



Watford Borough Council
Audit Committee Progress Report
11 March 2021

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 26 February 2021
- Approve amendments to the Audit Plan as at 26 February 2021
- Agree the change to the implementation date for 1 recommendation (paragraph 2.5) for the reasons set out in Appendix C
- Agree removal of implemented audit recommendations 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 2020/21 as at 26 February 2021.
 - b) Proposed amendments to the approved 2020/21 Annual Audit Plan.
 - c) Implementation status of all outstanding previously agreed audit recommendations from 2018/19 onwards.
 - d) An update on performance management information as at 26 February 2021.

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 25 November 2020.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 26 February 2021, 74% 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 Two 2020/21 audit reports have been finalised since November 2020 Audit Committee:

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Creditors	Nov '20	Good	None
Customer Services Digitalisation	Feb '21	Satisfactory	4 Medium

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 February 2021, 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 %
2018/19	30	29	1	0	97%
2019/20	24	22	1	1	92%
2020/21	4	0	4	0	0%

- 2.5 Since November 2020 Audit Committee, extension to implementation dates have been requested by action owners for one recommendation from the 2019/20 Debtors audit.

Proposed Audit Plan Amendments

- 2.6 The following changes to the 2020/21 Audit Plan have been agreed by management since November 2020 Audit Committee:

Additions

A new audit of the Council's response to COVID-19 covering governance arrangements and health and safety.

Deletions

The SLM Subsidy Payments audit has been cancelled.

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 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.
- 2.8 Annual performance indicators and associated targets were approved by the SIAS Board in March 2020. Actual performance for Watford Borough Council against the targets that can be monitored for 2020/21 is shown in the table below.

Performance Indicator	Annual Target	Profiled Target to 26 February 2021	Actual to 26 February 2021
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency).	95%	82% (190/232 days)	74% (171/232 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects.	95%	63% (12/19 projects to draft)	37% (7/19 projects to draft)
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level.	100%	100%	100% (based on 5 received)
4. Number of Critical / High Priority Audit Recommendations agreed	95%	95%	N/A (None yet made in 2020/21)

2.9 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 26 FEBRUARY 2021

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				
Key Financial Systems									
Benefits (shared services plan)						12	Yes	6	In Fieldwork
Budget Monitoring (shared services plan)						6	Yes	1	Terms of Reference Issued
Council Tax (shared services plan)						10	Yes	9	In Fieldwork
Creditors (shared services plan)	Good	0	0	0	0	9	Yes	9	Final Report Issued
Debtors (shared services plan)						10	Yes	9.5	Draft Report Issued
Main Accounting (shared services plan)						8	Yes	2	In Fieldwork
NDR (shared services plan)						10	Yes	5	In Fieldwork
Payroll (shared services plan)						12	BDO	10	In Fieldwork
Revenues and Benefits Parameter Testing (shared services plan)						0	N/A	0	Cancelled
Treasury Management (shared services plan)						6	Yes	5.5	Draft Report Issued
Operational Audits									
Revenues and Benefits Payments (shared services plan)						10	Yes	8	In Fieldwork
Climate Change						7	BDO	3	In Fieldwork
Communications (inc social media)						8	Yes	7.5	Draft Report Issued
Customer Services - Digitalisation	Satisfactory	0	0	4	0	12	BDO	12	Final Report Issued
Freedom of Information						8	Yes	7.5	Draft Report Issued

APPENDIX A - PROGRESS AGAINST THE 2020/21 AUDIT PLAN AT 26 FEBRUARY 2021

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Neighbourhood Locality Funds						6	Yes	5	In Quality Review
Parking Contract						7	Yes	5	In Fieldwork
Section 106						10	Yes	8	In Fieldwork
Sports Development						0	N/A	0	Cancelled
COVID-19 Assurance						12	BDO	1	In Planning
Contract Management, Project Management & Procurement									
SLM Subsidy Payments						0	Yes	0	Cancelled
Veolia Contract Payments						0	N/A	0	Cancelled
IT Audits									
Cyber Security (shared services plan)						12	BDO	11.5	Draft Report Issued
IT Policies and Procedures (shared services plan)						0	N/A	0	Cancelled
Shared Learning / Joint Reviews									
Joint Reviews						0		0	
Shared Learning						0		0	
Ad Hoc Advice									
Ad Hoc Advice						2		2	Complete
Follow Ups									
Follow up of Audit						10		10	Complete

