



AUDIT COMMITTEE

Monday, 29th September, 2014

7.00 pm

Town Hall, Watford

Publication date: 19 September 2014

CONTACT

If you require further information or you would like a copy of this agenda in another format, e.g. large print, please contact Sandra Hancock in Democracy and Governance on 01923 278377 or by email to legalanddemocratic@watford.gov.uk .

Welcome to this meeting. We hope you find these notes useful.

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COMMITTEE MEMBERSHIP

Councillor I Brown (Chair)
Councillor P Taylor (Vice-Chair)
Councillors I Brandon, A Khan and T Williams

AGENDA

PART A - OPEN TO THE PUBLIC

1. **APOLOGIES FOR ABSENCE/COMMITTEE MEMBERSHIP**
2. **DISCLOSURE OF INTERESTS (IF ANY)**
3. **MINUTES**

The minutes of the meeting held on 30 June 2014 to be submitted and signed.

Copies of the minutes of this meeting are usually available seven working days following the meeting.

(All minutes are available on the Council's [website](#).)

4. **OMBUDSMAN'S ANNUAL LETTER 2014** (Pages 1 - 22)

Report of the Head of Democracy and Governance

This report informs the committee about complaints dealt with by the Ombudsman for Watford in the year 1 April 2013 to 31 March 2014.

5. **EXTERNAL AUDITORS REPORT TO THOSE CHARGED WITH GOVERNANCE (SEPTEMBER 2014) AND APPROVAL OF THE STATEMENT OF ACCOUNTS 2013/14** (Pages 23 - 26)

Report of the Acting Head of Finance Shared Services

This report allows the Committee to ask questions of the external auditor concerning his 'Report to those charged with Governance (ISA260)' and to approve the Statement of Accounts for 2013/14.

Appendices to follow

6. EXTERNAL AUDIT RECOMMENDATIONS (Pages 27 - 32)

Report of the Acting Head of Finance Shared Services

This report provides details of the progress made in implementing the recommendations of the external auditor.

7. INTERNAL AUDIT - SIAS BOARD ANNUAL REPORT 2013-14 (Pages 33 - 52)

Report of the Acting Head of Finance and the Head of Assurance for the Shared Internal Audit Service

This report introduces the Shared Internal Audit Services (SIAS) annual report for 2013/14.

8. INTERNAL AUDIT PROGRESS REPORT (Pages 53 - 130)

Report of the Acting Head of Finance

This report provides details of the progress made in implementing the recommendations of the internal auditor.

9. WORK PROGRAMME (Pages 131 - 134)

Report of the Acting Head of Finance

This report asks the Committee to review and make necessary changes to the Work Programme.

*PART A

Report to: Audit Committee
Date of meeting: 29 September 2014
Report of: Head of Democracy and Governance
Title: Ombudsman's Annual Letter 2014

1.0 **SUMMARY**

1.1 To inform the committee about complaints dealt with by the Ombudsman for Watford in the year 1 April 2013 to 31 March 2014.

2.0 **RECOMMENDATIONS**

2.1 To note the Ombudsman's Annual Review Letter

Contact Officer:

For further information on this report please contact: Carol Chen Head of
Democracy and Governance
telephone extension: 8350 email: carol.chen@watford.gov.uk

Report approved by: Managing Director

3.0 **DETAILED PROPOSAL**

3.1 Attached at Appendix 1 is the Ombudsman's Annual Review letter for Watford for the financial year 1 April 2013 to 31 March 2014. Also attached as Appendix 2 is the Ombudsman's Review of Local Government Complaints for the year where she gives an overview of the whole picture of complaints about Local Government.

3.2 Up until 2012 the Annual Letter provided a comparison of the number of complaints received by them in the previous year and the time taken to reply to Ombudsman queries. However, last year the Ombudsman changed their systems and the way they reported complaints and they no longer provide comparisons or time taken to respond.

3.3 For 2013 the only information the Council received in the Annual Letter was that the Ombudsman had received 9 complaints.

