



Welwyn Hatfield Borough Council
Audit Committee Progress Report
21 March 2016

Recommendation

Members are recommended to note the
Internal Audit Progress Report and approve
amendments to the Audit Plan as at
2 March 2016

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1 Introduction and Background

Purpose of Report

- 1.1 To provide Members with:
- a) the progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's 2015/16 Internal Audit Plan as at 2 March 2016,
 - b) the findings for the period 26 October 2015 to 2 March 2016,
 - c) the details of changes to the planned start dates of audits from the approved 2015/16 Audit Plan,
 - d) the proposed amendments required to the approved 2015/16 Audit Plan, and
 - e) an update on performance management information as at 2 March 2016.

Background

- 1.2 Internal Audit's Annual Plan for 2015/16 was approved by the Audit Committee at its meeting on 23 March 2015.
- 1.3 The Audit Committee receive periodic updates against the Annual Internal Audit Plan, the most recent of which was brought to this Committee on 16 November 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 function 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 2 March 2016, 87% of the 2015/16 Audit Plan days had been delivered (calculation excludes contingency). Appendix A provides a status update on each individual deliverable within the audit plan.
- 2.2 The following reports and assignments have been issued or completed in the period since the previous Audit Committee on 16 November 2015:

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
2015/16 Audit Plan – Audits Finalised Since 26 October 2015			
Main Accounting (CRSA)	26 January 2016	Full	No Recommendations
Treasury Management (CRSA)	25 February 2016	Full	No Recommendations
Council Tax	4 December 2015	Substantial	1 Medium 2 Merits Attention
Development Management	13 January 2016	Substantial	1 Medium 2 Merits Attention
Contract Management	2 March 2016	Substantial	2 Merits Attention
Risk Management Benchmarking Workshop	8 December 2015	N/a	N/a

- 2.3 A summary is provided below of the recommendations made within the above reviews.

Audit Title	Control Area and Summary of Recommendations
Council Tax	<p>Properties awaiting valuation – A properties awaiting valuation report is periodically produced to assist management in identifying queries with the Valuation Office Agency (VOA) that are over three months old, with these being followed up accordingly.</p> <p>Staff should be reminded that the council tax system should be updated promptly to show properties that</p>

Audit Title	Control Area and Summary of Recommendations
	<p>have been cleared by the VOA. Periodic management checks are undertaken to ensure that this has been undertaken.</p> <p>Review Dates – Following the identification of incorrect review dates for disabled discounts, management should review the systems and processes for populating review dates to ensure these are automatically entered going forward. Periodic checks should also be undertaken by management to identify gaps in review dates for all discounts, exemptions and empties, to confirm that these are valid.</p> <p>Scanning - The existing scanning backlog for applications / supporting information should be cleared at the earliest opportunity and the Council should ensure that clear timeframes are agreed and monitored with the contractor for the promptness of scanning documents going forward.</p> <p>In response to the report management have agreed to action each of the above recommendations, with confirmation provided that the issues regarding review dates have been investigated and resolved.</p>
<p>Development Management</p>	<p>Pre Planning & Subsequent Full Application - Where pre-planning advice is provided by discussion as opposed to an advice letter, documentary evidence should be maintained to record that the discussion took place and the outcomes.</p> <p>On receipt of a full planning application, a check should be undertaken to see whether a pre application was submitted, thereby allowing officers to make use of any original research material that may have previously been produced and have awareness of any advice previously offered.</p> <p>Pre Application timescales - The Council's target response time for pre-applications should be reviewed to ensure that it is an achievable timescale based on the resources available.</p> <p>Reconciliation of Fees – A review of system functionality and available reports should be undertaken to facilitate reconciliations between the income received per the planning system against the general ledger. If this cannot be achieved, a record of application income received should be held to allow for completion of this reconciliation.</p>

Audit Title	Control Area and Summary of Recommendations
<p>Contract Management</p>	<p>Contract Manager Training - The Council considers implementing an e-learning platform for contract management. Upon completion of the above module, the Council consider making the completion of this a mandatory requirement for all new starters with contract management responsibilities.</p> <p>KPI Monitoring - Officers should be reminded of the following key elements of good practice in relation to effective contract management.</p> <ul style="list-style-type: none"> • Minutes are produced for all client / contractor meetings to evidence the outcomes of the meeting and any actions, responsibilities and agreed target dates. • To inform client / contractor meetings appropriate monitoring of performance against KPI's should be undertaken by the contract manager, with the outcomes of this and any required actions being discussed during the liaison meeting, <p>Management have agreed that the above recommendations will be presented to the Heads of Service Team for agreement of required actions, given that responsibility for contract management is an operational activity.</p>

2.4 Other audits from the 2015/16 Audit Plan are progressing in line with agreed timescales. Of the nine remaining audits (that have not reached draft report stage), three are at quality review stage and six are at fieldwork stage. See appendix A for further details.

Changes to Projected Audit Start Dates

2.5 To help the Committee assess the current situation in terms of progress against the projects in the 2015/16 Audit Plan, Appendix B of this report provides an analysis of agreed start dates. These dates have been agreed with management and resources allocated accordingly. This is designed to facilitate smoother delivery of the audit plan through the year.

2.6 One change has been made to planned audit start dates since the previous committee:-

- Grants to External Bodies – audit deferred from November to March to allow for completion of Key Financial Systems Audits (both areas being administered by Finance).

Proposed Audit Plan Amendments

- 2.7 No audit plan amendments are proposed within this reporting period.