APPENDIX A - PROGRESS AGAINST THE 2020/21 AUDIT PLAN AT 26 FEBRUARY 2021

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Recommendations									
To Be Allocated									
Unused Contingency (shared services plan)						23		0	
Strategic Support									
2021/22 Audit Planning						7		7	Complete
Annual Governance Statement						3		3	Complete
Audit Committee						10		9.5	Through Year
External Audit Liaison						1		1	Complete
Head of Audit Opinion 2019/20						3		3	Complete
Monitoring & Client Meetings						9		8	Through Year
SIAS Development						3		3	Complete
Completion of 2019/20 audits									
Time required to complete work commenced in 2019/20 (5 days shared plan; 4 days WBC)						9		9	Complete
WBC TOTAL						122		97	
SHARED SERVICES TOTAL						133		74	
COMBINED TOTAL						255		171	

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
				<p>Communications Draft Report issued</p>	<p>NDR (shared services plan) In Fieldwork</p>
				<p>Customer Services – Digitalisation Final Report issued</p>	<p>Revenues and Benefits Payments (shared services plan) In Fieldwork</p>

APPENDIX B – 2020/21 AUDIT PLAN PROJECTED START DATES

October	November	December	January	February	March
Debtors (shared services plan) Draft Report issued	Council Tax (shared services plan) In Fieldwork	Benefits (shared services plan) In Fieldwork	Main Accounting (shared services plan) In Fieldwork	Budget Monitoring (shared services plan) Terms of Reference Issued	Covid Assurance In Planning
	Payroll (shared services plan) In Fieldwork	Creditors (shared services plan) Final Report issued	Climate Change In Fieldwork	Neighbourhood Locality Funds In Quality Review	
		Treasury Management (shared services plan) Draft Report issued	Cyber Security (shared services plan) Draft Report Issued	Parking In Fieldwork	
			Section 106 In Fieldwork		
			FOI Draft Report issued		

APPENDIX C – INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP - FEBRUARY 2021

Audit Plan 2018/19

Cyber Security 2018/19							
Final report issued January 2019							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
02	<p>There should be a mechanism to restrict any non-complying devices to connect to the Council's IT network.</p> <p>Additionally, there should be continuous monitoring in place for all devices connected on the network to be fully antivirus protected.</p>	Medium	<p>Position – July 2019 Continuous AV monitoring in place. Daily reports reviewed to ensure all connected devices have the most recent signatures. Where the signature has not been applied this is flagged and remediated by an engineer.</p> <p>New remote working solution has AV checker within Enterprise Management module. Request to extend the new remote working solution roll out to December 2019. The rollout will have commenced in August 2019 but needs to be deployed to all users across all sites, in line with the deployment of new personal IT kit and Unified Communications.</p> <p>Position – September 2019 As above</p> <p>Position – November 2019 This is in progress, and a key issue/dependency resolved. Slight delay in roll out means that this is likely to completed mid-end of January 2020.</p> <p>Position – February 2020 The solution is ready to deploy. This has been tested. The deployment has been paused due to the coronavirus outbreak. Migration to a new home working solution during a period where there is a high possibility of large-scale home working required has meant a decision to pause.</p> <p>I have made a request to extend to the end of May to accommodate other business risk also, elections and revenues and benefits year end</p>	ICT Section Head	30 September 2019	✓	<p>31 December 2019</p> <p>31 January 2020</p> <p>31 May 2020</p> <p>31 December 2020</p>

APPENDIX C – INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP - FEBRUARY 2021

Cyber Security 2018/19 Final report issued January 2019							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>processing.</p> <p>Position – July 2020 Request made to extend the deployment to December 2020. The deployment has been delayed due to ongoing COVID work and the requirement to continue to maintain and support all Officers to work from home. Partial deployment in place, approx. 70 staff are using the new solution, but this solution is now being reviewed with reference to the likely increase on an ongoing basis of an increasing volume of remote working.</p> <p>Position – September 2020 Review of product undertaken. Transition to new product underway.</p> <p>Position – November 2020 An extension was given in July 2020 to December 2020. The July update confirmed that the reason for this extended delay was as a result of COVID. Transitioning to a new homeworking solution (which is required to meet this audit recommendation) with the current reliance on homeworking takes additional planning and effort to ensure that we don't impact service delivery across the Councils. In parallel to this ICT have had to review the remote working solutions altogether as homeworking for all officers is not only an essential part of technology landscape, but levels of the resilience requirements etc have increased. This is not something we had planned for when the solutions were originally procured (pre-COVID), therefore a review was required, which has been taking place.</p> <p>Position – February 2021 All access to the CISCO VPN has been</p>				

APPENDIX C – INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP - FEBRUARY 2021

Cyber Security 2018/19							
Final report issued January 2019							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			removed. Users have been migrated to Forticlient. Where users have not engaged to have Forticlient installed the CISCO access has been removed.				

