



Watford Borough Council
Audit Committee Progress Report
30 June 2015

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 5 June 2015
- Approve amendments to the Audit Plan as at 5 June 2015
- Agree removal of implemented recommendations (see Appendix C)
- Agree the changes to the implementation date for 19 recommendations (paragraph 2.6) for the reasons 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 2014/15 as at 5 June 2015.
 - b) Proposed amendments to the approved 2015/16 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 5 June 2015.

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 2014/15 Annual Audit Plan was approved by Audit Committee on 11 March 2015.
- 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 11 March 2015.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 5 June 2015, 12% of the 2015/16 Audit Plan days had been delivered for the combined WBC and Shared Services plans (calculation excludes contingency). Appendix A provides a status update on each individual deliverable within the audit plan.
- 2.2 Thirteen audits providing assurance to the Audit Committee have been finalised since the March meeting of this Committee.

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Payroll (shared plan)	Mar '15	Full	One merits attention
Contract Payments	Mar '15	Substantial	Two medium
Budget Monitoring	Mar '15	Full	None
Community Grants	Mar '15	Full	None
Creditors (shared plan)	Apr '15	Full	None
Main Accounting CRSA Yr1 (shared plan)	Apr '15	Substantial	None
Corporate Governance	Apr '15	Full	None
Risk Management	Apr '15	Full	None
Use of Consultants	Apr '15	Substantial	Two merits attention
Benefits (shared plan)	Apr '15	Substantial	Four medium Two merits attention
Asset Management	Apr '15	Substantial	One medium Two merits attention
IT Disaster Recovery	Jun '15	Moderate	Two high One medium
IT Operations and	Jun '15	<u>Councils</u>	Two high

Contract Management		Substantial <u>Capita</u> Limited	One medium
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All of the above are 2014/15 reports and represents closure of that year's plan. No 2015/16 reports have been finalised.

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 at May 2015, with full details given in Appendix C:

Year	Recommendations made No.	Implemented	Not yet due	Outstanding & request made for extended time**	Percentage implemented %
2010/11	213	212	1	0	99%
2011/12	114	111	0	3	97%
2012/13	49	47	1	1	96%
2013/14	93	83	3	7	89%
2014/15	51	36	5	10	71%
2015/16	0	-	-	-	-

2.5 Extension to implementation dates have been requested for 14 recommendations as follows:

- a) One for IT Project Management,
- b) One for Counter Fraud Arrangements in the Shared Service Benefit Fraud Team,
- c) Two for Health & Safety,
- d) One for SLM & HQ Theatres,
- e) Two for Debtors,
- f) Three for IT Change Management,

- g) Two for NDR,
- h) Two for Benefits.

For a further 5 recommendations, no revised implementation date has been given by management although the latest date has now passed. These are marked as 'TBC' in the 'revised deadline' column of Appendix C and relate to the following audits:

** In the case of two outstanding recommendations from the Housing Redesign audit, no updates were received, although the latest deadline date (December 2014) has elapsed. No updates were received for the March 2015 Committee report. This accounts for the difference of 2 between the number of recommendations itemised above (19) and the total number in the 'Outstanding and request made for extended time' column in the table at 2.4 (21).

Proposed Audit Plan Amendments

- 2.6 The full carry over budgets for completion of 2014/15 projects have not been used and as a result, one day from the WBC plan and three days from the Shared Services plan have been returned to contingency for use in 2015/16.

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 2015/16 Audit Plan we have for the first time, provided at Appendix B an analysis of agreed start dates. These dates have been agreed with management and resources allocated accordingly. This is designed to facilitate smoother delivery of the audit plan through the year. An updated view will be brought to each meeting of Audit Committee.
- 2.8 Annual performance indicators and associated targets were approved by the SIAS Board on 11 March 2015. Actual performance for Watford Borough Council against the targets that can be monitored for 2015/16 is shown the table below.

Performance Indicator	Annual Target	Profiled Target to 5 June 2015	Actual to 5 June 2015
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	12%	12%
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects (excludes 2013/14 completion and ‘on-going’ pieces)	95%	4% (1 out of 24 projects to draft)	0% (no projects to draft)
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at ‘satisfactory’ level	100%	100%	None yet finalised
4. Number of High Priority Audit Recommendations agreed	95%	95%	None made

2.9 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2015/16 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.