High Priority Recommendations

- 2.8 Members will be aware that a Final Audit Report is issued when it has been agreed (“signed off”) by management; this includes an agreement to implement the recommendations that have been made.
- 2.9 The Council’s Principal Governance Officer is responsible for following up the implementation status of the internal audit recommendations. No new high priority recommendations have been made in 2015/16.

Performance Management

- 2.10 The 2015/16 Annual performance indicators and targets were approved at the SIAS Board meeting on 23 March 2015.
- 2.11 The actual performance for Welwyn Hatfield against the targets that are monitored in year is set out in the table below.

Performance Indicator	Annual Target	Profiled Target	Actual to 2 March 2016
1. Planned Days – percentage of actual billable days against planned chargeable days completed	95%	90%	87%
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	70%	60% (14 out of 23 audits)
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at ‘satisfactory’ level	100%	100%	100% (8 questionnaires received)
4. Number of High Priority Audit Recommendations agreed	95%	95%	N/a – No High Priority Recs Currently Made

2015/16 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	L				
Key Financial Systems – 71 days								
Main Accounting System - CRSA Year 2	Full	0	0	0	8	SIAS	8	Final Report Issued
Debtors - CRSA Year 1					6	SIAS	5.5	Draft Report Issued
Creditors - CRSA Year 1					6	SIAS	5.5	Draft Report Issued
Treasury Management - Investments - CRSA Year 1	Full	0	0	0	6	SIAS	6	Final Report Issued
Payroll - CRSA Year 1					6	SIAS	5.5	In Quality Review
Council Tax	Substantial	0	1	2	12	SIAS	12	Final Report Issued
NDR	Substantial	0	0	1	12	SIAS	12	Final Report Issued
Housing Benefits					15	BDO	14	Draft Report Issued
Operational Audits – 90 days								
Insurance	Substantial	0	0	1	10	SIAS	10	Final Report Issued
Facilities Management					10	SIAS	4	In Fieldwork
Customer Services					10	SIAS	2.5	In Fieldwork
Hackney Carriages	Full	0	0	0	10	SIAS	10	Final Report Issued
Grants to External Bodies					5	SIAS	0.5	In Fieldwork
Remuneration Panel	Full	0	0	0	5	SIAS	5	Final Report Issued
Development Management	Substantial	0	1	2	10	SIAS	10	Final Report Issued

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	L				
Campus West	Substantial	0	7	0	17	SIAS	17	Final Report Issued
Safeguarding					14.5	SIAS	10	In Fieldwork
Enforcement					0	SIAS		Audit Cancelled
Abandoned Vehicles					0.5	SIAS	0.5	Audit Cancelled
Contract Management – 5 days								
Contract Management	Substantial	0	0	2	5	SIAS	5	Final Report Issued
Local Reviews – 5 days								
Audit recommendations follow up					5	SIAS	5	As required
Shared Learning – 5 days								
Shared Learning Newsletters and Summary Themed Reports					2	SIAS	2	Complete
Audit Committee Workshop					1	SIAS	1	Complete
Joint Review – Risk Management Benchmarking Workshop	N/a				2	SIAS	2	Final Report Issued
Risk Management and Governance – 10 days								
Risk Management					5	SIAS	4	In Fieldwork
Corporate Governance					5	SIAS	3.5	In Fieldwork
Ad Hoc Advice – 5 days								
Ad Hoc Advice					5	SIAS	3.5	As and when required
IT Audits – 20 days								

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	L				
Cyber Security					12	SIAS	11.5	In Quality Review
Application (Software) Security Audit					8	SIAS	7.5	In Quality Review
Strategic Support and Contingency – 39 days								
Head of Internal Audit Opinion 14/15					5	SIAS	5	Complete
Audit Committee					8	SIAS	7.5	Quarterly
External Audit Liaison					4	SIAS	3	On-going
Monitoring & Client Liaison					12	SIAS	10	On-going
SIAS Development					5	SIAS	5	On-going
2016/17 Audit Planning					5	SIAS	5	Draft Plan Issued
Contingency – 5 days								
Contingency					3	SIAS		As required
14/15 Projects requiring completion								
					5	SIAS	5	Complete
WHBC TOTAL		0	9	8	260		223.5	

APPENDIX B 2015/16 AUDIT PLAN PROJECTED START DATES

Apr 15	May 15	Jun 15	July 15	Aug 15	Sept 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16
Remuneration Panel – Final Rpt.		Hackney Carriages – Final Rpt.	Insurance – Final Rpt.		Council Tax – Final Rpt.	Benefits – Draft Rpt.		<i>Abandoned Vehicles – Audit Cancelled</i>	Facilities Management	Corporate Governance	Grants to External Bodies
Campus West – Final Rpt.					NDR – Final Rpt.	Cyber Security			Payroll	Risk Management	
					Contract Management – Final Rpt.	Application (Software) Security			Customer Services		
					Development Control – Final Rpt.	Debtors – Draft Rpt.			Safeguarding		
					<i>Enforcement – Audit Cancelled</i>	Creditors – Draft Rpt.					
						Main Accounting – Final Rpt.					
						Treasury Management – Final Rpt.					

Note: Following the commencement of the audit year, proposed start dates to audits have been refined as officer availability and assurance requirements were clarified. These changes have been reflected within the above schedule. The above schedule is now considered as the agreed plan for the audit year. Changes to planned dates within this progress reporting period are highlighted in grey and further details are provided within section 2.5 of the progress report.