- 3.4 This year the Annual Letter states that the Ombudsman received 19 complaints and enquiries and made 20 decisions. This number is different from the number of complaints received as some complaints may span financial years so a complaint may have been received in 2012/13 but not concluded until 2013/14, in addition there may well be complaints received in 2013/14 but not concluded by 31 March 2014.
- 3.5 The report states that one complaint was upheld after investigation, this was a complaint regarding a number of issues relating to the complainants privately rented accommodation and the complainants homelessness application some of which were not upheld but the Ombudsman did uphold that the Council could have made a decision on the complainants homelessness application sooner, however the Ombudsman found that this had not caused the complainant any injustice and that there was no action for the Council to take.
- 3.6 Also attached is the Ombudsman's Review of Local Government Complaints for 2013-14 for information.

4.0 **IMPLICATIONS**

4.1 **Financial**

- 4.1.1 The Shared Director of Finance comments that there are no financial implications in this report

4.2 **Legal Issues** (Monitoring Officer)

- 4.2.1 The Head of Democracy and Governance comments that there are no legal implications in this report

4.3 **Equalities**

- 4.3.1 There are no implications

4.4 **Potential Risks**

There are no risks

Appendices

- Appendix 1 Ombudsman Annual Review Letter 2014 dated 7 July 2014-07-28
Appendix 2 Review of Local Government Complaints 2013-14

Background Papers

No papers were used in the preparation of this report.

File Reference

None

7 July 2014

By email

Mr Manny Lewis
Managing Director
Watford Borough Council

Dear Mr Manny Lewis

Annual Review Letter 2014

I am writing with our annual summary of statistics on the complaints made to the Local Government Ombudsman (LGO) about your authority for the year ended 31 March 2014. This is the first full year of recording complaints under our new business model so the figures will not be directly comparable to previous years. This year's statistics can be found in the table attached.

A summary of complaint statistics for every local authority in England will also be included in a new yearly report on local government complaint handling. This will be published alongside our annual review letters on 15 July. This approach is in response to feedback from councils who told us that they want to be able to compare their performance on complaints against their peers.

For the first time this year we are also sending a copy of each annual review letter to the leader of the council as well as to the chief executive. We hope this will help to support greater democratic scrutiny of local complaint handling and ensure effective local accountability of public services. In the future we will also send a copy of any published Ombudsman report to the leader of the council as well as the chief executive.

Developments at the Local Government Ombudsman

At the end of March Anne Seex retired as my fellow Local Government Ombudsman. Following an independent review of the governance of the LGO last year the Government has committed to formalising a single ombudsman structure at LGO, and to strengthen our governance, when parliamentary time allows. I welcome these changes and have begun the process of strengthening our governance by inviting the independent Chairs of our Audit and Remuneration Committees to join our board, the Commission for Administration in England. We have also recruited a further independent advisory member.

Future for local accountability

There has been much discussion in Parliament and elsewhere about the effectiveness of complaints handling in the public sector and the role of ombudsmen. I have supported the creation of a single ombudsman for all public services in England. I consider this is the best way to deliver a system of redress that is accessible for users; provides an effective and comprehensive service; and ensures that services are accountable locally.

To contribute to that debate we held a roundtable discussion with senior leaders from across the local government landscape including the Local Government Association, Care Quality Commission and SOLACE. The purpose of this forum was to discuss the challenges and opportunities that exist to strengthen local accountability of public services, particularly in an environment where those services are delivered by many different providers.

Over the summer we will be developing our corporate strategy for the next three years and considering how we can best play our part in enhancing the local accountability of public services. We will be listening to the views of a wide range of stakeholders from across local government and social care and would be pleased to hear your comments.

Yours sincerely

A handwritten signature in black ink that reads "Jane Martin". The signature is written in a cursive style with a long horizontal flourish at the end.

