



Watford Borough Council
Audit Committee Progress Report
7 December 2015

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 13 November 2015
- Approve amendments to the Audit Plan as at 13 November 2015
- Agree removal of implemented recommendations (see Appendix C)
- Agree changes to the implementation dates for 6 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 13 November 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 13 November 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 28 September 2015.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 13 November 2015, 50% 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 Three 2015/16 audits providing assurance to the Audit Committee have been finalised since the September meeting of this Committee.

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Asset Management	Oct '15	Full	None
Data Protection	Oct '15	Substantial	Two medium
Development Management	Nov '15	Substantial	Two medium 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 at November 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	0	1	99%
2011/12	114	111	0	3	97%
2012/13	49	48	0	1	98%
2013/14	93	84	4	5	90%
2014/15	57	43	1	13	75%
2015/16	2	0	2	0	0%

2.5 The 23 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 Extension to implementation dates have been requested for 6 recommendations as follows:

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

In respect of the one remaining outstanding recommendation from the Health & Safety audit, no update was provided for this committee and the latest target date (30 September 2015) has now passed.

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 appendix C. The following management comment was provided by the Director of Finance:

'These recommendations will be taken into consideration in the new arrangement for the ICT service from June 2016'.

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

- Cemeteries – new audit added at the request of management. Discussions ongoing to scope the review. Ten days taken from contingency.
- Safeguarding – 2 additional days taken from contingency to cover extended scope.

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 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 on 11 March 2015. Actual performance for Watford Borough Council against the targets that can be monitored for 2015/16 is shown in the table below.

Performance Indicator	Annual Target	Profiled Target to 13 November 2015	Actual to 13 November 2015
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 2014/15 completion and ‘on-going’ pieces)	95%	30% (7 out of 23 projects to draft)	26% (6 out of 23 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.