Shared Internal Audit Service
Hertfordshire in Partnership

Watford Borough Council
Audit Committee Progress Report
10 December 2014

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 17 November 2014
- Approve amendments to the Audit Plan as at 17 November 2014
- 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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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 17 November 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 17 November 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 29 September 2014.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

2.1 As at 17 November 2014, 50% 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 2014/15 reports have been finalised since September Audit Committee.

Audit Title	**Date of Issue**	**Assurance Level**	**Number and Priority of Recommendations**
Procurement & Contract Management Baseline Assessment Follow Up	Sep '14	N/A	Seven recommendations made in the original report issued in October 2013. Four have been implemented, one partially implemented and two are no longer applicable.
Veolia Contract Management Follow Up	Oct '14	N/A	Seven recommendations made in the original report issued in February 2014. Five have been implemented and two are no longer applicable.
NDR Anti-Avoidance Arrangements (shared plan)	Oct '14	Full	Two 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 November 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	2	0	99%
2011/12	114	111	0	3	97%
2012/13	49	47	1	1	96%
2013/14	93	66	15	12	71%
2014/15	8	4	2	2	50%

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 Project Management,
b) Two for IT Back Up and Disaster Recovery,
c) One for IT Server Virtualisation,
d) One for Procurement and Contract Management Baseline Assessment,
e) One for Housing Redesign,
f) One for Council Tax,
g) One for Budget Monitoring,

h) One for Creditors,
i) One for Debtors,
j) Five for Cyber Risk,
k) One for Health & Safety,
l) Two for SLM & HQ Theatres Contract Management.

Proposed Audit Plan Amendments

2.7 Since September 2014 Audit Committee, the following amendments to the 2014/15 Audit Plan have been agreed with officers of the Council and are detailed below for Audit Committee approval:

- Enforcement – audit cancelled as there is only limited value in audit involvement in 2014/15 in view of current service developments in this area. Area to be considered for inclusion in the 2015/16 Audit Plan. Fourteen days returned to contingency for reallocation to other audits.

- Use of Consultants – new audit added to the 2014/15 Audit Plan from the approved reserve list. Budget of eight days allocated from contingency.

- Vinci Parking Contract - new audit added to the 2014/15 Audit Plan from the approved reserve list. Budget of five days allocated from contingency.

- Contract Payments – scope of the audit extended and an additional four days taken from contingency has been agreed with management.

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 17 November 2014**	**Actual to 17 November 2014**
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	55%	50%
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%	36% (10 projects to draft)	32% (9 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 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.