Dr Jane Martin
Local Government Ombudsman
Chair, Commission for Local Administration in England

Local authority report – Watford Borough Council

For the period ending – 31/03/2014

For further information on interpretation of statistics click on this link to go to <http://www.lgo.org.uk/publications/annual-report/note-interpretation-statistics/>

Complaints and enquiries received

Local authority	Adult care services	Benefits and tax	Corporate and other services	Education and children's services	Environmental services and public protection and regulation	Highways and transport	Housing	Planning and development	Total
Watford BC	0	6	1	0	0	1	8	3	19

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Decisions made

Local authority	<u>Detailed investigations carried out</u>		Advice given	Closed after initial enquiries	Incomplete/Invalid	Referred back for local resolution	Total
	Upheld	Not upheld					
Watford BC	1	0	0	11	1	7	20

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Review of Local Government Complaints 2013-14

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Local Government Ombudsman

**The Oaks, No 2
Westwood Way
Westwood Business Park
Coventry
CV4 8JB**

**Phone: 0300 061 0614
Web: www.lgo.org.uk
Twitter: @LGOmbudsman**



“ At a time of even greater choice and diversity in local public service provision, public information is essential to support the decisions people make. ”

It is important that the LGO is an open and transparent organisation and provides assurance to the public about the work we do and how we spend public money. Local authority complaints make up the bulk of our work. Our unique role is to remedy personal injustice caused by maladministration or service failure by conducting independent and impartial investigations. The recommendations we make affect many more people because we often ask for changes to policy and practice which improve local complaint handling, public administration and service delivery. We regard this as an important part of our role to enhance local accountability to people who use services, many of whom rely on them for their day to day well-being.

At a time of even greater choice and diversity in local public service provision, public information is essential to support the decisions people make. Since April 2013 we have published the decision statements for all our cases on our website. For the first time, this report brings together in one place a summary of data we provide to each council in England in an annual review of complaints in their area. It supplements the LGO Annual Report and Accounts which gives more information about our performance, and follows the first annual review of social care complaints published in May this year.

Complaints processes should be responsive to the public. It is important that people know where to complain, how to complain and are satisfied with remedies proposed. Positioned at the apex

of the local complaints system, we want to continue to work with local authorities in support of excellent local complaint handling to put things right as soon as possible. We also want to ensure that the journey for complainants through local procedures to the LGO is as effective as possible. In an increasingly complex delivery environment where the council is more likely to commission than provide a service, we know that journey can be complicated and confusing. To prompt our thinking on this we have included some results from our customer satisfaction research carried out recently, which raises questions about where improvements can be made.

The report includes examples from some of our cases. They are only illustrative of the many matters we deal with, but they give a flavour of how we can help individuals who have experienced problems, and indicate the sort of changes and improvements we can bring about.

I hope this report will help officers and councillors, as well as all those who provide public services locally, to reflect on how they handle and learn from complaints. I hope it will also help all those who use local public services understand better how to raise concerns to good effect.

Dr Jane Martin
Local Government Ombudsman



The data within this report refers to the complaints and enquiries we received, and the decisions we made, about English local authorities in the business year April 2013 – March 2014.

This is the first time we have combined our usual practice of writing to councils to report back the annual complaint statistics for their authority, with a report that looks at the state of local government complaints as a whole. This report will become an annual publication, intended to be a tool for those involved in complaint handling, policy making and local scrutiny to analyse trends in complaints about local public services.

We want to give open and transparent access to our data on complaints. We also want to help councils to view their statistics in the context of other local authorities. This is a common request we receive, so with this report we are publishing all of the data in one place. We know that councils have their own unique demographic make-up, so for those wanting to identify similar comparable authorities, we would refer them to the [CIPFA Nearest Neighbour model](#).

In the final section, we provide questions for local councillors to help them assess how their authority responds to, and learns from, complaints.



