SIAS

Shared Internal Audit Service
Hertfordshire in Partnership

Watford Borough Council
Audit Committee Progress Report
12 March 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 21 February 2014
- Agree removal of implemented recommendations (see Appendix 3)
- Agree the changes to the implementation date for 6 recommendations (paragraph 2.6) for the reasons set out in Appendix 3.

Contents

Appendices

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 21 February 2014.
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 21 February 2014.

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 8 January 2014.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

2.1   As at 21 February 2014, 86% 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 the January meeting of Audit Committee:

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Taxi Licensing	Jan '14	N/A	N/A
Treasury Management	Jan '14	Full	None
Commercial Rents	Jan '14	Substantial	One medium Two merits attention
Veolia Contract	Feb '14	Moderate	Four medium Three merits attention
Data Protection Follow Up	Feb '14	N/A	N/A
Review of counter fraud arrangements in the Shared Service Benefit Fraud Team	Feb '14	Substantial	One medium Two merits attention

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	211	0	2	99%
2011/12	114	111	2	1	97%
2012/13	49	45	3	1	92%
2013/14	27	15	10	2	56%

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 6 recommendations, as detailed in Appendix 3. The recommendations relate to the following audits:

a) Two for IT Remote Working,
b) One for IT Back Up and Disaster Recovery,
c) One for IT Server Virtualisation,
d) One for Procurement and Contract Baseline Assessment, and
e) One for Housing Redesign.

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 and Three Rivers Shared Services included 10 days for a review of IT Contract Management. Work had commenced on planning this review, however, management have requested that the audit be postponed until April 2014 to accommodate short-term resourcing issues in IT Client Management. The 7.5 remaining days have been transferred to Contingency in the interim, as the audit work will fall into the 2014/15 financial year.

- The original 2013/14 Audit Plan for Shared Services included 19 days for Main Accounting. It was agreed with management to take 5 days from the Main Accounting audit and add this to the Health Campus audit in the Watford Audit Plan where the scope was extended to respond to questions raised by the Chief Executive.

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 21 Feb 2014	Actual to 21 Feb 2014
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	88%	86%
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed	95%	65%	40%

projects (excludes 2012/13 completion and 'on-going' pieces)			
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100% (based on four received)
4. Number of High Priority Audit Recommendations agreed	95%	100%	100%

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.