Benefits 2018/19							
Final report issued April 2019							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
02	We recommend that testing of the module is carried out to reinstate the ability to delete obsolete data.	Medium	<p>Position – 21 August 2019 The system is designed to destroy all documents that are older than 6 years plus current. We discovered that the system was not working properly and has destroyed some documents that are still required to support live Benefit claims and therefore we need to retain. Clearly we could not allow that to continue so the system was been suspended. We have sought advice on how to fix this issue from the system provider and are awaiting their response. I have chased this today and have also now asked if it's possible to use the system in part so that we can carry on destroying old documents that we no longer require for Council Tax and Business Rates and unsuspend the Benefits part of the system once we have fixed the problem. I will escalate this issue in a week if I have not had a response.</p> <p>Position – September 2019 (Based on conversation with the Head of Revenues & Benefits) Issue has now been escalated with Northgate.</p>	Benefits Manager	31 May 2019	*	<p>31 October 2019</p> <p>30 June 2020</p> <p>30 Sept 2020</p> <p>31 March 2021</p>

APPENDIX C – INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP - FEBRUARY 2021

Benefits 2018/19 Final report issued April 2019							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>Position – November 2019 No update provided by management.</p> <p>Position – February 2020 The Northgate system is currently being upgraded. The upgrade is now available in test and the live upgrade is due to take place 1st and 2nd May 2020. We will test this module of the system as part of the overall testing. If this module works, we will be able to run scripts which will 'back archive' documents that would have been due to be archived since it was discovered the system was not working properly.</p> <p>Position – July 2020 The required Northgate system upgrade was due to be live now but has been delayed as a result of COVID-19. Northgate have currently rescheduled the upgrade for 8-9 September 2020 and when this takes place, we will test the module and if this is working as expected, run the necessary scripts to archive the data that should have been deleted.</p> <p>Position – September 2020 No update received.</p> <p>Position – November 2020 The required system upgrade was planned for the end of October but did not go live due to system performance issues. This is now expected in March 2021. Discussions are however, taking place with Northgate to see if an interim measure is available so that obsolete data can be removed from the system.</p> <p>Position – February 2021</p>				

APPENDIX C – INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP - FEBRUARY 2021

Benefits 2018/19							
Final report issued April 2019							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved ✘ or ✔	Revised Deadline
			We are on schedule to upgrade the information@work system 19/20 March 2021. Once it's upgraded we can re-test the retention and destruction module.				

APPENDIX C – INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP - FEBRUARY 2021

Audit Plan 2019/20

Development Management (pre-app process) 2019/20							
Final report issued October 2019							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>Management should produce written guidance to inform the minimum acceptable retention requirements for major and minor pre-application enquiries. This should make to clear to planning officers if meetings, telephone conversations and emails with potential applicants during the advisory period need to be documented and stored on case files for information request and auditing purposes.</p> <p>Management should periodically spot check a sample of case files for major pre-applications as a way to ensure that the minimum acceptable retention requirements are being adhered to in practice.</p>	Medium	<p>Agreed. The whole pre-application process will be reviewed so that there is clear guidance.</p> <p>Position – November 2019 In progress in accordance with original timescale.</p> <p>Position – February 2020 Delayed as the Interim Head of Development Management was replaced by a permanent appointment at the beginning of February. Revised deadline of 30 April 2020.</p> <p>Position – July 2020 I've conducted the review consisting of interviews with staff across the team. I have started drafting the guidance and hope to issue to staff later this month.</p> <p>Position – September 2020 In progress but slightly delayed.</p> <p>Position – November 2020 Guidance drafted in consultation with my team leaders and due to be issued with training provided to relevant staff by the end of November 2020.</p> <p>Spot checks of major pre-app cases will be carried out by team leaders to ensure compliance with guidance.</p> <p>Position – February 2021 Training and guidance notes are now in place.</p>	Interim Head of Development Management	31 December 2019	✓	<p>31 August 2020</p> <p>30 Sept 2020</p> <p>30 November 2020</p>

APPENDIX C – INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP - FEBRUARY 2021

