



Watford Borough Council
Audit Committee Progress Report
29 September 2014

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report Against the 2014/15 Audit Plan
- Approve amendments to the Audit Plan as at 1 September 2014 (see Appendix C)
- Agree removal of implemented recommendations (see Appendix B)
- Agree the changes to the implementation date for 18 recommendations (paragraph 2.6) for the reasons set out in Appendix B.

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- A Progress against the 2014/15 Audit Plan
- B Progress against outstanding internal audit recommendations
- C Audit plan change request

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 1 September 2014.
 - b) Proposed amendments to the approved 2014/15 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 1 September 2014.

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 2014/15 Annual Audit Plan was approved by Audit Committee on 12 March 2014.
- 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 2014.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 1 September 2014, 31% of the 2014/15 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 2013/14 reports have been finalised since June Audit Committee and represents closure of the 2013/14 Audit Plan:

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Health Campus	Jun '14	Substantial	Six medium Four merits attention
Health & Safety (shared plan)	Jul '14	Moderate	One high Four medium One merits attention

The following 2014/15 reports have been finalised since June Audit Committee.

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
SLM & HQ Theatres Contract Management	Jul '14	Substantial	One medium Five merits attention
Community Centres	Aug '14	Full	None

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 high priority 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 August 2014, with full details given in Appendix B:

Year	Recommendations made No.	Implemented	Not yet due	Outstanding & request made for extended time	Percentage implemented %
2010/11	213	211	1	1	99%
2011/12	114	111	1	2	97%
2012/13	49	47	0	2	96%
2013/14	93	58	22	13	62%
2014/15	6	2	4	0	33%

- 2.5 The Committee will be aware that the ICT service was outsourced to Capita Secure Information Solutions from 20 May 2013 and that the outstanding ICT recommendations were prioritised to be completed during transition (up to 20 May 2013) or transformation (after 20 May 2013).
- 2.6 Extension to implementation dates have been requested for 18 recommendations, as detailed in Appendix B, covering the following audits:
- a) One for IT Remote Working,
 - b) Two for IT Back Up and Disaster Recovery,
 - c) One for IT Server Virtualisation,
 - d) One for Risk Management,
 - e) Two for Housing Redesign,
 - f) Three for Counter Fraud Arrangements in the Shared Service Benefit Fraud Team,
 - g) One for Budget Monitoring,
 - h) One for Main Accounting,
 - i) One for Debtors,
 - j) Three for Cyber Risk,
 - k) Two for Health Campus.

Proposed Audit Plan Amendments

- 2.7 The 2014/15 Audit Plan for WBC includes 5 days for a review of the Charter Place Development. Following discussion with management, it is proposed that this review is cancelled. A Position Statement at Appendix C provides further details.

Performance Management

- 2.8 Annual performance indicators and associated targets were approved by the SIAS Board on 20 March 2014. Actual performance for Watford Borough Council against the targets that can be monitored for 2014/15 is shown the table below.

Performance Indicator	Annual Target	Profiled Target to 1 Sept 2014	Actual to 1 Sept 2014
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	35%	31%
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects (excludes 2012/13 completion and ‘on-going’ pieces)	95%	11% (3 projects to draft)	7% (2 projects to draft)
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at ‘satisfactory’ level	100%	100%	None received
4. Number of High Priority Audit Recommendations agreed	95%	95%	None made in 2014/15

2.9 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2014/15 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.