



East Herts Council
Audit and Governance Committee
SIAS Progress Report
15 June 2016

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report;
and
- Note the status of high priority recommendations and agree removal of completed actions.

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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 2016/17 as at 27 May 2016.
 - b) Proposed amendments to the approved 2016/17 Audit Plan.
 - c) Implementation status of previously agreed high priority audit recommendations.
 - d) An update on performance management information as at 27 May 2016.

Background

- 1.2 The 2016/17 Audit Plan was approved by Audit Committee on 16 March 2016.
- 1.3 The Audit and Governance Committee receives periodic updates against the Annual Internal Audit Plan, the most recent of which was brought to Audit Committee on 16 March 2016.
- 1.4 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.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 27 May 2016, 12% of the 2016/17 Audit Plan days had been delivered. Appendix A provides a status update on each individual project within the audit plan.

2.2 Seven projects providing assurance to the Audit and Governance Committee have been finalised since the March 2016 meeting of Audit Committee.

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Housing Allocations	Mar '16	Substantial	One merits attention
Veolia Waste Contract Payments	Mar '16	Substantial	One medium One merits attention
Development Management	Apr '16	Substantial	One merits attention
Software Licensing	May '16	Substantial	Two medium One merits attention
ICT Service Desk	May '16	Substantial	Two merits attention
FM Planned Maintenance Action Plan	May '16	Substantial	Three medium Nine merits attention
Street Markets	May '16	Substantial	One high Four medium Three merits attention

The following 2016/17 project has been finalised:

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Payroll Certificate	Apr '16	N/A	N/A

High Priority Recommendations

2.3 A Final Audit Report is issued when agreed by management; this includes an agreement to implement recommendations that have been made. It is SIAS's responsibility to bring to the attention of Members the implementation status of high priority recommendations; it is the responsibility of Officers to implement the recommendations by the agreed date.

2.4 The current position in respect of existing outstanding high priority recommendations is shown at Appendix B.

One new high priority recommendation has been made in respect of the 2015/16 Street Markets audit. This report was finalised on 24 May 2016 and progress on implementing the agreed management action will be reviewed and reported to the September meeting of the Audit and Governance Committee.

Proposed Audit Plan Amendments

- 2.4 There are no plan changes to bring to the attention of this committee.

Performance Management

- 2.5 Annual performance indicators and associated targets were approved by the SIAS Board and are reviewed annually.
- 2.6 As at 27 May 2016 actual performance for East Herts against the targets that can be monitored in year was as shown in the table below.

Performance Indicator	Annual Target	Profiled Target to 27 May 2016	Actual to 27 May 2016
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	15%	12%
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	7% (2 of 30 projects to draft)	7% (2 of 30 projects to draft)
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at	100%	100%	None yet due in 2016/17

'satisfactory' level			
4. Number of High Priority Audit Recommendations agreed	95%	95%	None yet made in 2016/17

2.7 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2016/17 Head of Assurance's Annual Report:

- **5. External Auditor's 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 and Governance 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 and Governance Committee's first meeting of the civic year.

APPENDIX A PROGRESS AGAINST THE 2016/17 AUDIT PLAN AS AT 27 MAY 2016

2016/17 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Key Financial Systems								
Asset Management					12	No	0	
Benefits					12	No	0	
Council Tax					10	No	0	
Creditors (CRSA Year 1)					10	No	0	
Debtors (CRSA Year 1)					10	No	0	
Main Accounting					12	No	0	
NDR					10	No	0	
Payroll					12	No	0	
Payroll Certificate					1	Yes	1	Complete
Treasury (CRSA Year 2)					6	No	0	
Operational Audits								
Absence Management					10	No	0	
BACS					6	Yes	3	Terms of reference issued
Car Parks – New pay & display machines					10	No	0	
Cash and Banking					12	Yes	1.5	In planning
Consultants					10	No	0	

