Watford Borough Council
Audit Committee Progress Report
10 March 2022

Recommendation

Members are recommended to:
- Note the Internal Audit Progress Report for the period to 25 February 2022
- Agree the change to the implementation date for one recommendations (paragraph 2.5) for the reasons set out in Appendix C
- Agree removal of implemented audit recommendations set out in Appendix C

Contents

Appendices

1. Introduction and Background

<u>Purpose of Report</u>

1.1   This report details:

a) Progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's Annual Audit Plan for 2021/22 as at 25 February 2022.
b) Proposed amendments to the approved 2021/22 Annual Audit Plan.
c) Implementation status of all outstanding previously agreed audit recommendations from 2018/19 onwards.
d) An update on performance management information at 25 February 2022.

<u>Background</u>

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 2021/22 Annual Audit Plan was approved by Audit Committee on 11 March 2021.

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 2021.

2. Audit Plan Update

<u>Delivery of Audit Plan and Key Audit Findings</u>

2.1   As at 25 February 2022, 81% of the 2021/22 Audit Plan days had been delivered for the combined WBC and Shared Services audit plans (excludes 'To Be Allocated' days). Appendix A provides a status update on each individual deliverable within the audit plan.

2.2   No final reports have been issued since November 2021 Audit Committee.

<u>Status of Audit Recommendations</u>

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 25 February 2022, with full details 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	0	1	98%
2020/21	28	25	2	1	89%
2021/22	2	1	0	1	50%

2.5   Since November 2021 Audit Committee, an extension to the implementation date has been requested by the action owner for one recommendation from the 2018/19 Benefits audit.

2.6   In respect of one recommendation from the 2020/21 Debtors audit with a 31 October 2021 target date, no update was received from the action owner.

Proposed Audit Plan Amendments

2.7   There are no changes to the 2021/22 Audit Plan to bring before this meeting of Audit Committee.

Performance Management

Reporting of Audit Plan Delivery Progress

2.8   To help the Committee assess the current situation in terms of progress against the projects in the 2021/22 Audit Plan, we have provided an analysis of agreed start dates at Appendix B. These dates have been agreed with management and resources allocated.

2.9   Annual performance indicators and associated targets were approved by the SIAS Board in March 2021. Actual performance for Watford Borough Council against the targets that can be monitored for 2021/22 is shown in the table below.

Performance Indicator	Annual Target	Profiled Target to 25 February 2022	Actual to 25 February 2022
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency).	95%	86% (200/232 days)	81% (187.5/232 days)
2. Planned Projects – percentage of actual completed projects to draft	95%	53% (9/17 projects to	41% (7/17 projects to

report stage against planned completed projects.		draft)	draft)
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level.	100%	100%	100% (based on 2 received)
4. Number of Critical / High Priority Audit Recommendations agreed	95%	95%	N/A (None yet made in 2021/22)

2.10 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2021/22 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.

2021/22 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	8	In Fieldwork
Council Tax (shared services plan)						12	Yes	9	In Fieldwork
Creditors (shared services plan)						10	Yes	9	In Quality Review
Main Accounting (shared services)						9	Yes	8.5	Draft Report Issued
NDR (shared services plan)						12	Yes	11.5	Draft Report Issued
Payroll (shared services plan)						10	Yes	4	In Fieldwork
Operational Audits									
Asset Management System Data						1	N/A	1	Cancelled
CIL Spend						8	Yes	1	In Planning
Customer Services Digitalisation (Follow Up)	Substantial	0	0	0	1	7	BDO	7	Final Report Issued
Development Management (Enforcement)						0	N/A	0	Cancelled
Single Homelessness Pathway						10	Yes	9.5	Draft Report Issued
Operational Buildings Compliance						10	BDO	5	In Fieldwork
Payroll System (shared services plan)	Substantial	0	0	0	1	12	BDO	12	Final Report Issued
Project Management – Oxhey Activity Park						12	BDO	8	In Fieldwork
Safeguarding						8		7	In Quality Review
Procurement Cards (shared						8		1	In Planning

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
services plan)									
Contract Management, Project Management & Procurement									
Contract Waivers						8	Yes	7.5	In Quality Review
Veolia Contract Payments	Reasonable	0	0	1	0	8	Yes	8	Final Report Issued
IT Audits									
Cyber Security (shared services plan)						15	BDO	14.5	Draft Report Issued
Shared Learning / Joint Reviews									
Shared Learning / Joint Reviews						4		4	Complete
Follow Ups									
Follow up of Audit Recommendations						9		9	Through Year
To Be Allocated									
Unused Contingency (shared services plan)						4		0	To Be Allocated
Strategic Support									
2022/23 Audit Planning						6		6	Complete
Annual Governance Statement						3		3	Complete
Audit Committee						10		9	Through Year
Head of Audit Opinion 2020/21						3		3	Complete

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Monitoring & Client Meetings						9		8	Through Year
SIAS Development						3		3	Complete
Completion of 2020/21 audits									
Time required to complete work commenced in 2020/21 (8 days shared plan; 5 days WBC)						13		13	
WBC TOTAL						**124**		**102**	
SHARED SERVICES TOTAL						**112**		**85.5**	
COMBINED TOTAL						**236**		**187.5**	

Key to recommendation priority levels: C = Critical; H = High; M = Medium; L = Low / Advisory.

