



Watford Borough Council  
Audit Committee Progress Report  
30 July 2020

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 17 July 2020
- Approve amendments to the Audit Plan as at 17 July 2020
- Agree the change to the implementation date for 5 recommendations (paragraph 2.5) for the reasons set out in Appendix C
- Agree removal of implemented audit recommendations (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 17 July 2020.
  - b) Proposed amendments to the approved 2020/21 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 17 July 2020.

## 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 2020/21 Annual Audit Plan was approved by Audit Committee on 12 March 2020.
- 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 12 March 2020.

# 2. Audit Plan Update

## Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 17 July 2020, 10% of the 2020/21 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 Four 2019/20 audit reports have been finalised since March Audit Committee as follows:

<b>Audit Title</b>	<b>Date of Issue</b>	<b>Assurance Level</b>	<b>Number and Priority of Recommendations</b>
Creditors	Mar '20	Good	None
Contract Management	Apr '20	Satisfactory	One medium Two low

Debtors	Jun '20	Satisfactory	One medium
Budget Monitoring	Jun '20	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 June 2020, with full details given in Appendix C:

Year	Recommendations made No.	Implemented	Not yet due	Outstanding & request made for extended time or no update received	Percentage implemented %
2016/17	35	34	0	1	97%
2017/18	29	29	0	0	100%
2018/19	30	26	0	4	87%
2019/20	24	11	1	12	46%

2.5 Since March 2020 Audit Committee, extension to implementation dates have been requested by action owners for 8 recommendations as follows:

- a) One from the 2018/19 Cyber Security audit,
- b) One from the 2018/19 Benefits,
- c) Two from the 2018/19 Agency Staffing audit,
- d) Two from the 2019/20 Development Management (pre-app process) audit,
- e) One from the 2019/20 Financial Account Reconciliations audit, and
- f) One from the 2019/20 Cyber Security audit.

2.6 In respect of 9 recommendations, no progress update was received from action owners as follows:

- a) One from the 2016/17 Trees audit,
- b) Seven from the 2019/20 Play Safety Inspections audit, and
- c) One from the 2019/20 Debtors audit.

2.7 Hertfordshire County Council lead on the implementation of the Hertfordshire Home Improvement Agency audit recommendations and as a contributing partner, an update on the status of the outstanding recommendations is brought before this committee. A follow-up of the recommendations made in the original report is in progress. Completion of this work has been delayed in view of the impact of

COVID-19. It is anticipated that an update on the status of these recommendations will be available for September Audit Committee.

### Proposed Audit Plan Amendments

- 2.8 At the start of the new financial year, Council resources were focused on maintaining services and responding to the COVID-19 pandemic and as a result, no audits were started in April and May. A delay in starting the new audit year was experienced across all SIAS clients. As part of the gradual return to the 'new normal', Audit Plans have been reduced for all SIAS clients to reflect the reduced time now available to complete the audits. This has been agreed with the SIAS Board. Details of the proposed plan adjustments are shown in 2.9 below and will be reviewed throughout the year. Any further changes will be brought before later meetings of this committee.
- 2.9 The approved Audit Plan has been reviewed in the light of current circumstances and changed priorities and for the reasons outlined above, the following changes have been agreed with management:

#### Cancellations

- Veolia Contract Payments (WBC Plan) – cancelled as new waste services goes live in September (2 month delay due to COVID-19), the contract extension commences 1 July and the paid for garden waste service is due to be launched.
- IT Policies and Procedures (Shared Services Plan) – cancelled as the service focuses on COVID-19 related issues and dealing with additional workload / tasks.
- Revenues & Benefits System Parameter Testing (Shared Services Plan) – cancelled as to be of value, the work had to take place in April but could not be completed at that time due to exceptional pressure on the service to deal with the spike in housing benefit claims.

#### Amendments

- Minor amendments have been made to some budgets to balance the plans.

### Performance Management

#### Reporting of Audit Plan Delivery Progress

- 2.10 To help the Committee assess the current situation in terms of progress against the projects in the 2020/21 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.
- 2.11 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 2020/21 is shown in the table below.

