Watford Borough Council
Audit Committee Progress Report
16 March 2017

Recommendation

Members are recommended to:
- Note the Internal Audit Progress Report for the period to 24 February 2017
- Approve amendments to the Audit Plan as at 24 February 2017
- Agree removal of implemented recommendations (see Appendix C)
- Agree changes to the implementation dates for 9 recommendations (paragraph 2.5.1) for the reasons set out in Appendix C

Contents

1. Introduction and Background

<u>Purpose of Report</u>

1.1 This report details:

a) Progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's Annual Audit Plan for 2016/17 as at 24 February 2017.
b) Proposed amendments to the approved 2016/17 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 24 February 2017.

<u>Background</u>

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 2016/17 Annual Audit Plan was approved by Audit Committee on 14 March 2016.

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 7 December 2016.

2. Audit Plan Update

<u>Delivery of Audit Plan and Key Audit Findings</u>

2.1 As at 24 February 2017, 83% of the 2016/17 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 One 2016/17 audit providing assurance to the Audit Committee has been finalised since the December 2016 meeting. All final audit reports are available to Members on request.

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Contract Management	Jan '17	Substantial	One merits attention

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 as at February 2017, 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	0	1	99%
2011/12	114	112	0	2	98%
2012/13	49	49	0	0	100%
2013/14	93	92	0	1	99%
2014/15	57	53	0	4	93%
2015/16	56	50	2	4	89%
2016/17	9	6	2	1	67%

*or no update provided

2.5　The 13 recommendations in the 'outstanding and request made for extended time' column fall into 2 categories as per sections 2.5.1 and 2.5.2 below.

2.5.1　Since December 2016 Audit Committee, extension to implementation dates have been requested by action owners for nine recommendations as follows:

a) One from the 2010/11 IT Remote Working audit,
b) One from the 2011/12 IT Project Management audit,
c) One from the 2011/12 IT Backup and Disaster Recovery audit,
d) One from the 2013/14 Cyber risk audit,
e) One from the 2014/15 NDR audit,
f) Two from the 2014/15 Disaster Recovery audit,
g) One from the 2015/16 Data Protection audit, and
h) One from the 2016/17 Freedom of Information audit.

2.5.2 In respect of the following four recommendations, no updates were provided for this meeting of the Committee:

Audit Year	Audit Name	Number of Outstanding Recommendations	Target Dates
2014/15	Benefits	One	31 December 2016
2015/16	Development Management	Two	28 February 2017
	Building Control	One	28 February 2017

Proposed Audit Plan Amendments

2.6 The following amendments to the 2016/17 Audit Plan have been agreed with officers of the Council and are detailed below for Audit Committee approval:

Deletions / Changes:
- Following officer requests and agreed with the Council's Head of Finance, the ICT audit has been re-phased to the first quarter of 2017/18. The audit days freed up have been diverted to support an in depth assurance review of the payroll service as requested by the MD and Joint Management Board. These have been added to the existing payroll review in the shared service audit plan.

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 2016/17 Audit Plan, we have provided an analysis of agreed start dates at Appendix B. 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.

2.8 Annual performance indicators and associated targets were approved by the SIAS Board in March 2016. Actual performance for Watford Borough Council against the targets that can be monitored for 2016/17 is shown in the table below.

Performance Indicator	Annual Target	Profiled Target to 24 February 2017	Actual to 24 February 2017
1. Planned Days – percentage	95%	88%	83%

of actual billable days against planned chargeable days completed (excluding unused contingency).			
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects (excludes 2015/16 completion and 'on-going' pieces).	95%	58% (14 out of 24 projects to draft) *see note below	50% (12 out of 24 projects to draft) *see note below
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 2016/17)

* Draft reports have not yet been issued for the Officer Expenses and Starters & Leavers audits. The fieldwork and quality review stages are complete, however, Management have instructed that issue of the draft reports should be timed to coincide with the completion of the Payroll Assurance Review which is currently underway. These audits are not therefore included in either the 'profiled target' or 'actual' statistics reported in performance indicator 1 above.

2.9 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2016/17 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.