



Watford Borough Council
Audit Committee Progress Report
19 September 2019

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 6 September 2019
- Approve amendments to the Audit Plan as at 6 September 2019
- Agree the change to the implementation date for 2 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 2019/20 as at 6 September 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 6 September 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 30 July 2019.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 6 September 2019, 18% 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 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
Herts Home Improvement Agency*	Jul '19	Limited	Seven high Eight medium Three low

** This was a Hertfordshire County Council led internal audit which has been distributed to the Council as a contributing partner of the Hertfordshire Home Improvement Agency.*

No 2019/20 reports have yet been finalised.

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 September 2019, with full details given in Appendix D:

Year	Recommendations made No.	Implemented	Not yet due	Outstanding & request made for extended time*	Percentage implemented %
2016/17	35	34	1	0	97%
2017/18	29	29	0	0	100%
2018/19	28	23	3	2* (see note below)	82%
2019/20	0				

*or no update provided.

Since July 2019 Audit Committee, an extension to the implementation date for two recommendations from the 2018/19 Benefits audit has been requested.

Proposed Audit Plan Amendments

2.5 A new audit of Development Management – pre-application process was added to the 2019/20 Audit Plan at the request of management to provide assurance over the record keeping relating to pre-application advice. Six days have been taken from the 'To be allocated' contingency budget.

2.6 The existing Corporate Governance audit has been cancelled in agreement with management as an internal review of committee structures was undertaken in 2018 and changes were only implemented in April 2019, so it is too early to review the effectiveness of the new arrangements. The audit will be considered for inclusion in the 2020/21 Audit Plan for WBC. The allocate days have been returned to the 'To be allocated' contingency budget.

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 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.
- 2.8 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 6 September 2019	Actual to 6 September 2019
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency).	95%	20% (55/280 days)	19% (52/280 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%	8% (2/24 projects to draft)	8% (2/24 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%	100% (7 made)

- 2.9 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 6 SEPTEMBER 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						10	Yes	1	In Planning
Project Management						10	Yes	1.5	Terms of Reference Issued
Customer Services - Digitalisation						6	BDO	0.5	In Planning
Play Safety Inspections						8	Yes	0.5	In Planning
Safeguarding						10	Yes	0	Allocated

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/ COMMENT
		C	H	M	L				
Sports Development						8	Yes	0	Allocated
Herts Home Improvement Agency - Follow Up						2	Yes	0	Allocated
DFG Grant Certification						1	Yes	0	Allocated
Development Management (pre-application process)						6	Yes	5.5	Draft Report Issued
Contract Management									
Contract Management						12	Yes	4	In Fieldwork
Counter Fraud									
No audits						0		0	
Risk Management and Governance									
Corporate Governance						1	N/A	1	Audit Cancelled
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	2	Through Year
Ad Hoc Advice									
Ad Hoc Advice						2	N/A	0.5	Through Year

APPENDIX A - PROGRESS AGAINST THE 2019/20 AUDIT PLAN AT 6 SEPTEMBER 2019

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/ COMMENT
		C	H	M	L				
To Be Allocated									
Unused contingency (shared plan)						1		0	
Strategic Support									
Head of Internal Audit Opinion 2018/19						2	N/A	2	Complete
External Audit Liaison						1	N/A	0.5	Through Year
Audit Committee						10	N/A	4	Through Year
Monitoring & Client Liaison						11	N/A	4.5	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	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						145		43.5	
SHARED SERVICES TOTAL						136		8.5	
COMBINED TOTAL						281		52	

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			Temporary Accommodation In Planning	Customer Services – Digitalisation In Planning	Financial Account Reconciliations (shared services plan)** In Planning
			Contract Management In Fieldwork		Play Safety Inspections In Planning
			Project Management Terms of Reference Issued		DFG Grant Certification
			Development Management (pre-application process) Draft Report Issued		

***Notes:**

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

** Financial Account Reconciliations – start of audit moved from May to September to allow for completion of external audit work.

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) In Planning			Sports Development		