



East Herts Council  
Performance, Audit and Governance  
Scrutiny Committee  
SIAS Progress Report  
4 July 2017

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report,
- Approve amendments to the Audit Plan as at 16 June 2017, and
- Note the status of high priority recommendations.

# Contents

- 1 Introduction and Background
  - 1.1 Purpose
  - 1.2 Background
  
- 2 Audit Plan Update
  - 2.1 Delivery of Audit Plan and Key Findings
  - 2.3 High Priority Recommendations
  - 2.4 Proposed Amendments to Audit Plan
  - 2.5 Performance Management

## Appendices

- A Progress against the 2017/18 Audit Plan
  
- B Implementation status of high priority recommendations
  
- C Audit Plan Items (April 2017 to March 2018) – Start Dates Agreed with Management

# 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 2017/18 as at 16 June 2017.
  - b) Proposed amendments to the approved 2017/18 Audit Plan.
  - c) An update on performance management information as at 16 June 2017.

## Background

- 1.2 The 2017/18 Audit Plan was approved by the Audit and Governance Committee on 22 March 2017.
- 1.3 The Audit and Governance Committee receives periodic updates against the Annual Internal Audit Plan, the most recent of which was brought to the Committee on 22 March 2017.
- 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 16 June 2017, 14% of the 2017/18 Audit Plan days had been delivered (calculation excludes unused contingency). Appendix A provides a status update on each individual project within the audit plan.
- 2.2 Eight projects from the 2016/17 Audit Plan have been finalised since the March 2017 meeting of the Audit & Governance Committee:

<b>Audit Title</b>	<b>Date of Issue</b>	<b>Assurance Level</b>	<b>Number and Priority of Recommendations</b>
Absence Management	Mar '17	Substantial	Two medium One merits attention
Asset Management	Mar '17	Full	None

Land Charges	Mar '17	Full	None
Consultants	Mar '17	Moderate	Nine medium One merits attention
Payroll	Mar '17	Substantial	None
Safeguarding	May '17	Substantial	Two medium Two merits attention
Tree Surveying	May '17	Moderate	One high Three medium One merits attention
Digital Information Management	Jun '17	Limited	Two high One medium One merits attention

The following 2017/18 project has been finalised:

<b>Audit Title</b>	<b>Date of Issue</b>	<b>Assurance Level</b>	<b>Number and Priority of Recommendations</b>
Payroll Certificate	Apr ' 17	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.

#### Proposed Audit Plan Amendments

- 2.5 The following changes to the 2017/18 Audit Plan have been agreed with Officers of the Council. These are detailed below for Committee approval:

Deleted Audits (days returned to contingency):

- Risk Management (6 days)

Audit cancelled following a re-prioritisation of audits to provide a budget for the new audit noted below.

New Audits (days taken from contingency)

- Petty Cash & Procurement Cards (8 days)  
Audit added to inform internal reviews of these areas.

#### Performance Management

2.6 Annual performance indicators and associated targets were approved by the SIAS Board in March 2017 and are reviewed annually.

2.7 As at 16 June 2017 actual performance for East Herts against the targets that can be monitored in year was as shown in the table below.

<b>Performance Indicator</b>	<b>Annual Target</b>	<b>Profiled Target to 16 June 2017</b>	<b>Actual to 16 June 2017</b>
<b>1. Planned Days</b> – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	18%	14%
<b>2. Planned Projects</b> – percentage of actual completed projects to draft report stage against planned completed projects	95%	3% (1 of 35 projects to draft)	3% (1 of 35 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%	None yet made in 2017/18

2.8 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2017/18 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 2017/18 AUDIT PLAN AS AT 16 JUNE 2017

### 2017/18 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
<b>Key Financial Systems</b>								
Asset Management					10		0	
Council Tax					10		0	
Creditors					13		0	
Debtors					13		0	
General Ledger					10		0	
Housing Benefits & Rent Allowances					10		0	
NDR					10		0	
Payroll					14		0	
Payroll Certificate	N/A	-	-	-	1	Yes	1	Complete
Treasury					8		0	
<b>Operational Audits</b>								
Development Management (pre-application process)					6		0	
Section 106 Agreements (application of revised charging)					8		0	
Old River Lane Development					14		0	
Accommodation Project (challenge assumptions)					12		0	
Business Continuity Planning					10		0	
Communications					10		0	
3 Cs					12	Yes	9	In fieldwork