APPENDIX A PROGRESS AGAINST THE 2016/17 AUDIT PLAN AS AT 27 MAY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Development Management – pre applications					6	No	0	
Digital by Default					18	No	0	
Elections					10	No	0	
Enviro Crime					15	No	0	
Freedom of Information					10	Yes	9.5	Draft report issued
Health & Safety					12	Yes	0.5	In planning – audit deferred until Q3
Land Charges					8	No	0	
Project Management / Benefits Realisation					12	Yes	2	In planning
Safeguarding					15	No	0	
Tree Surveying					12	No	0	
Procurement								
New Payroll Contract – controls assurance					5	No	0	
Trade / Clinical Waste					12	Yes	2	In planning
Land Drainage Contract					8	No	0	
IT Audits								
Internet and Email Usage					8	No	0	

APPENDIX A PROGRESS AGAINST THE 2016/17 AUDIT PLAN AS AT 27 MAY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Cyber Risk					8	Yes	0.5	In planning
Shared Learning								
Shared Learning Newsletters and Summary Themed Reports					2	N/A	0	
Audit Committee Workshop					1	N/A	0	
Joint Review – Benchmarking Workshop (topic tbd)					2	N/A	0	
Joint Review - Community Infrastructure Levy					2	N/A	0	
Joint Reviews – tbd					10	N/A	0	
Risk Management								
No audits					0	N/A	0	
Anti-Fraud								
Follow up fraud related themes					5		0	
Strategic Support								
2017/18 Audit Planning					10	N/A	0	
Audit Committee					15	N/A	2	Ongoing
Client Liaison					10	N/A	1.5	Ongoing
Liaison with External Audit					1	N/A	0	

APPENDIX A PROGRESS AGAINST THE 2016/17 AUDIT PLAN AS AT 27 MAY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Head of Internal Audit Opinion 2015/16					5	N/A	5	Complete
Progress Monitoring					10	N/A	1.5	Ongoing
SIAS Development					5	N/A	2	Ongoing
Contingency								
Unused Contingency					0	N/A	0	
Follow Ups								
Follow up of high priority recommendations					5	N/A	1	Ongoing
2015/16 Projects requiring completion								
Various					15	N/A	13	Ongoing
EHC TOTAL					400		46	

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Original Target Date	Management Comments	SIAS Comment (May 16)
1.	Business Continuity (IA Report 7/6/11)	It is recommended that the Business Continuity Plan is reviewed annually. It is further recommended that the Business Continuity Plan is communicated to staff and made available on the intranet.	The current East Herts Council Business Continuity Plan was sufficient, but it did not take into account C3W. Recognising this, we have engaged Zurich Ins Co. to conduct a scoping workshop 14 th July. Zurich has already reviewed the Council's	Director of Neighbourhood Services	Sep 2011	<p><u>Jun 15</u> Critical service questionnaires returned and plan updated. Test will take place shortly to identify strengths and weaknesses of plan.</p> <p><u>Sep 15</u> Business Continuity Plan review / preparation for test taking place 30 September 2015.</p> <p><u>Dec 15</u> No progress. Graduate trainee allocated to project in attempt to</p>	Implemented

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			strategic risks. This work is being finalised before being put to CMT.			complete by 31 st March 2016. <u>Mar 16</u> As per Dec 15 update. <u>May 16</u> Content of plan agreed. Plan will be subject to testing in September 2016 once new structure in place.	
2.	Business Continuity (IA Report 7/6/11)	It is recommended that the Business Continuity Corporate Group (BCG) meet on a regular basis until the Business	The outcome from the Zurich workshop will trigger this group.	Director of Neighbourhood Services	Sep 2011	<u>Jun 15</u> See note at recommendation 1. <u>Sep 15</u> See note at recommendation 1.	Implemented

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		Continuity Plan is approved, and thereafter on a six monthly basis to review the plan.				<p>Business Continuity Group meets quarterly.</p> <p><u>Dec 15</u> See note at recommendation 1. Business Continuity Group meets quarterly.</p> <p><u>Mar 16</u> As per Dec 15 update.</p> <p><u>May 16</u> Business Continuity will feature within remit of Operational Risk Management Group from 2016/17.</p>	

