



Watford Borough Council
Audit Committee Progress Report
15 March 2018

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 23 February 2018
- Approve amendments to the Audit Plan as at 23 February 2018
- Agree removal of implemented recommendations (see Appendix C)
- Agree changes to the implementation dates for 9 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 23 February 2018.
 - b) Proposed amendments to the approved 2017/18 Annual Audit Plan.
 - c) Implementation status of all outstanding previously agreed audit recommendations from 2015/16 onwards.
 - d) An update on performance management information as at 23 February 2018.

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 7 December 2017.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 23 February 2018, 87% 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
Debtors	Dec '17	Substantial	None
Benefits	Jan '18	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 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 2017, with full details given in Appendix C:

Year	Recommendations made No.	Implemented	Not yet due	Outstanding & request made for extended time*	Percentage implemented %
2015/16	56	54	1	1	96%
2016/17	35	29	0	6	83%
2017/18	17	12	3	2	71%

*or no update provided.

- 2.5 Since December 2017 Audit Committee, an extension to the implementation date has been requested by the action owner for the following audits:
- One from the 2015/16 Safeguarding audit,
 - Five from the 2015/16 Tree Surveying audit,
 - One from the 2016/17 Starters & Leavers audit,
 - One from the 2017/18 Procurement Processes – contract signing audit, and
 - One from the 2017/18 Council Tax audit.

Proposed Audit Plan Amendments

- 2.7 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:

Deletions

- Home Improvement Agency audit cancelled as the transfer cases to the new HCC hosted service only started in December. Will be considered for inclusion in the 2018/19 Audit Plan as cross-Council review with contributions from all partners. Eight days returned to the 'To Be Allocated' budget (shared services audit plan).

Changes

- Council Tax and NDR audit budgets (from the shared services audit plan) increased from 12 to 14 days each to cover scope agreed with

the Head of Revenues and Benefits. Four days taken from the 'To Be Allocated' budget.

Performance Management

Reporting of Audit Plan Delivery Progress

- 2.8 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.
- 2.9 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 23 February 2018	Actual to 23 February 2018
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency).	95%	90% (260 / 289.5 days)	87% (252.5 / 289.5 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects (excludes 2015/16 completion and 'on-going' pieces).	95%	76% (16 out of 21 projects to draft)	71% (15 out of 21 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%	100% (3 recs made in 2017/18)

- 2.10 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.

APPENDIX A PROGRESS AGAINST THE 2017/18 AUDIT PLAN AT 23 FEBRUARY 2018

2017/18 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Key Financial Systems								
Benefits (shared plan)	Full	0	0	0	14	Yes	14	Final report issued
Council Tax (shared plan)	Substantial	0	2	1	14	Yes	14	Final report issued
Creditors (shared plan)					10	Yes	9.5	Draft report issued
Debtors (shared plan)	Substantial	0	0	0	10	Yes	10	Final report issued
Main Accounting (shared plan)					12	Yes	11.5	Draft report issued
NDR (shared plan)	Substantial	0	1	0	14	Yes	14	Final report issued
Payroll (shared plan)	Substantial	0	0	1	12	Yes	12	Final report issued
Treasury Management (shared plan)					10	Yes	6	In fieldwork
Budget Monitoring (shared plan)					8	Yes	2	In fieldwork
Operational Audits								
Home Improvement Agency					0	N/A	0	Cancelled
Funding Streams – Lessons learnt					12	Yes	11.5	Draft report issued
Capital Projects & Project Management					12	Yes	4	In fieldwork
Housing Improvement Plan					8	Yes	3	In fieldwork
Commercialisation					0	N/A	0	Cancelled
Starters & Leavers – consultancy review of new process (shared plan)	N/A	0	0	0	6	Yes	6	Complete
DFG Capital Grant Certification	N/A	-	-	-	1	Yes	1	Complete
New Watford Market – financial					20	Yes	10	In fieldwork

APPENDIX A PROGRESS AGAINST THE 2017/18 AUDIT PLAN AT 23 FEBRUARY 2018

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
appraisal								
Procurement								
Contract Management					10	Yes	6	In fieldwork
Procurement Processes – Contract Signing	Moderate	0	3	0	10	Yes	10	Final report issued
Counter Fraud								
Local Authority Serious and Organised Crime Checklist (shared plan)	N/A	-	-	-	15	Yes	15	Final report issued
Risk Management and Governance								
No audits planned in 2017/18								
IT Audits								
Follow up of legacy IT audit recommendations (shared plan)	Moderate	0	4	0	8	Yes	8	Final report issued
Cyber Security (shared plan)	Limited	3	3	0	12	Yes	12	Final report issued
SIAS Joint Work								
Shared Learning Newsletters					3	N/A	3	Complete
Joint Reviews– topics to be determined					0	N/A	0	Cancelled
Shared outcomes from Local Authority Serious and Organised Crime Checklist review					3	N/A	1	In fieldwork

APPENDIX A PROGRESS AGAINST THE 2017/18 AUDIT PLAN AT 23 FEBRUARY 2018

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Ad Hoc Advice								
Ad Hoc Advice					3.5	N/A	3	In progress
To Be Allocated								
Unused contingency (shared plan)					30			
Strategic Support								
Head of Internal Audit Opinion 2016/17					2	N/A	2	Complete
External Audit Liaison					1	N/A	1	Complete
Audit Committee					10	N/A	9	Ongoing
Monitoring & Client Liaison					12	N/A	11	Ongoing
2018/19 Audit Planning					8	N/A	8	Complete
SIAS Development					3	N/A	3	Complete
AGS					4	N/A	4	Complete
Follow-up of recommendations					10	N/A	10	Complete
Completion of 2016/17 audits								
Time required to complete work commenced in 2016/17 (7 days shared; 5 days WBC)					12	N/A	12	Complete
WBC TOTAL					137.5		111.5	

APPENDIX A PROGRESS AGAINST THE 2017/18 AUDIT PLAN AT 23 FEBRUARY 2018

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
SHARED SERVICES TOTAL					182		141	
COMBINED TOTAL					319.5		252.5	

Key to recommendation priority levels:

H = High

M = Medium

MA = Merits attention

N/A = Not applicable

APPENDIX B - 2017/18 AUDIT PLAN PROJECTED START DATES

Apr	May	June	July	August	September
Revenues & Benefits System Parameter Testing (shared plan)* Complete	Funding Streams Draft report issued	Procurement Processes – Contract Signing Final report issued	Local Authority Serious and Organised Crime (shared plan) Final report issued		Contract Management In fieldwork
	Follow up of legacy IT Audit Recommendations & Extended DR Scope (shared plan) Final report issued				DFG Capital Grant Certification Complete
	Cyber Security (shared plan) Final report issued				
	Starters & Leavers (shared plan) Final report issued				

October	November	December	January	February	March
Council Tax (shared plan) Final report issued	NDR (shared plan) Final report issued	Creditors (shared plan) Draft report issued	Treasury Management (shared plan) In fieldwork	Budget Monitoring (shared plan) In fieldwork	

APPENDIX B - 2017/18 AUDIT PLAN PROJECTED START DATES

<p>Debtors (shared plan) Final report issued</p>	<p>Benefits (shared plan) Final report issued</p>	<p>Main Accounting (shared plan) Draft report issued</p>	<p>Housing Improvement Plan In fieldwork</p>	<p>Capital Projects & Project Management In fieldwork</p>	
	<p>Payroll (shared plan) Final report issued</p>	<p>New Watford Market – financial appraisal In fieldwork</p>			