



Watford Borough Council
Audit Committee Progress Report
6 December 2018

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 23 November 2018
- Agree removal of implemented recommendations (see 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 2018/19 as at 23 November 2018.
 - b) Proposed amendments to the approved 2018/19 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 November 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 2018/19 Annual Audit Plan was approved by Audit Committee on 15 March 2018.
- 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 20 September 2018.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 23 November 2018, 57% of the 2018/19 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 One 2018/19 report has been finalised since the date of the last committee:

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Debtors	Nov '18	Good	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 2018, with full details given in Appendix D:

Year	Recommendations made No.	Implemented	Not yet due	Outstanding & request made for extended time*	Percentage implemented %
2015/16	56	56	0	0	100%
2016/17	35	32	3	0	91%
2017/18	24	23	1	0	96%
2018/19	6	6	0	0	100%

*or no update provided.

- 2.5 Since September 2018 Audit Committee, no date extensions have been requested by action owners.

Proposed Audit Plan Amendments

- 2.6 There are no changes to the 2018/19 Audit Plan to bring to the attention of the Committee.

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 2018/19 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 2018. Actual performance for Watford Borough Council against the targets that can be monitored for 2018/19 is shown in the table below.

Performance Indicator	Annual Target	Profiled Target to 23 November 2018	Actual to 23 November 2018
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency).	95%	60% (160 / 268 days)	57% (152 / 268 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%	39% (9 out of 23 projects to draft)	35% (8 out of 23 projects to draft)
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level.	100%	100%	100%
4. Number of Critical / High Priority Audit Recommendations agreed	95%	95%	N/A – none yet made in 2018/19

2.9 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2018/19 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 2018/19 AUDIT PLAN AT 23 NOVEMBER 2018

2018/19 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Key Financial Systems									
Benefits (shared plan)						13	Yes	4	In Fieldwork
Council Tax (shared plan)						12	Yes	11	In Quality Review
Creditors (shared plan)						9	Yes	1	Terms of Reference Issued
Debtors (shared plan)	Good	0	0	0	0	9	Yes	9	Final Report Issued
Main Accounting (shared plan)						10	Yes	7	In Fieldwork
NDR (shared plan)						12	Yes	11.5	Draft Report Issued
Payroll (shared plan)						10	Yes	1	Terms of Reference Issued
Treasury Management (shared plan)						5	Yes	0.5	Terms of Reference Issued
Budget Monitoring (shared plan)						5	Yes	0.5	Terms of Reference Issued
Operational Audits									
Agency Spend (shared plan)						10	Yes	9.5	Draft Report Issued
GDPR Preparedness	Satisfactory	0	0	2	2	12	Yes	12	Final Report Issued
GDPR Post implementation review						8	Yes	0.5	In Planning
Parking						10	Yes	7	In Fieldwork
Temporary Accommodation						1	N/A	1	Cancelled
Commercial Strategy						10	BDO	0	Allocated
Grants	Good	0	0	0	1	6	Yes	6	Final Report Issued

APPENDIX A PROGRESS AGAINST THE 2018/19 AUDIT PLAN AT 23 NOVEMBER 2018

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Equality Impact Assessments	Satisfactory	0	0	1	0	5	Yes	5	Final Report Issued
Home Improvement Agency						3	Yes	2.5	In Quality Review
DFG Capital Grant Certification	N/A		-	-	-	1	Yes	1	Complete
Procurement									
No audits									
Counter Fraud									
No audits									
Risk Management and Governance									
Risk Management						5	Yes	0	In Planning
IT Audits									
Cyber Security (shared plan)						12	BDO	11	In Quality Review
IT Operations (shared plan)						20	BDO	2	Terms of Reference Issued
IT Contract Management (shared plan)						15	BDO	5	In Fieldwork
SIAS Joint Work									
Shared Learning Newsletters						3	N/A	2	Through year
Joint Reviews– topics to be determined						2	Yes	0	Allocated
Ad Hoc Advice									

APPENDIX A PROGRESS AGAINST THE 2018/19 AUDIT PLAN AT 23 NOVEMBER 2018

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Ad Hoc Advice						2		1.5	Through year
To Be Allocated									
Unused contingency (shared plan)						7		0	
Strategic Support									
Head of Internal Audit Opinion 2017/18						2	N/A	2	Complete
External Audit Liaison						1	N/A	0.5	Through year
Audit Committee						10	N/A	7	Through year
Monitoring & Client Liaison						11	N/A	8	Through year
2019/20 Audit Planning						7	N/A	0.5	In Progress
SIAS Development						3	N/A	3	Complete
AGS						3	N/A	3	Complete
Follow-up of recommendations						10	N/A	7.5	Through year
Completion of 2017/18 audits									
Time required to complete work commenced in 2017/18 (6 days shared plan; 5 days WBC)						11	N/A	11	Complete
WBC TOTAL						120		75	
SHARED SERVICES TOTAL						155		79	

APPENDIX A PROGRESS AGAINST THE 2018/19 AUDIT PLAN AT 23 NOVEMBER 2018

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
COMBINED TOTAL						275		154	

Key to recommendation priority levels:

C - Critical

H = High

M = Medium

L = Low / Advisory

N/A = Not applicable

APPENDIX B – 2018/19 AUDIT PLAN PROJECTED START DATES

Apr	May	June	July	August	September
Revenues & Benefits System Parameter Testing (shared plan)* Complete	Grants Final Report Issued	Equality Impact Assessments Final Report Issued	Agency Staffing (shared plan) Draft Report Issued		Parking In Fieldwork
GDPR Preparedness Final Report Issued					Home Improvement Agency In Fieldwork
					DFG Capital Grant Certification Complete
					Cyber Security (shared plan) In Quality Review

***Notes:**

- Revenues & Benefits System Parameter Testing completed in May 2018 - remainder of Benefits and NDR work due Q3.

APPENDIX B – 2018/19 AUDIT PLAN PROJECTED START DATES

October	November	December	January	February	March
Council Tax (shared plan) In Quality Review	NDR (shared plan) Draft Report Issued	Treasury Management (shared plan) Terms of Reference Issued	Creditors (shared plan) Terms of Reference Issued	Budget Monitoring (shared plan) Terms of Reference Issued	
Debtors (shared plan) Final Report Issued	Benefits (shared plan) In Fieldwork		Main Accounting (shared plan) In Fieldwork		
Risk Management In Planning	Payroll (shared plan) Terms of Reference Issued		Commercial Strategy		
	IT Contract Management (shared plan) Terms of Reference Issued		IT Operations (shared plan) Terms of Reference Issued		
			GDPR - PIR In Planning		

***Notes:**

- GDPR – Post Implementation Review moved from August to January as original audit was only concluded in July 2018