Apr	May	June	July	August	September
		New Payroll System (shared services plan) **Final Report Issued**		Single Homelessness Pathway **Draft Report Issued**	Customer Services (Digitalisation) – Follow Up **Final Report Issued**
				Veolia Contract Payments **Final Report Issued**	

October	November	December	January	February	March
Council Tax (shared services plan) **In Fieldwork**	Benefits (shared services plan) **In Fieldwork**	Project Management – Oxhey Activity Park **In Fieldwork**	Cyber Security (shared services plan) **Draft Report Issued**	Safeguarding **In Quality Review**	Procurement Cards **In Planning**
NDR (shared services plan) **Draft Report Issued**	Main Accounting (shared services plan) **Draft Report Issued**	Creditors (shared services plan) **In Quality Review**	CIL Spend **In Planning**	Payroll (shared services plan) **In Fieldwork**	
		Contract Waivers **In Quality Review**	Operational Building Compliance **In Fieldwork**		

Audit Plan 2018/19

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	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. Position – September 2019 Issue has now been escalated with Northgate. 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. Position – July 2020	Benefits Manager	31 May 2019	✗	~~31 October 2019~~ ~~30 June 2020~~ ~~30 Sept 2020~~ ~~31 March 2021~~ ~~30 Sept 2021~~ ~~30 November 2021~~ ~~31 January 2022~~ **15 March 2022**

Benefits 2018/19

Final report issued April 2019

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved ✗ or ✓	Revised Deadline
			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. 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. Position – February 2021 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. Position – July 2021 The system upgrade planned for March 2021 did not go-ahead as we had limited time to carry out testing and were not in a position to be able to sign off the product. A new go-live date has been set for 7/8 September 2021 and testing has commenced. Position – September 2021 We currently are unable to upgrade due to not having a fully operational Test system. All parties are in communication and are trying to identify the issue so that we can progress with testing.				

Benefits 2018/19

Final report issued April 2019

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved ✗ or ✓	Revised Deadline
			Position – November 2021 The upgrade to our Document Processing System is now scheduled to take place on 20 & 21 January 2022. Revs and Bens have been working with our IT department and our supplier to overcome the problems we had with the test system. Testing is scheduled to start this month (November 2021). **Position – February 2022** **The long awaited upgrade took place on 04.02.22. We are now amending the scripts that will destroy the old documents. The scripts are being amended to do two things that they did not do before: 1. To look for claims that have an outstanding housing benefit overpayment but a non-live housing benefit claim, and 2. Live housing benefit claims. Where the script identifies claims under 1 & 2 no documents will be destroyed regardless of their age as they may be required for audit, for fraudulent investigations and for recovery of overpayments.**				

Audit Plan 2020/21

	Cyber Security 2020/21							
	Final report issued March 2021							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved ✘ or ✓	Revised Deadline
01	Management should ensure that physical network ports are configured to the appropriate authentication control (802.1X). Furthermore, management should establish a network access control to block unknown or unauthorised devices from connecting to the Councils' IT network. This should include restricting the ability to physically connect to the Council's IT network.	Medium	We have an intrusion detection system in place, which would identify any devices connecting to the network. This is a project we will review and look to implement, assuming budget is available to do so. Position – July 2021 Resources are focussed on the Littlefish transition and implementation. This implementation is not yet due until March 2022. Position – September 2021 Resources are focussed on the Littlefish transition and implementation. This implementation is not yet due until March 2022. Position – November 2021 As above. **Position – February 2022 Market assessed as to the product options and costs. Products assessed: CISCO and Forescout. Additional budget required in order to go ahead. IT steering group decision. Paper with options and risks for assessment and decision by that board in March 2022.**	Head of ICT	31 March 2022	✘	

Main Accounting 2020/21
Final report issued April 2021

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved ✗ or ✓	Revised Deadline
03	a) Suspense account balances older than one year should be reviewed by senior management to decide whether any amounts need to be written off.	Medium	We will put a write off process in place for older suspense balances. Position - July 2021 Write off process meeting scheduled for 30/06/21 to put finalise procedures. Position – September 2021 No update received. Position – November 2021 We have in Finance agreed that the best approach is to write off suspense balances as at year end 2020/21. This will be done before the end of November 2021. **Position – February 2022** **We have posted suspense write-offs for WBC and going forward, write-offs will now be period.**	Finance Manager and Assistant Finance Manager	1 October 2021	✓	30 November 2021