<b>Performance Indicator</b>	<b>Annual Target</b>	<b>Profiled Target to 17 July 2020</b>	<b>Actual to 17 July 2020</b>
<b>1. Planned Days</b> – percentage of actual billable days against planned chargeable days completed (excluding unused contingency).	95%	12% (30/241.5 days)	10% (24.5/241.5 days)
<b>2. Planned Projects</b> – percentage of actual completed projects to draft report stage against planned completed projects.	95%	0% (0/20 projects to draft)	0% (0/20 projects to draft)
<b>3. Client Satisfaction</b> – percentage of client satisfaction questionnaires returned at 'satisfactory' level.	100%	100%	86% (7 received)
<b>4. Number of Critical / High Priority Audit Recommendations agreed</b>	95%	95%	N/A (None yet made in 2020/21)

2.12 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2020/21 Head of Assurance's Annual Report:

- **5. 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.
- **6. Head of Assurance's Annual Report** – presented at the Audit Committee's first meeting of the civic year.

**APPENDIX A - PROGRESS AGAINST THE 2020/21 AUDIT PLAN AT 17 JULY 2020**

**2020/21 SIAS Audit Plan**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
<b>Key Financial Systems</b>									
Benefits (shared services plan)						11		0	
Budget Monitoring (shared services plan)						5		0	
Council Tax (shared services plan)						10		0	
Creditors (shared services plan)						9		0	
Debtors (shared services plan)						10		0	
Main Accounting (shared services plan)						8		0	
NDR (shared services plan)						10		0	
Payroll (shared services plan)						12		0	
Revenues and Benefits System Parameter Testing (shared services plan)	-	-	-	-	-	0		0	Cancelled
Treasury Management (shared services plan)						5		0	
<b>Operational Audits</b>									
Revenues and Benefits Payments (shared services plan)						10		0	
Climate Change						7		0	
Communications (including social media)						8		0	
Customer Services - Digitalisation						12		1	In Planning





**APPENDIX A - PROGRESS AGAINST THE 2020/21 AUDIT PLAN AT 17 JULY 2020**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Follow up of Audit Recommendations						10		2.5	Through Year
<b>To Be Allocated</b>									
Unused Contingency (shared services plan)						0		0	
<b>Strategic Support</b>									
2021/22 Audit Planning						7		0	
Annual Governance Statement						3		3	Complete
Audit Committee						10		2	Through Year
External Audit Liaison						1		0	
Head of Internal Audit Opinion 2019/20						3		3	Complete
Monitoring & Client Meetings						9		2	Through Year
SIAS Development						3		3	Complete
<b>Completion of 2019/20 audits</b>									
Time required to complete work commenced in 2019/20 (6 days shared plan; 3.5 days WBC)						9.5		8	In Progress
<b>WBC TOTAL</b>						<b>131.5</b>		<b>20</b>	
<b>SHARED SERVICES TOTAL</b>						<b>110</b>		<b>4.5</b>	
<b>COMBINED TOTAL</b>						<b>241.5</b>		<b>24.5</b>	

## **APPENDIX A - PROGRESS AGAINST THE 2020/21 AUDIT PLAN AT 17 JULY 2020**

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Key to recommendation priority levels:

C = Critical; H = High; M = Medium; L = Low / Advisory.

**APPENDIX B – 2020/21 AUDIT PLAN PROJECTED START DATES**

Apr	May	June	July	August	September
				Revenues and Benefits Payments (shared services plan)	NDR (shared services plan)
				Communications	
				Customer Services – Digitalisation <b>In Planning</b>	

October	November	December	January	February	March
Debtors (shared services plan)	Council Tax (shared services plan)	Benefits (shared services plan)	Main Accounting (shared services plan)	Budget Monitoring (shared services plan)	
Cyber Security (shared services plan)	Payroll (shared services plan)	Creditors (shared services plan)	Treasury Management (shared services plan)	Neighbourhood Forums	
Section 106	Sports Development	FOI	Climate Change		
SLM Subsidy Payments		Parking			