



East Herts Council
Audit Committee Progress Report
23 September 2015

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report;
and
- Note the status of high priority 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 2015/16 as at 4 September 2015.
 - b) Proposed amendments to the approved 2015/16 Audit Plan.
 - c) Implementation status of previously agreed high priority audit recommendations.
 - d) An update on performance management information as at 4 September 2015.

Background

- 1.2 The 2015/16 Audit Plan was approved by Audit Committee on 18 March 2015.
- 1.3 The Audit Committee receives periodic updates against the Annual Internal Audit Plan, the most recent of which was brought to this Committee on 15 July 2015.
- 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 4 September 2015, 33% of the 2015/16 Audit Plan days had been delivered. Appendix A provides a status update on each individual project within the audit plan.

2.2 Six audits providing assurance to the Audit Committee have been finalised since the July 2015 meeting of this Committee.

2014/15 Projects:

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Shared Services Benefits Realisation	Aug '15	Moderate	Two medium

This marks completion of the 2014/15 Audit Plan.

2015/16 Projects:

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Risk Management	Jul '15	Substantial	One medium One merits attention
Policy Review	Aug '15	Moderate	Three medium One merits attention
Members Allowances and Expenses	Sep '15	Full	None
Insurance	Sep '15	Substantial	Two medium
Homelessness	Sep '15	Full	None

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.

Proposed Audit Plan Amendments

2.4 There are no changes to the 2015/16 Audit Plan for the Committee to consider.

Performance Management

- 2.5 Annual performance indicators and associated targets were approved by the SIAS Board in 2011 and are reviewed annually by the Board.
- 2.6 As at 4 September 2015 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 4 September 2015	Actual to 4 September 2015
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	35%	33%
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	24% (7 of 29 projects to draft)	21% (6 of 29 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%	None yet made in 2015/16

2.7 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2015/16 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 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 Committee's first meeting of the civic year.

APPENDIX A PROGRESS AGAINST THE 2015/16 AUDIT PLAN AS AT 4 SEPTEMBER 2015

2015/16 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 (CRSA Year 2) / Strategy					15	Yes	0	Planned for Q4
Benefits					15	Yes	1.5	Terms of reference issued – fieldwork to start September 2015
Council Tax					12	Yes	1	Terms of reference issued – fieldwork to start October 2015
Creditors					12	Yes	2.5	In fieldwork
Debtors					12	Yes	1	Terms of reference issued – fieldwork to start September 2015
Main Accounting (CRSA Year 2)					8	Yes	0	Planned for Q3
NDR					12	Yes	1	Terms of reference issued – fieldwork to start November 2015
Payroll (CRSA Year 2)					8	Yes	0.5	In planning – due Q3
Payroll Certificate	N/A	-	-	-	1	Yes	1	Complete
Treasury (CRSA year 1)					8	Yes	1	In planning – due

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
								October 2015
Operational Audits								
FM Compliance Plan					15	Yes	0	Planned for Q3
Homelessness	Full	0	0	0	15	Yes	15	Final report issued
Policy Review	Moderate	0	3	1	15	Yes	15	Final report issued
Insurance	Substantial	0	2	0	12	Yes	12	Final report issued
Members Allowances & Expenses	Full	0	0	0	10	Yes	10	Final report issued
Public Health Burials					10	Yes	9	In fieldwork
Section 106 Agreements					15	Yes	2	Terms of Reference issued – fieldwork to start January 2016
Street Markets					15	Yes	0.5	In planning - due Q3
Development Management					15	Yes	0.5	In planning – due Q3
Operational Risk Management	Substantial	0	1	1	12	Yes	12	Final report issued
Data Protection					12	Yes	4	In fieldwork
Procurement								
Procurement and Contract Management					25	Yes	8	In fieldwork
Veolia Waste Contract					15	Yes	1	In planning – due Q3
Follow Up of Leisure Services					6	Yes	0	Planned for Q4

APPENDIX A PROGRESS AGAINST THE 2015/16 AUDIT PLAN AS AT 4 SEPTEMBER 2015

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Contractor Compliance								
Procurement of Locata system (Housing)					10	Yes	0	Planned for Q4
Land Drainage Contract					10	Yes	0	Planned for Q3
IT Audits								
Software Licensing					8	Yes	0.5	In Planned for Q4
IT Helpdesk					8	Yes	3	Terms of Reference issued – fieldwork to start September 2015
Shared Learning								
Shared Learning Newsletters and Summary Themed Reports					2	No	0.5	On-going
Audit Committee Workshop					1	No	0	Planned for Q3
Joint Review – Risk Management Benchmarking Workshop					2	Yes	0	Workshop due October 2015
Strategic Support								
2016/17 Audit Planning					10	N/A	0	Due Q3/4
Audit Committee					15	N/A	6	On-going
Client Meetings					10	N/A	4.5	On-going