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3.	Business Continuity Planning (01/10/13)	<p>All departmental business continuity plans and resource recovery questionnaires should be reviewed to ensure they are complete, contain a sufficient level of detail, and have been reviewed and approved by appropriate members of staff.</p> <p>In addition to this, a periodic rolling programme of disaster recovery testing (at minimum requiring some downtime and</p>	<p>Now that the Shared ICT service is in place and IT business continuity arrangements are being taken forward then this action will also move forward at the same time.</p> <p>Information captured by services in their Business Recovery Plans will be reviewed in line with the</p>	Director of Neighbourhood Services	30 June 2014	<p><u>Jun15</u> See note at recommendation 1.</p> <p><u>Sep 15</u> Critical service questionnaires returned and plan updated.</p> <p><u>Dec 15</u> See note at recommendation 1.</p> <p><u>Mar 16</u> Critical services have completed resource requirement questionnaires and the plan has been updated. Graduate</p>	Partially implemented – continue to monitor

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No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Original Target Date	Management Comments	SIAS Comment (May 16)
		recovery of IT services) should be performed and then reviewed to make relevant updates to the BCPs.	new ICT solution referred to in Recommendation 2. A provisional schedule for testing recovery plans will be established and reviewed annually. Testing will take place in line with the established schedule.			<p>trainee has been allocated to assist the project completion this financial year. Test is planned for March/ April 2016</p> <p><u>May 16</u> Critical services have completed resource requirement questionnaires and the plan has been updated. There are some suspected weaknesses in the plan that will be brought out through running a test scenario. HCC</p>	

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No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Original Target Date	Management Comments	SIAS Comment (May 16)
						<p>Resilience Team will organise once all new EHC senior managers are in place.</p> <p>Revised to 30/09/16.</p>	
4.	Business Continuity Planning (01/10/13)	Once the actions related to findings 1 and 2 have been completed, the Council needs to get the Business Continuity Plan formally approved and signed off, so that it can be distributed to the relevant members of staff.	Now that the Shared ICT service is in place and IT business continuity arrangements are being taken forward then this action will also move forward at the same time.	Director of Neighbourhood Services	31 March 2014	<p><u>Jun15</u> Statement of intent from Directors included in Plan. Contact list / information cascade close to completion.</p> <p><u>Sep 15</u> As per June 2015 comment.</p>	Partially implemented – continue to monitor

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No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Original Target Date	Management Comments	SIAS Comment (May 16)
		<p>In addition to this, key stakeholders need to meet and agree on comprehensive roles and responsibilities with regard to business continuity planning, and these responsibilities should be documented within the plan.</p>				<p><u>Dec 15</u> See note at recommendation 1.</p> <p><u>Mar 16</u> Statement of intent from Directors is included in the plan. Director of Finance & Support Services has instructed project completion this financial year. Gold command updated to reflect staffing changes.</p> <p><u>May 16</u> Statement of intent from Directors is included in the</p>	

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No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Original Target Date	Management Comments	SIAS Comment (May 16)
						<p>plan. Risk Assurance Officer has produced an initial Business Continuity framework that can be adjusted as and when needed. Finalisation and sign off will follow on from the test.</p> <p>Revised to 30/09/16.</p>	

APPENDIX C AUDIT PLAN ITEMS (APRIL 2016 TO MARCH 2017) – START DATES AGREED WITH MANAGEMENT

Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Payroll Certificate Complete	Trade / Clinical Waste In planning	Project Management / Benefits Realisation In planning	Safeguarding	Enviro Crime	Tree Surveying	Council Tax	Treasury Mgmt	Debtors	Creditors	Land Charges	
BACS ToR issued		Cash and Banking In planning	Consultants	Elections	Development Mgmt (Pre-apps)	Benefits	Payroll	Asset Mgmt	Internet & Email Usage		
FOI Draft report issued		Cyber Risk In planning		Payroll System – controls assurance	Car Parks – New pay & display machines	NDR	Digital by Default	Main Accounting			
					Land Drainage Contract	Absence Management					

APPENDIX C AUDIT PLAN ITEMS (APRIL 2016 TO MARCH 2017) – START DATES AGREED WITH MANAGEMENT

						Health & Safety					
						In planning – audit deferred from May**					

**** Notes**

- Health & Safety audit deferred from May to October at Management's request in view of the absence of the main contact officer.