Complaint numbers & trends 2013-14

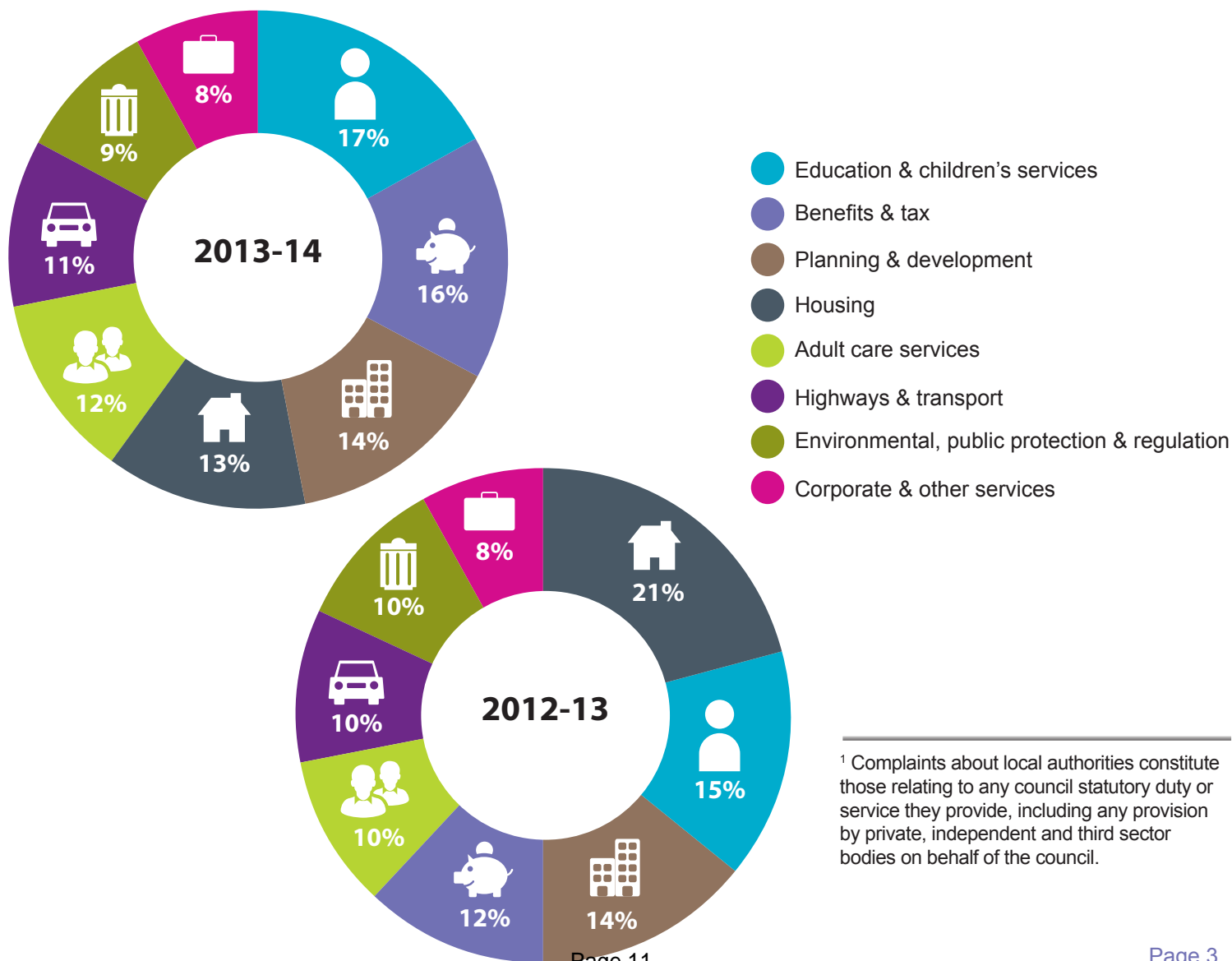
In 2013-14 the LGO registered a total of **20,306** new complaints and enquiries, an increase from 20,186 in the previous year.

While the bulk of our work is about councils, our jurisdiction includes all registered social care providers. For complaints and enquiries solely about local authorities¹ we registered **18,436** new cases, which is a similar level to the previous year's total of 18,940.

However, the broadly static total number of complaints this year accommodated a **39% decrease in housing complaints** – meaning that, in real terms, complaints and enquiries about other council services increased. The expected reduction in housing complaints was because all new complaints about councils' role as social landlords became the responsibility of the Housing Ombudsman Service in April 2013.

Complaints about benefits and tax, and adult social care, were the two areas of work that saw the biggest percentage increase on last year. They were also the two areas in which we are more likely to find fault in a detailed investigation.

The graphics below show the breakdown of complaints and enquiries received in the different areas of our work over the last two years.



¹ Complaints about local authorities constitute those relating to any council statutory duty or service they provide, including any provision by private, independent and third sector bodies on behalf of the council.



Benefits & tax

Complaints and enquiries about **benefits and tax increased by 26%** on the previous year, and had our highest **uphold rate of 49%**.