APPENDIX A PROGRESS AGAINST THE 2015/16 AUDIT PLAN AS AT 4 SEPTEMBER 2015

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Liaison with External Audit					1	N/A	0.5	On-going
Head of Internal Audit Opinion 2014/15					5	N/A	5	Complete
Plan Monitoring					10	N/A	4.5	On-going
SIAS Development					5	N/A	5	Complete
Contingency								
Unused Contingency					0	N/A	0	N/A
Follow Ups								
Follow up of high priority recommendations					5	N/A	2.5	On-going
2014/15 Projects requiring completion								
Various					3	Yes	3	Complete
EHC TOTAL					400		133.5	

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 (Sep 15)
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	<u>Jun 15</u> Critical service questionnaires returned and plan updated. Test will take place shortly to identify strengths and weaknesses of plan. <u>Sep 15</u> Business Continuity Plan review / preparation for test taking place 30 September 2015.	Not implemented – continue to monitor

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			strategic risks. This work is being finalised before being put to CMT.				
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 Continuity Plan is approved, and thereafter on a six monthly basis to review the plan.	The outcome from the Zurich workshop will trigger this group.	Director of Neighbourhood Services	Sep 2011	<p><u>Jun 15</u> See note at recommendation 1.</p> <p><u>Sep 15</u> See note at recommendation 1. Business Continuity Group meets quarterly.</p>	Partially implemented – continue to monitor
3.	Business Continuity Planning	All departmental business continuity plans and resource	Now that the Shared ICT service is in	Director of Neighbourhood	30 June 2014	<p><u>Jun15</u> See note at recommendation 1.</p>	Partially implemented – continue to

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	(01/10/13)	<p>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 recovery of IT services) should be performed and then</p>	<p>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 new ICT solution referred to in</p>	Services		<p><u>Sep 15</u> Critical service questionnaires returned and plan updated.</p>	monitor

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 (Sep 15)
		reviewed to make relevant updates to the BCPs.	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.				
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	Now that the Shared ICT service is in place and IT business continuity	Director of Neighbourhood Services	31 March 2014	<u>Jun15</u> Statement of intent from Directors included in Plan. Contact list / information	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 (Sep 15)
		<p>Continuity Plan formally approved and signed off, so that it can be distributed to the relevant members of staff.</p> <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>arrangements are being taken forward then this action will also move forward at the same time.</p>			<p>cascade close to completion.</p> <p><u>Sep 15</u> As per June 2015 comment.</p>	

**APPENDIX C AUDIT PLAN ITEMS (APRIL 2015 TO MARCH 2016) – START DATES AGREED WITH MANAGEMENT
(WITH UPDATES FOR AUDITS WITH APRIL TO SEPTEMBER START DATES)**

Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Payroll Certificate (Complete)	Homelessness (Final report issued)	Operational Risk Management (Final report issued)	Members Allowances & Expenses (Final report issued)	Procurement & Contract Management (In fieldwork)	Benefits (Terms of reference issued, fieldwork to start in Sept)	FM Planned Maintenance Programme	Section 106	Veolia Waste Contract	Follow Up Leisure Services Contractor Compliance	Acquisition of Locata System	Software Licensing
Policy Review (Final report issued)		Insurance (Final report issued)			Public Health Burials (In fieldwork)	Development Management	Street Markets	Land Drainage Contract	Asset Mgmt		
		Data Protection (In fieldwork)			IT Helpdesk (Terms of reference issued – fieldwork to start in Sept)	Council Tax	Treasury	Risk Mgmt – Joint Review			

**APPENDIX C AUDIT PLAN ITEMS (APRIL 2015 TO MARCH 2016) – START DATES AGREED WITH MANAGEMENT
(WITH UPDATES FOR AUDITS WITH APRIL TO SEPTEMBER START DATES)**

					Creditors (In fieldwork)	NDR					
					Debtors (Fieldwork to start Sept)	Main Accounting					
						Payroll					