously agreed audit recommendations from 2018/19 onwards.
 - d) An update on performance management information as at 30 October 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 September 2020.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 30 October 2020, 33% 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 The following 2019/20 report has been finalised since September 2020 Audit Committee.

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Benefits	Oct '20	Satisfactory	One medium One low

2.3 The following 2020/21 reports have been finalised since September 2020 Audit Committee.

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Garage Income	Oct '20	Satisfactory	One medium
Garden Waste Charging	Oct '20	Satisfactory	One medium

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 30 October 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 %
2018/19	38	35	1	2	92%
2019/20	37	25	6	6	68%

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

- a) One from the 2019/20 Taxi Licensing audit, and
- b) One from the 2019/20 Risk Management audit.

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

- a) One from the 2018/19 Benefits audit,
- b) One from the 2018/19 GDPR audit,
- c) Two from the 2019/20 Community Strategy audit, and
- d) One from the 2019/20 Risk Management audit.

Proposed 2020/21 Audit Plan Amendments

2.9 The Watersmeet Theatre audit has been cancelled at management's request as the venue is not expected to re-open in the current financial year. The days allocated to this audit have been moved to the contingency budget and alternative projects are under consideration.

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.

Performance Indicator	Annual Target	Profiled Target to 30 October 2020	Actual to 30 October 2020
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency).	95%	40% (90 / 224 days)	33% (75 / 224 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%	26% (5 out of 19 projects to draft)	16% (3 out of 19 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 finalised 2019/20)

Performance Indicator	Annual Target	Profiled Target to 30 October 2020	Actual to 30 October 2020
			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:

- **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 30 OCTOBER 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)						12	Yes	2	Terms of Reference Issued
Budget Monitoring (shared services plan)						6	Yes	0.5	In Planning
Council Tax (shared services plan)						10	Yes	1.5	Terms of Reference Issued
Creditors (shared services plan)						9	Yes	3	In Fieldwork
Debtors (shared services plan)						10	Yes	1.5	Terms of Reference Issued
Main Accounting (shared services plan)						8	Yes	1	Terms of Reference Issued
NDR (shared services plan)						10	Yes	1.5	Terms of Reference Issued
Payroll (shared services plan)						12	BDO	2	Terms of Reference Issued
Revenues and Benefits System Parameter Testing (shared services plan)	-	-	-	-	-	0	-	0	Cancelled
Treasury Management (shared services plan)						6	Yes	1	Terms of Reference Issued
Operational Audits									
Business Continuity Planning	-	-	-	-	-	0	-	0	Cancelled

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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				
Climate Change and Sustainability						7	BDO	0	
Complaints, Compliments & Comments (3Cs)	-	-	-	-	-	0	-	0	Cancelled
DFG Capital Grant Certification						2	Yes	2	Complete
Equalities and Diversity						7	Yes	0	
Freedom of Information						8	Yes	0	
Garage Income	Satisfactory	0	0	1	0	10	Yes	10	Final Report Issued
Garden Waste Charging	Satisfactory	0	0	1	0	10	Yes	10	Final Report Issued
Homelessness Reduction Act						9	Yes	0	
Revenues and Benefits Payments (shared services plan)						10	Yes	2	Terms of Reference Issued
Section 106						8	Yes	0	
Watersmeet Theatre Bar						0	Yes	0	Cancelled
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	

APPENDIX 1 INTERNAL AUDIT PLAN 2020/21 – UPDATE ON POSITION AS AT 30 OCTOBER 2020

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Ad Hoc Advice									
Ad Hoc Advice						1		0	
IT Audits									
Cyber Security (shared services plan)						12	BDO	0	
IT Policies and Procedures (shared services plan)	-	-	-	-	-	0	-	0	Cancelled
To Be Allocated									
Unused Contingency (shared services plan)						16		0	
Follow-Up Audits									
Follow-up of outstanding audit recommendations						10		7.5	Through Year
Strategic Support									
2021/22 Audit Planning						5		0	
Annual Governance Statement						3		3	Complete
Audit Committee						11		8	Through Year
External Audit Liaison						1		0.5	Through Year
Head of Internal Audit Opinion 2019/20						2		2	Complete
Monitoring and Client Meetings						9		5.5	Through Year

APPENDIX 1 INTERNAL AUDIT PLAN 2020/21 – UPDATE ON POSITION AS AT 30 OCTOBER 2020

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
SIAS Development						3		3	Complete
2019/20 Projects Requiring Completion									
2019/20 Projects Requiring Completion (3 days TRDC plan / 5 days shared services plan)						8		7.5	In Progress
TRDC TOTAL						114		54.5	
SHARED SERVICES TOTAL						126		20.5	
COMBINED TOTAL						240		75	

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 Final Report Issued	Garage Income Final Report Issued		DFG Grant Certification Complete
					NDR (shared services plan) Terms of Reference Issued
					Revenues and Benefits Payments (shared services plan)* Terms of Reference Issued

APPENDIX 2 2020/21 AUDIT PLAN PROJECTED START DATES

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

Key:

* Start date moved from May to September as the service could not accommodate the audit at the beginning of the year due to the impact of COVID-19 on capacity in the service.

** Start date moved from July to January due to absence of key officer.

APPENDIX 2 2020/21 AUDIT PLAN PROJECTED START DATES

*** Start date moved from October to December due to resource constraints in IT.

**** 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.
