



Watford Borough Council
Audit Committee Progress Report
27 September 2017

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 8 September 2017
- Approve amendments to the Audit Plan as at 8 September 2017
- Agree removal of implemented recommendations (see Appendix C)
- Agree changes to the implementation dates for 11 recommendations (paragraph 2.5) for the reasons set out in Appendix C

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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 2017/18 as at 8 September 2017.
 - b) Proposed amendments to the approved 2017/18 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 8 September 2017.

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 2017/18 Annual Audit Plan was approved by Audit Committee on 16 March 2017.
- 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 June 2017.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 8 September 2017, 31% of the 2017/18 Audit Plan days had been delivered for the combined WBC and Shared Services plans (calculation excludes 'To Be Allocated'). Appendix A provides a status update on each individual deliverable within the audit plan.
- 2.2 Two 2017/18 reports have been finalised since the date of the last committee:

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Follow up of legacy IT audit recommendations and extended DR scope	Aug '17	Moderate	Four medium

Cyber Security	Sep '17	Limited	Three high Three medium
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The above finalised IT audits reviewed the status of the long outstanding legacy IT audit recommendations as reported to each meeting of Audit Committee. The audits concluded that the legacy recommendations should be closed and replaced by a new set of recommendations and these are detailed in Appendix 9 of this Progress Report.

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 Three new high priority recommendations from the Cyber Security Audit have been added to the schedule attached at Appendix C.
- 2.5 The table below summarises progress in implementation of all outstanding internal audit recommendations as at September 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	213	0	0	100%**
2011/12	114	114	0	0	100%**
2013/14	93	92	1	0	99%
2014/15	57	56	1	0	98%
2015/16	56	52	1	3	93%
2016/17	35	22	3	10	63%
2017/18	4	0	4	0	0%

*or no update provided.

**Line will be removed for next committee report.

- 2.6 Since June 2017 Audit Committee, extension to implementation dates have been requested by action owners for eleven recommendations as follows:
- One from the 2015/16 Safeguarding audit,
 - Five from the 2016/17 Tree Surveying audit,
 - One from the 2016/17 Main Accounting audit,
 - One from the 2016/17 Council Tax audit, and
 - Three from the 2016/17 Starters & Leavers audit.

- 2.7 In respect of two recommendations (one from the 2015/16 Development Management audit and one from the 2015/16 Building Control audit), no updates were provided by the 'action owner'. The target date for both recommendations was 30 June 2017.

Proposed Audit Plan Amendments

- 2.8 The following amendments to the 2017/18 Audit Plan have been agreed with officers of the Council and are detailed below for Audit Committee approval:

Additions:

- One day taken from the 'To Be Allocated' budget (shared plan) to cover requirement for Internal Audit sign-off of the Disabled Facilities Capital Grant for 2016/17.

Changes:

- One additional day taken from the 'To Be Allocated' budget (shared plan) added to the budget for the Preparation of the Annual Governance Statement for the Council to reflect the work required to complete the statement and the Local Code of Governance.

Performance Management

Reporting of Audit Plan Delivery Progress

- 2.9 To help the Committee assess the current situation in terms of progress against the projects in the 2017/18 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.
- 2.10 Annual performance indicators and associated targets were approved by the SIAS Board in March 2017. Actual performance for Watford Borough Council against the targets that can be monitored for 2017/18 is shown in the table below.

Performance Indicator	Annual Target	Profiled Target to 8 September 2017	Actual to 8 September 2017
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	95%	27% (6 out of 22 projects to	18% (4 out of 22 projects to

report stage against planned completed projects (excludes 2015/16 completion and 'on-going' pieces).		draft)	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%	100%

2.11 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2017/18 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.