Communications 2020/21
Final report issued May 2021

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved ✗ or ✓	Revised Deadline
01	We recommend that the service updates all its policies to ensure that they reflect the current process followed. Going forward, the service should ensure that the policies are updated at regular intervals, and proper	Low	These policies were due to be updated in 2020 but due to the impact of Covid-19 this has been delayed. Position – July 2021 No update received. Position – September 2021	Head of Communications and Engagement	31 October 2021	✗	28 February 2022

Communications 2020/21

Final report issued May 2021

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved ✗ or ✓	Revised Deadline
	version control introduced.		The service has had a very busy summer leading on the communications and engagement for a range of priority council initiatives and projects (e.g. mass vaccination clinics, Sustainable Transport Strategy). An additional resource provided by a Kickstart appointment will be supporting this work. Position – November 2021 Overall guidance on publicity and communications has been updated. The team is still working through additional policies. **Position – February 2022** **Main policies updated.**				

Council Tax 2020/21

Final report issued June 2021

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved ✗ or ✓	Revised Deadline
01	We recommend that Revenues Officers be reminded to enter review dates for discounts and exemptions on the Academy system. The nature of the review should be determined on a case-by-case basis. The service should check that reviews have been undertaken by the review date noted in the system where required. Where there is a valid reason for not undertaking a review, this should be noted, and the review date updated.	Medium	Position – July 2021 We will check all accounts with a discount or exemption, regardless of the type, and check they all have review dates and will enter a review date where one is missing. Position – September 2021 On-going. We are currently reviewing all accounts with a Single Persons Discount. Once this discount review is complete, we will move on to another discount. Position – November 2021 The Revenues Team are currently reviewing	Billing Team Leader and Interim Revenues Manager	30 September 2021	✓	31 December 2021

Council Tax 2020/21

Final report issued June 2021

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved ✗ or ✓	Revised Deadline
			all accounts with a Single Person's Discount in place as this is the discount awarded the most. We will then move on to review the other discounts where a review date has been reached. We are also working on a schedule of reviews over the course of a calendar year. **Position – February 2022** **Going forward we will be running a script once a week which will identify any accounts where a review date has not be set so that one can be added. This will ensure none are missed.**				

Debtors 2020/21

Final report issued June 2021

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved ✗ or ✓	Revised Deadline
02	We recommend that the proposed write-offs are authorised and cleared from the system.	Medium	Position – July 2021 An exercise is underway to clear any outstanding debts with a pending write-off code which will clear any that are outstanding. Position – September 2021 Underway for all debtor types. Position – November 2021 No updated received. **Position – February 2022** **S/Debt write-offs have been prepared and are waiting sign off.**	Recovery Team Leader and Revenues Manager.	31 July 2021	✓	31 October 2021

Debtors 2020/21

Final report issued June 2021

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved ✗ or ✓	Revised Deadline
03	Consideration should be given to an annual review of debtor accounts to identify duplicate or dormant for deletion or deactivation.	Low	Position – July 2021 We will speak to Finance about the best way of doing this. Position – September 2021 A complete review of the entire Sundry Debtor service has recently been commenced and this will be included as part of the review. Position – November 2021 No update received. **Position – February 2022** **No update received.**	Recovery Team Leader, Revenues Manager and Finance.	31 August 2021	✗	31 October 2021

Audit Plan 2021/22

Payroll System 2021/22

Final report issued September 2021

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved ✘ or ✓	Revised Deadline
01	Management should establish a process for reviewing user access profiles for the iTrent system on a regular basis to ensure that system users are only allocated access to system information and functions that are required for their duties. Any user profiles that are found to have irrelevant, inappropriate or no longer required access rights should be updated and access rights should be revoked as necessary.	Low	Position – November 2021 Our Go-Live date was 1 April 2021. User access rights will be reviewed at regular intervals to ensure that the appropriate rights are allocated. **Position – February 2022** **Quarterly review dates have been diarised to assess appropriate user rights are in place and updates will be undertaken as appropriate.**	Payroll Advisor	31 March 2022	✓	

Customer Services - Digitalisation 2021/22

Final report issued November 2021

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved ✘ or ✓	Revised Deadline
01	Management should complete the work required to set the agreed data retention periods against each live process in the system and develop the scripts and processes for data erasure. The defined procedures should be formally documented, tested and communicated to staff and they should be reviewed on a routine basis or following a significant change to the operation of the Council, the	Low	Position – November 2021 Work is underway to agree, test and communicate data retention periods within the Firmstep system with services and formally document the process for responding to subject access requests. **Position – February 2022** **Initial work to establish retention periods across the organisation in progress. However, there is an issue with the current version of the data retention module meaning information is not deleted from**	Head of Customer Services	30 November 2021	✘	**New date not supplied**

Customer Services - Digitalisation 2021/22

Final report issued November 2021

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved ✗ or ✓	Revised Deadline
	Customer Services Department or the FirmStep system.		**the back-end database when required. There is an open call with the software company to move to their new real-time reporting module, which will in turn deliver the necessary improvements to the data retention module and allow for successful implementation.**				