## APPENDIX A - PROGRESS AGAINST THE 2017/18 AUDIT PLAN AS AT 16 JUNE 2017

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Hertford Theatre – income					10		0	
Play Safety Inspections					10		0	
Digital East Herts					12		0	
Off-Payroll Payments					5	Yes	0.5	In planning
Licensing - processing of applications and issue of licences					15	Yes	10	In fieldwork
Taxi Licensing Enforcement					8	Yes	1	In planning
Food Safety Inspections					10		0	
New Payroll System – rollout of self-service					8		0	
DFG Capital Grant Certification					2		0	
Petty Cash & Procurement Cards					8	Yes	0.5	In planning
<b>Procurement</b>								
Local Authority Serious and Organised Crime Checklist					10		0	
Procurement					15	Yes	5	In fieldwork
<b>IT Audits</b>								
Mobile Device Management					6		0	
IT Procurement					6		0	
IT Shared Service Agreement					6		0	
IT Incident Management					6	BDO	0.5	In planning
Cyber Security					6	BDO	0.5	In planning



## APPENDIX A - PROGRESS AGAINST THE 2017/18 AUDIT PLAN AS AT 16 JUNE 2017

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
<b>Shared Learning</b>								
Shared Learning Newsletters and Summary Themed Reports					5	N/A	1	
Joint Reviews – topics to be determined by the SIAS Board					5		0	
<b>Risk Management</b>								
Risk Management					0	N/A	0	Cancelled
<b>Anti-Fraud</b>								
Anti-Fraud – Controls Review					5		0	
<b>Strategic Support</b>								
2018/19 Audit Planning					10	N/A	0	
Audit Committee					12	N/A	3	Ongoing
Client Liaison					10	N/A	2	Ongoing
Liaison with External Audit					1	N/A	0.5	Ongoing
Head of Internal Audit Opinion 2016/17					5	N/A	5	Complete
Plan Delivery Monitoring					10	N/A	2	Ongoing
SIAS Development					5	N/A	5	Complete
<b>Contingency</b>								
Unused Contingency					0	N/A	0	
<b>Follow Ups</b>								

## APPENDIX A - PROGRESS AGAINST THE 2017/18 AUDIT PLAN AS AT 16 JUNE 2017

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Follow up of high priority recommendations					3	N/A	0	
<b>2016/17 Projects requiring completion</b>								
Various					8.5	N/A	8.5	Complete
Elections					5.5	Yes	0	Due Q2
Joint Review – PREVENT					0.5	BDO	0	In fieldwork
Joint Review – Local Authority Trading					0.5	BDO	0	In fieldwork
<b>EHC TOTAL</b>					<b>400</b>		<b>55</b>	



## APPENDIX C - AUDIT PLAN ITEMS (APRIL 2017 TO MARCH 2018) – START DATES AGREED WITH MANAGEMENT

Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Payroll Annual Pension Certificate <b>Complete</b>	Petty Cash & Procurement Cards <b>In planning</b>	Off-Payroll Payments <b>In planning</b>	Business Continuity Planning	Section 106	Food Safety Inspections	Council Tax	Treasury Management	Debtors	Creditors	Comms	
Licensing <b>In fieldwork</b>	Taxi Licensing Enforcement <b>In planning</b>		Hertford Theatre – income	Digital East Herts (actual timings tbd)	DFG Capital Grant Sign-Off	Housing Benefits & Rent Allowances	Payroll	Asset Management	Joint Reviews (tbd)	Play Safety Inspections	
3 C's (complaints compliment comments) <b>In fieldwork</b>	Procurement <b>In fieldwork</b>		IT Procurement	Mobile Device Mgmt	Accomm Project (actual timings tbd)	Development Management (Pre-applications)	NDR	General Ledger			
			Cyber Security* <b>In planning</b>	Serious & Organised Crime	IT Shared Service Agreement	Old River Lane (actual)	New Payroll System – rollout of self-				

## APPENDIX C - AUDIT PLAN ITEMS (APRIL 2017 TO MARCH 2018) – START DATES AGREED WITH MANAGEMENT

				Checklist		timings tbd)	service (actual timings tbd)				
				IT Incident Mgmt  <b>In planning</b>							

**\*Notes**

- Cyber Security moved from June to July to align with resource availability.