



East Herts Council

Performance, Audit and Governance
Scrutiny Committee
26 September 2017

SIAS 2017/18 Audit Plan Progress Report
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 2017/18 as at 8 September 2017.
 - b) An update on performance management information as at 8 September 2017.

Background

- 1.2 The 2017/18 Audit Plan was approved by the Audit and Governance Committee on 22 March 2017.
- 1.3 The Performance, Audit and Governance Scrutiny Committee receive periodic updates against the Annual Internal Audit Plan, the most recent of which was brought to the Committee on 4 July 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 8 September 2017, 29% 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 No 2017/18 projects have been finalised since the date of the last meeting of this committee. For the status of each individual plan item please see Appendix 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 There are no plan changes to bring before this meeting of the committee.

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 8 September 2017, 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 8 September 2017	Actual to 8 September 2017
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	35%	29%
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	20% (7 of 35 projects to draft)	11% (4 of 35 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 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 Performance, Audit and Governance Scrutiny Committee's first meeting of the civic year.

APPENDIX A – PROGRESS AGAINST THE 2017/18 AUDIT PLAN AS AT 8 SEPTEMBER 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				
Key Financial Systems								
Asset Management					10	Yes	0	Due to start December
Council Tax					10	Yes	0	Due to start October
Creditors					13	Yes	0	Due to start January
Debtors					13	Yes	0	Due to start December
General Ledger					10	Yes	0	Due to start December
Housing Benefits and Rent Allowances					10	Yes	0	Due to start October
NDR					10	Yes	0	Due to start November
Payroll					14	Yes	1	In planning
Payroll Certificate	N/A	-	-	-	1	Yes	1	Complete
Treasury					8	Yes	0	Due to start November
Operational Audits								
Development Management (pre-application process)					6	Yes	0	Due to start January
Section 106 Agreements (application of revised charging)					8	Yes	0.5	In planning
Old River Lane Development					14	Yes	1	In planning
Accommodation Project (challenge assumptions)					12	Yes	0	Due to start September
Business Continuity Planning					10	Yes	6	In fieldwork
Communications					10	Yes	0	Due to start February

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
3 Cs					12	Yes	11	In quality review
Hertford Theatre – income					10	Yes	4	In fieldwork
Play Safety Inspections					10	Yes	0	Due to start February
Digital East Herts					12	Yes	8	In fieldwork
Off-Payroll Payments					5	Yes	4	In fieldwork
Licensing – processing of applications and issue of licences					15	Yes	14.5	Draft report issued
Taxi Licensing Enforcement					8	Yes	7.5	Draft report issued
Food Safety Inspections					10	Yes	0.5	In planning
New Payroll System – rollout of self-service					8	Yes	0.5	In planning
DFG Capital Grant Certification					2	Yes	0	Due to start September
Petty Cash and Procurement Cards					8	Yes	6.5	In fieldwork
Elections					5.5	Yes	0	Due to start November
Procurement								
Local Authority Serious and Organised Crime Checklist					10	Yes	1	In planning
Procurement					15	Yes	9	In fieldwork
IT Audits								
Mobile Device Management					6	BDO	0	Due to start October
IT Procurement					6	BDO	0	Due to start September
IT Shared Service Agreement					6	BDO	0	Due to start February
IT Incident Management					6	BDO	5.5	Draft report issued

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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	1	Ongoing
2016/17 Projects requiring completion								
Various					8.5	N/A	8.5	Complete
Joint Review – PREVENT					0.5	BDO	0	Draft report issued
Joint Review – Local Authority Trading					0.5	BDO	0	In quality review
EHC TOTAL					400		117	

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 (September 2017)
1.	Tree Surveying (May 2017)	<p>It is recommended that formal approvals are obtained for the extension of the current Tree Management contract at the earliest opportunity</p> <p>It is recommended that the service is let in accordance with the Council's contract standing orders for future years.</p>	<p>To arrange the appropriate waiver to extend the contract while work is undertaken to develop the specification to include facility to inform a schedule of works type maintenance contract.</p> <p>To retender the tree risk inspection contract and to design and procure a new schedule of works based maintenance contract.</p>	Parks and Open Spaces Manager	<p>30 June 2017</p> <p>31 March 2018</p>	<p><u>June 2017</u> N/A</p> <p><u>September 2017</u> No update received from the 'Responsible Officer' by the committee reporting deadline. Verbal update may be given at the committee meeting.</p>	

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 Complete	Petty Cash and Procurement Cards In fieldwork	Off-Payroll Payments In fieldwork	Business Continuity Planning In fieldwork	Section 106 In planning	Food Safety Inspections In planning	Council Tax	Treasury Mgmt	Debtors	Creditors	Comms	
Licensing Draft report issued	Taxi Licensing Enforcement Draft report issued		Hertford Theatre – income In fieldwork	Digital East Herts In fieldwork	DFG Capital Grant Sign-Off	Housing Benefits and Rent Allowances	Payroll In planning	Asset Mgmt	Joint Reviews (tbd)	Play Safety Inspections	
3 C's In quality review	Procurement In fieldwork			IT Incident Mgmt Draft report issued	Accommodation Project	Old River Lane	NDR	General Ledger	Cyber Security*	IT Shared Service Agreement*	
				Serious and Organised Crime Checklist In planning	IT Procurement*	Mobile Device Mgmt*	New Payroll System – rollout of self-service (actual timings tbd)		Development Management (pre-applications)*	Anti-Fraud Controls Review	

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

							Elections				
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*Notes

The following IT audits have been moved to align with client and BDO resource availability:

- **IT Procurement** – July to September
- **Cyber Security** – July to January
- **Mobile Device Management** – August to October
- **IT Shared Service Agreement** – September to February

The following audit has been moved as the revised processes have not yet been fully implemented:

- **Development Management (pre-applications)** – October to January