



Watford Borough Council
Audit Committee Progress Report
27 June 2016

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 10 June 2016
- Approve amendments to the Audit Plan as at 10 June 2016
- Agree removal of implemented recommendations (see Appendix C)
- Agree changes to the implementation dates for 16 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 2016/17 as at 10 June 2016.
- 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 10 June 2016.

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 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 14 March 2016.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 10 June 2016, 13% 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 Eleven 2015/16 audits providing assurance to the Audit Committee have been finalised since the papers were filed for the March meeting of this Committee. This represents closure of the 2015/16 Audit Plan. All final audit reports are available to Members on request.

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Main Accounting (CRSA)	Feb '16	Substantial	None
Recruitment	Mar '16	Full	None
NDR	Mar '16	Substantial	Five medium
Debtors	Mar '16	Substantial	One medium One merits attention
Budget Monitoring	Mar '16	Full	None
Creditors	Mar '16	Substantial	One merits attention
Payroll	Apr '16	Full	None
Social Media	Apr '16	Full	One merits attention
Benefits	May '16	Substantial	One merits attention
Contract Management	May '16	Substantial	Three medium
Cemeteries	May '16	Moderate	Six medium One merits attention

No 2016/17 audits have yet been finalised (see Appendix A for details of the status of 2016/17 audits).

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 June 2016, 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	91	0	2	98%
2014/15	57	43	0	14	75%
2015/16	45	31	3	11	69%

2.5 The 32 recommendations in the 'outstanding and request made for extended time' column fall into 3 categories as per sections 2.5.1 and 2.5.2 below.

2.5.1 Since March 2016 Audit Committee, extension to implementation dates have been requested for 16 recommendations as follows:

- a) Two from the 2014/15 Debtors audit,
- b) One from the 2014/15 NDR audit,
- c) Two from the 2014/15 Benefits audit,
- d) Two from the 2015/16 Development Management audit,
- e) Four from the 2015/16 Safeguarding audit,
- f) One from the 2015/16 Council Tax audit,
- g) One from the 2015/16 Building Control audit,
- h) One for the 2015/16 Project Management and Capital Projects audit, and

i) Two from the 2015/16 Debtors audit.

2.5.2 For the 16 outstanding IT audit recommendations, a separate report will be brought to this committee by the Head of Finance and no specific updates are included for these recommendations.

Proposed Audit Plan Amendments

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

Deletions / Additions

- Homelessness and Housing Allocations – both audits cancelled from the 2016/17 Audit Plan in view of the Housing Service Peer Review which is scheduled to take place in Q3. The scope of the Peer Review is similar to the planned audits and following discussion with management it has been agreed that the audits will not add further value at this time. A total of 19 days returned to contingency in the shared audit plan. A short piece (4 days from contingency) has been agreed to look at the outcomes from the Peer Review. During planning for 2017/18, consideration will be given to including an audit of the Action Plan arising from the Peer Review.

Management are currently considering options for the time returned to contingency and any new audits will be brought before the next meeting of this committee.

Changes

- Scope of the Officer Expenses audit, originally in the Three Rivers Audit Plan only, has been extended to include Watford and therefore moved into the shared services plan. An additional two days has been taken from contingency to cover the extra testing required.

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 10 June 2016	Actual to 10 June 2016
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	15%	13%
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%	4% (1 out of 24 projects to draft)	4% (1 out of 24 projects to draft)
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at ‘satisfactory’ level	100%	100%	None yet received
4. Number of High	95%	95%	N/A

Priority Audit Recommendations agreed			(none yet made in 2016/17)
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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.