



Watford Borough Council
Audit Committee Progress Report
28 September 2015

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 4 September 2015
- Approve amendments to the Audit Plan as at 4 September 2015
- Agree removal of implemented recommendations (see Appendix C)
- Agree changes to the implementation dates for 12 recommendations (paragraph 2.5.1) for the reasons set out in Appendix C
- Note the status of the 16 IT audit recommendations (paragraph 2.5.2)

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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 2014/15 as at 4 September 2015.
- b) Proposed amendments to the approved 2015/16 Annual Audit Plan.
- c) Implementation status of all outstanding previously agreed audit recommendations from 2010/11 onwards.
- d) An update on performance management information as at 4 September 2015.

Background

- 1.2 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.
- 1.3 The 2015/16 Annual Audit Plan was approved by Audit Committee on 11 March 2015.
- 1.4 The Audit Committee receives periodic updates on progress against the Annual Audit Plan from SIAS, the most recent of which was brought to this Committee on 30 June 2015.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 4 September 2015, 28% of the 2015/16 Audit Plan days had been delivered for the combined WBC and Shared Services plans (calculation excludes contingency). Appendix A provides a status update on each individual deliverable within the audit plan.
- 2.2 No 2015/16 audits have yet been finalised, however, a number of projects are in progress as follows:
- One to draft report stage
 - One at quality review
 - Four in fieldwork
 - Four in planning

The detail of these and all other audits in the 2015/16 Audit Plan can be seen at Appendix A.

Status of Audit Recommendations

- 2.3 Members will be aware that a Final Audit Report is issued when it has been agreed by management and includes an agreement to implement the recommendations made. It is SIAS's responsibility to bring to Members' attention the implementation status of all audit recommendations. It is the responsibility of officers to implement recommendations by the agreed date.

2.4 The table below summarises progress in implementation of all outstanding internal audit recommendations at August 2015, with full details given in Appendix C:

Year	Recommendations made No.	Implemented	Not yet due	Outstanding & request made for extended time	Percentage implemented %
2010/11	213	212	1	0	99%
2011/12	114	111	0	3	97%
2012/13	49	47	1	1	96%
2013/14	93	84	3	6	90%
2014/15	57	39	0	18	70%
2015/16	0	-	-	-	-

2.5 The 28 recommendations in the 'outstanding and request made for extended time' column fall into 2 categories as per sections 2.5.1 to 2.5.2 below.

2.5.1 Extension to implementation dates have been requested for 12 recommendations as follows:

- a) Two for Housing Redesign;
- b) One for Main Accounting System,
- c) One for Health & Safety,
- d) Two for Debtors,
- e) Three for NDR, and
- f) Three for Benefits.

2.5.2 For the 16 outstanding IT audit recommendations, no specific updates have been provided and a generic comment has been added to each in appendices 3 to 9. The following management comment was provided by the IT Client Section Head:

'In view of the termination of the Capita contract on 8 September 2015, any deadlines within the audit recommendations can now not be committed to from our side and therefore it is not useful to provide an update at this time'. The recommendations relate to the following audits:

- a) One for IT Remote Working,

- b) One for IT Project Management,
- c) Two for IT Back-Up and Disaster Recovery,
- d) One for Server Virtualisation,
- e) Two for Cyber Risk,
- f) Three for IT Change Management,
- g) Three for Disaster Recovery, and
- h) Three for IT Operations and Contract Management.

Proposed Audit Plan Amendments

2.6 Since June 2015 Audit Committee, the following amendments to the 2015/16 Shared Services Audit Plan have been agreed with officers of the Council and are detailed below for Audit Committee approval:

- IT Managed Service Delivery – audit cancelled in view of status of outsourced IT arrangements.
- IT Disaster Recovery Extended Follow Up – as above.

A total of 20 days from these two audits has been returned to the contingency budget. Discussions are in progress with management to identify alternative audits and early agreement on these is needed to ensure they can be scheduled within the year.

Performance Management

Reporting of Audit Plan Delivery Progress

- 2.7 To help the Committee assess the current situation in terms of progress against the projects in the 2015/16 Audit Plan we have provided at Appendix B 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. An updated view is brought to each meeting of Audit Committee.
- 2.8 Annual performance indicators and associated targets were approved by the SIAS Board on 11 March 2015. Actual performance for Watford Borough Council against the targets that can be monitored for 2015/16 is shown 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%	30%	28%
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects (excludes 2014/15 completion and ‘on-going’ pieces)	95%	14% (3 out of 22 projects to draft)	5% (1 out of 22 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%	N/A (none yet made in 2015/16)

2.9 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 Auditors’ 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.