Development Management (pre-app process) 2019/20							
Final report issued October 2019							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
02	<p>The pre-application guidance for should advise that meetings are not minuted by the Council, and if a record of what is discussed and agreed by the parties during a meeting is required then the onus is on potential applicants rather than the lead planning officer to provide the administrative support for this.</p> <p>Planning officers should attach a copy of any minutes provided by potential applicants to the relevant case file for information request and audit purposes.</p> <p>Planning officers should ensure that after each meeting with a potential applicant (for a major project proposal) the relevant case file is updated with the date and main outcomes for information request and auditing purposes.</p>	Medium	<p>Agreed. The whole pre-application process will be reviewed so that there is clear guidance.</p> <p>Position – November 2019 In progress in accordance with original timescale.</p> <p>Position – February 2020 Delayed as the Interim Head of Development Management was replaced by a permanent appointment at the beginning of February. Revised deadline of 30 April 2020.</p> <p>Position – July 2020 I've conducted the review consisting of interviews with staff across the team. I have started drafting the guidance and hope to issue to staff later this month.</p> <p>Position – September 2020 In progress but slightly delayed.</p> <p>Position – November 2020 Guidance drafted in consultation with my team leaders and due to be issued with training provided to relevant staff by the end of November 2020.</p> <p>Position – February 2021 Training and guidance notes are now in place.</p>	Interim Head of Development Management	31 December 2019	✓	<p>31 August 2020</p> <p>30 Sept 2020</p> <p>30 November 2020</p>

APPENDIX C – INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP - FEBRUARY 2021

Cyber Security 2019/20 Final report issued January 2020							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
03	The Councils should determine an appropriate percentage of staff that should complete the cyber security training – best practice would be 100%. Performance against this target should be monitored and reported.	Medium	<p>Agreed</p> <p>Position – February 2020 In progress. Security awareness training in the process of being updated prior to being circulated to all staff for completion.</p> <p>Position – July 2020 Security training updated, but yet to be confirmed to all staff. Delayed due to COVID related activities.</p> <p>Position – September 2020 Cyber Security training module reminder to all staff as a mandatory module will be emailed through September 2020.</p> <p>Position – November 2020 Training module has been deployed and is available for everyone to complete. The deadline set for all is 18th of December.</p> <p>Position – February 2021 93.7% of users have completed this mandatory course for 20/21. This will be reported on an annual basis to IT Steering Group. Users not completing the course will be followed up directly and line managers notified.</p>	Head of ICT	30 April 2020	✓	31 December 2020

APPENDIX C – INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP - FEBRUARY 2021

Debtors 2019/20							
Final report issued June 2020							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>We recommend that:</p> <ul style="list-style-type: none"> • A check is undertaken for all cases that are on hold (this should be a routine task undertaken at suitable intervals to be determined by management); • Reminders are produced and sent in a timely manner; • Instalment reminder lists should be checked and reviewed to ensure that instalments are correctly applied and are being adhered with (this should be a routine task undertaken at suitable intervals to be determined by management). 	Medium	<p>Work has already begun on this recommendation as it forms part of the bigger Recovery Review. We have requested some different reports from the Efin system to help us better monitor s/debts. In terms of the bullet point about ensuring instalments are correctly applied, I would like it noted that we are not always responsible for applying instalments. Some of this work is done by the services themselves. As part of the Recovery review I will be meeting with all services to remind them to set up instalments plans that are reasonable etc. and we will be terminating instalment plans that currently see the arrangement going on into 2045 and beyond! As a recovery team we will then monitor the arrangement plans and chase for missing payments etc.</p> <p>Position – July 2020 No update received.</p> <p>Position – September 2020 No update received.</p> <p>Position – November 2020 Reminders are now issued in a timely manner as part of the usual recovery cycle.</p> <p>Arrangements will now be reviewed annually. This is expected to be completed by the end of the year.</p> <p>Position – February 2021 In progress.</p>	Revenues Manager	30 June 2020	*	31 December 2020 31 March 2021

APPENDIX C – INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP - FEBRUARY 2021

Benefits 2019/20							
Final report issued October 2020							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
02	We recommend that an exercise should be undertaken to identify historical cases that have outstanding attachment of benefit and Searchlight checks done to identify any that are in receipt of benefits and other actions explored, as appropriate.	Medium	<p>We are currently reviewing all debts that do not have an arrangement in place. Where there is a state benefit in place that we might be able to attach to, we will send the request to the DWP and enter a diary date to review. The Recovery Team Leader and Revenues Manager will monitor that diary dates are reviewed and completed.</p> <p>Position – November 2020 In progress</p> <p>Position – February 2021 In progress.</p>	Revenues Manager	31 March 2021		