



Watford Borough Council
Audit Committee Progress Report
8 January 2014

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 6 December 2013
- Agree removal of implemented recommendations (see Appendix 3)
- Agree the changes to the implementation date for 11 recommendations (paragraph 2.6) for the reasons set out in Appendix 3.

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
 - 2.3 Status of Audit Recommendations
 - 2.7 Proposed Audit Plan amendments
 - 2.8 Performance Management

Appendices

- 2 Progress against the 2013/14 Audit Plan
- 3 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 6 December 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 6 December 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 25 September 2013.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 6 December 2013, 57% of the 2013/14 Audit Plan days had been delivered (calculation excludes contingency). Appendix 2 provides a status update on each individual deliverable within the audit plan.
- 2.2 The following 2013/14 reports have been finalised since September Audit Committee:

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Procurement and contract management baseline review	Oct '13	Substantial	Three medium Four merits attention
Review of Corporate Spatial Data	Dec '13	N/A	N/A
Housing Redesign	Dec '13	Moderate	Seven 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 high priority 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, with full details given in Appendix 3:

Year	Recommendations made No.	Implemented	Not yet due	Outstanding & request made for extended time	Percentage implemented %
2010/11	213	209	4	0	98%
2011/12	114	110	4	0	96%
2012/13	49	33	5	11	67%
2013/14	17	8	9	0	47%

2.5 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).

2.6 Extension to implementation dates have been requested for 11 recommendations, as detailed in Appendix 3. The recommendations relate to the following audits:

- a) Two for Data Transparency
- b) Two for Data Protection
- c) Three for Partnerships
- d) Three for Risk Management
- e) One for Benefits

Proposed Audit Plan Amendments

2.7 The following amendments to the 2013/14 Audit Plan have been agreed with management and are brought before this Committee for approval:

- The original 2013/14 Audit Plan for Watford BC included 10 days for an Anti-Fraud and Corruption Baseline Assessment. A similar piece of work is also included in the Three Rivers DC Audit Plan. As both Councils share the Anti-Fraud team, it was agreed with management to deliver this piece as a single shared assignment with an overall budget of 10 days, therefore allowing each authority to return 5 days to contingency.

- A one-day seminar had been proposed on New Ways of Working. At its September 2013 meeting, the SIAS Board agreed to drop this item as the SIAS management team capacity has been limited as a result of vacancies. This will have no impact on the level of assurance provided as this was not a piece of assurance work *per se*. The one day allocation for the seminar will be returned to contingency.

Performance Management

2.8 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 6 Dec 2013	Actual to 6 Dec 2013
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	60%	57%
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects (excludes 2012/13 completion and 'ongoing' pieces)	95%	25%	16%
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%	None made in 13-14

2.9 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.