



Watford Borough Council
Audit Committee Progress Report
30 July 2019

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 12 July 2019
- Agree removal of implemented recommendations (see Appendix C)
- Agree the change to the implementation date for 1 recommendation (paragraph 2.5) for the reason 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 2019/20 as at 12 July 2019.
 - b) Proposed amendments to the approved 2019/20 Annual Audit Plan.
 - c) Implementation status of all outstanding previously agreed audit recommendations from 2016/17 onwards.
 - d) An update on performance management information as at 12 July 2019.

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 2019/20 Annual Audit Plan was approved by Audit Committee on 14 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 14 March 2019.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 12 July 2019, 11% of the 2019/20 Audit Plan days had been delivered for the combined WBC and Shared Services plans (calculation excludes 'To Be Allocated' days). Appendix A provides a status update on each individual deliverable within the audit plan.
- 2.2 Three 2019/20 reports have been finalised since the date of the last committee:

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Budget Monitoring	Mar '19	Good	None
Benefits	Apr '19	Satisfactory	Two medium
IT Contract	Jul '19	Satisfactory	Two low

Management			
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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 July 2019, with full details given in Appendix C:

Year	Recommendations made No.	Implemented	Not yet due	Outstanding & request made for extended time*	Percentage implemented %
2016/17	35	34	0	1	97%
2017/18	29	29	0	0	100%
2018/19	28	23	0	5* (see note below)	82%

*or no update provided.

Since March 2019 Audit Committee, an extension to the implementation date for one recommendation from the 2016/17 Tree Surveying audit has been requested.

Proposed Audit Plan Amendments

- 2.5 There are no amendments to the 2019/20 Audit Plan to bring before this Committee.

Performance Management

Reporting of Audit Plan Delivery Progress

- 2.6 To help the Committee assess the current situation in terms of progress against the projects in the 2019/20 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.
- 2.7 Annual performance indicators and associated targets were approved by the SIAS Board in March 2019. Actual performance for Watford Borough Council against the targets that can be monitored for 2019/20 is shown in the table below.

Performance Indicator	Annual Target	Profiled Target to 12 July 2019	Actual to 12 July 2019
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency).	95%	14% (40/281 days)	11% (32/281 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects (excludes 2017/18 completion and 'on-going' pieces).	95%	4% (1/24 projects to draft)	4% (1/24 projects to draft)
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level.	100%	100%	86% (7 received)
4. Number of Critical / High Priority Audit Recommendations agreed	95%	95%	N/A (none yet made in 2019/20)

2.8 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2019/20 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 2019/20 AUDIT PLAN AT 12 JULY 2019

2019/20 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									
Revenues and Benefits System Parameter Testing (shared plan)	Good	0	0	0	0	2	Yes	2	Final Report Issued
Benefits (shared plan)						12	Yes	0	Allocated
Council Tax (shared plan)						12	Yes	0	Allocated
Creditors (shared plan)						10	Yes	0	Allocated
Debtors (shared plan)						10	Yes	0	Allocated
Main Accounting (shared plan)						10	Yes	0	Allocated
NDR (shared plan)						11	Yes	0	Allocated
Payroll (shared plan)						12	Yes	0	Allocated
Treasury Management (shared plan)						5	Yes	0	Allocated
Budget Monitoring (shared plan)						5	Yes	0	Allocated
Operational Audits									
Financial Account Reconciliations (shared plan)						10	Yes	1	In Planning
Commercial Strategy						12	Yes	0	Allocated
Temporary Accommodation						12	Yes	0	Allocated
Project Management						10	Yes	0.5	In Planning
Customer Services - Digitalisation						6	Yes	0	Allocated
Play Safety Inspections						8	Yes	0	Allocated
Safeguarding						10	Yes	0	Allocated
Sports Development						8	Yes	0	Allocated

APPENDIX A PROGRESS AGAINST THE 2019/20 AUDIT PLAN AT 12 JULY 2019

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Herts Home Improvement Agency Follow Up						2	Yes	0	Allocated
DFG Grant Certification						1	Yes	0	Allocated
Contract Management						12	Yes	1	In Planning
Procurement									
No audits						0		0	
Counter Fraud									
No audits						0		0	
Risk Management and Governance									
Corporate Governance						6	Yes	0	Allocated
IT Audits									
Cyber Security (shared plan)						12	BDO	0.5	In Planning
IT Policies and Procedures (shared plan)						18	BDO	0	Allocated
SIAS Joint Work									
Shared Learning and Joint Reviews						5	N/A	1	Through Year
Ad Hoc Advice									
Ad Hoc Advice						2	N/A	0	Through Year
To Be Allocated									
Unused contingency						0		0	

APPENDIX A PROGRESS AGAINST THE 2019/20 AUDIT PLAN AT 12 JULY 2019

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
(shared plan)									
Strategic Support									
Head of Internal Audit Opinion 2018/19						2	N/A	2	Complete
External Audit Liaison						1	N/A	0	Through Year
Audit Committee						10	N/A	2	Through Year
Monitoring & Client Liaison						11	N/A	2.5	Through Year
2020/21 Audit Planning						7	N/A	0	Due quarter 4
SIAS Development						3	N/A	3	Complete
AGS						3	N/A	3	Complete
Follow-up of recommendations						10	N/A	2.5	Through Year
Completion of 2018/19 audits									
Time required to complete work commenced in 2018/19 (6 days shared plan; 5 days WBC)						11	N/A	10	In Progress
WBC TOTAL						146		24	
SHARED SERVICES TOTAL						135		8	
COMBINED TOTAL						281		32	

Key to recommendation priority levels:

C = Critical; H = High; M = Medium; L = Low / Advisory; N/A = Not applicable

APPENDIX B – 2019/20 AUDIT PLAN PROJECTED START DATES

Apr	May	June	July	August	September
Revenues & Benefits System Parameter Testing (shared services plan)* Final Report Issued	Financial Account Reconciliations (shared services plan) In Planning		Temporary Accommodation	Customer Services – Digitalisation	Play Safety Inspections
			Contract Management In Planning		Corporate Governance
			Project Management		DFG Grant Certification

***Notes:**

- Revenues & Benefits System Parameter Testing completed in May - remainder of Benefits and NDR work due quarter 3 of 2019/20.

APPENDIX B – 2019/20 AUDIT PLAN PROJECTED START DATES

October	November	December	January	February	March
NDR (shared services plan)	Council Tax (shared services plan)	Benefits (shared services plan)	Main Accounting (shared services plan)	Budget Monitoring (shared services plan)	
Debtors (shared services plan)	Payroll (shared services plan)	Creditors (shared services plan)	Commercial Strategy	Safeguarding	
Home Improvement Agency (follow up)	Treasury Management (shared services plan)		IT Policies and Procures (shared services plan)		
Cyber Security (shared services plan)			Sports Development		