



Watford Borough Council
Audit Committee Progress Report
25 September 2013

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report Against the 2013/14 Audit Plan
- Approve amendments to the Audit Plan as at 30 August 2013
- Agree removal of implemented recommendations (see Appendix B)
- Agree the changes to the implementation date for 19 recommendations (paragraph 2.7) for the reasons set out in Appendix B.

Contents

- 1 Introduction and Background
 - 1.1 Purpose
 - 1.2 Background

- 2 Audit Plan Update
 - 2.1 Delivery of Audit Plan and Key Audit Findings
 - 2.4 Status of Audit Recommendations
 - 2.8 Proposed Audit Plan amendments
 - 2.9 Performance Management

Appendices

- A Progress against the 2013/14 Audit Plan
- B Progress against outstanding internal audit recommendations

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 2013/14 as at 30 August 2013.
 - b) Proposed amendments to the approved 2013/14 Annual Audit Plan.
 - c) Implementation status of all outstanding previously agreed audit recommendations from 2010/11 onwards.
 - d) An update on performance management information as at 30 August 2013.

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 Internal audit service has been transferred to the Shared Internal Audit Service (SIAS) partnership since April 2013. The 2013/14 Annual Audit Plan was approved by Audit Committee on 13 March 2013.
- 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 27 June 2013.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

2.1 The following 2012/13 report has been finalised since the June 2013 Audit Committee and represents closure of the 2012/13 Audit Plan:

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Benefits Administration	Aug '13	Substantial	One high, four medium and two merits attention

2.2 As at 30 August 2013, 31% of the 2013/14 Audit Plan days had been delivered (calculation excludes contingency). Appendix A provides a status update on each individual deliverable within the audit plan.

2.3 The following 2013/14 report has been finalised:

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Recruitment and vetting follow up - shared	Jul '13	Moderate	Three high priority

Status of Audit Recommendations

2.4 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 high priority recommendations. It is the responsibility of Officers to implement recommendations by the agreed date.

2.5 The table below summarises progress in implementation of all outstanding internal audit recommendations, with full details given in Appendix B:

Year	Recommendations made No.	Implemented	Not yet due	Outstanding & request made for extended time	Percentage implemented %
2010/11	213	208	3	2	98%
2011/12	114	108	3	3	95%
2012/13	49	29	6	14	59%
2013/14	3	3	0	0	100%

2.6 The Committee will be aware that the ICT service was outsourced to Capita Secure Information Solutions with effect from 20 May 2013 and that the outstanding ICT recommendations were prioritised to be completed during transition (up to 20 May 2013) or transformation (after 20 May 2013).

2.7 Extension to implementation dates have been requested for 19 recommendations, as detailed in Appendix B. The recommendations relate to the following audits:

- a) One for Asset Management
- b) One for IT Remote Working
- c) One for IT Project Management
- d) Two for IT Back-Up & Disaster Recovery
- e) Two for Data Transparency
- f) Three for Data Protection
- g) Four for Carbon Management
- h) Two for Partnerships
- i) Three for Risk Management

Proposed Audit Plan Amendments

2.8 No amendments to the Audit Plan have been made since the date of the June Audit Committee.

Performance Management

2.9 Annual performance indicators and associated targets were approved by the SIAS Board in March 2013. Actual performance for Watford Borough Council against the targets that can be monitored for 2013/14 is shown the table below.

Performance Indicator	Annual Target	Profiled Target to 30 August 2013	Actual to 30 August 2013
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	35%	31%
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects (excludes 12-13 completion and 'ongoing' pieces)	95%	10%	9%
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100% (based on one received)
4. Number of High Priority Audit Recommendations agreed	95%	100%	100%

2.10 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2013-14 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 2013/14 AUDIT PLAN AT 30 AUGUST 2013

2013-14 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Key Financial Systems								
Benefits (shared)					15	No		Planned for Q3/4
Council Tax (shared)					12	Yes	0.5	Planned for Q3/4
Creditors (shared)					11	No		Planned for Q3/4
Debtors (shared)					11	Yes	0.5	Planned for Q3/4
Main Accounting (shared)					19	No		Planned for Q3/4
NNDR (shared)					12	Yes	0.5	Planned for Q3/4
Payroll (shared)					14	No		Planned for Q3/4
Treasury Management					5	No		Planned for Q3/4
Budgetary Control					8	No		Planned for Q3/4
Asset Management					8	Yes	4	ToR issued
Operational Audits								
Recruitment and vetting – follow-up (Shared)	Substantial	3	0	0	5	Yes	5	Final report issued
Health & Safety (Shared)					10	PwC		Planned for Q2
Project and change management					10	Yes	6	In planning
Housing re-design (advisory support)					10	Yes	7	Report being drafted
Review of Corporate Spatial					10	Yes	4	In planning

APPENDIX A PROGRESS AGAINST THE 2013/14 AUDIT PLAN AT 30 AUGUST 2013

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Data								
Health Campus				10	Yes	7	In planning	
Commercial rent				6	Yes	4	In fieldwork	
Data Protection - follow-up				6	Yes		Planned for Q3	
Procurement								
New IT contract management review (shared)				10	PwC		Planned for Q4	
Procurement and contract management baseline review				10	Yes	4	In fieldwork	
Outsourcing arrangements				10	Yes	1	In planning	
Counter Fraud								
Review of counter fraud arrangements Shared Service Benefit Fraud Team (shared)				5	Yes		In planning	
Anti-Fraud and Corruption Baseline Review				10	Yes	3	In planning	
Risk Management and Governance								
Risk Management				5	No		Quarter tbc	
Corporate Governance				5	No		Quarter tbc	
IT Audits								

APPENDIX A PROGRESS AGAINST THE 2013/14 AUDIT PLAN AT 30 AUGUST 2013

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
IT vulnerabilities- extended follow-up (shared)					10	PwC	0.5	In planning
Cyber Risk (Shared)					10	PwC		In planning
SIAS Joint Work								
New ways working seminar (Shared)					1			Quarter tbc
Comparative review of budget setting and monitoring arrangements (Shared)					1			Quarter tbc
Herts waste partnership					1			Quarter tbc
Contingency								
Investigation					2	Yes	7	Draft report issued
Boundary way insulation project	N/A	0	0	0	0	Yes	1	Audit closed
Strategic Support								
Head of Internal Audit Opinion 2012-13					2		2	Complete
Introduction to Public Sector Internal Audit Standards	N/A				1		1	Complete
Audit committee	N/A				8		4	On-going
Monitoring & Client Liaison	N/A				5		1	On-going

APPENDIX A PROGRESS AGAINST THE 2013/14 AUDIT PLAN AT 30 AUGUST 2013

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
2014-15 Audit Planning	N/A				3		On-going	
SIAS Development	N/A				3	3	On-going	
Follow-up recommendations	N/A				10	3	On-going	
Completion of 2012-13 audits								
Time required to complete work commenced in 2012/13	Various				24	30	Complete	
WBC TOTAL					148	62		
SHARED SERVICES TOTAL					170	37		
COMBINED TOTAL					318	99		

Key:

H = High priority recommendation

M = Medium priority recommendation

MA= Merits attention priority recommendation

N/A = Not applicable

Note:

For the purposes of the performance indicator on planned projects:

Number of deliverables = 34 pieces (does not include on-going pieces or completion of 12-13 activity)