We recognise that there have been changes to legislation affecting benefits and tax during the year but we have no evidence to indicate whether or not there is a link between these changes and the increase in complaints.

We help people get redress on a range of areas but one of the most common types of complaint we receive is around council tax. We also look at issues with housing benefit, council tax support and debt recovery, including the actions of bailiffs.

Some people who complain to us about benefits and tax rely on these council services for their everyday wellbeing, therefore failures to administer properly can have an acute impact on their lives. Some of these services comprise of 'crisis funds' designed to support those in particular need. A common fault we see from councils is a failure to consider whether the person complaining may be in a vulnerable situation.

Some of the other regular issues we find are:

- > not notifying people of their appeal rights
- > administrative errors around payments
- > not exercising discretion or taking a fixed view
- > a failure to follow policies.

The nature of complaints about benefits and tax means that a remedy will usually include a recommendation for a financial payment, which could include the waiving of debts or a refund. If we find a systemic problem we will suggest the council reviews its procedures to ensure others are not adversely affected.

Council tax discretion

Bernard bought an empty property and was renovating it. He originally received an exemption covering empty homes undergoing renovation, and did not pay council tax.

The Local Government Finance Act then allowed the council to impose a premium on owners of properties empty for more than two years. Bernard later became liable for 150 per cent council tax.

Bernard contacted the council to ask if it could reduce the amount he was paying because of his personal circumstances, but officers wrongly told him that that the council had no discretion to reduce it on an individual basis.

During our investigation the council told us that it does in fact have a scheme offering discretionary reductions, but said that Bernard would not qualify. The council decided in advance that it would automatically refuse an individual application where they do not fall into a set class of criteria, thereby fettering its own discretion.

The council has agreed to invite Bernard to make an application for a discretionary reduction in his council tax bill and consider it from the date at which he first asked the council for help.

We have asked the council to make a decision within two months and provide Bernard with the reasons for its decision in writing, so that he has the option to appeal to the Valuation Tribunal if his application is unsuccessful.

Complaint numbers & trends 2013-14



Social care

Complaints and enquiries about **adult social care increased by 16%** and we **upheld 48%** of complaints after detailed investigations. As the Social Care Ombudsman we provide a route for redress for all care complaints – both publicly and privately funded – and our recently published review of social care complaints for 2013² highlighted it as one of our fastest growing areas of our work.

The three areas most complained about last year were assessment and care planning; fees, grants and payments; and residential care.

Assessing and planning for care is one of the most fundamental local authority duties. Often we find fault within the assessment process when all the facts have not been taken into account, or a person's individual needs are not placed at the heart of the process, resulting in care packages that do not meet people's needs.

People not being given clear and comprehensive information is a common fault around the charging of care, as well as so called 'top-up fees' being sought when the person's care should be fully covered by public funding.

Complaints about residential care often come from family members because the person receiving care is unable to complain. A common issue is the failure to monitor properly and record the condition of people, and the care provided, which leaves family members uncertain that loved ones are properly cared for in their absence.

It is difficult to put a price on the cost of missed or inadequate care, but in remedying a situation we can recommend a financial payment.

This can be an amount to recognise how the injustice has affected the person, or when somebody has lost out financially we can recommend that costs are waived or refunded. Where poor planning and care assessments have taken place we will usually recommend a fresh assessment is carried out. We will always seek to ensure that the same mistakes do not happen again, and where appropriate we will recommend councils carry out reviews of policies and procedures, and undertake staff training.

Ignoring the evidence

Peter has autism, epilepsy and moderate learning disabilities. He lives at home with his mother. After his NHS funding was withdrawn the council assessed his needs but failed to comply with its legal duty to agree an aftercare plan.

Care professionals raised concerns that the care package offered would not meet Peter's needs but our investigation showed that the council failed to take into account all the relevant evidence. As a result Peter and his mother were left without the support they needed and Peter was unable to access respite. Their frustration was further increased when the council's response to the complaint contained inaccurate information.

We recommended that the council reassess and expedite the process of identifying Peter's needs so a care package could be agreed. We also recommended that they apologise for the way they carried out the original assessment and for how they responded to the complaint. We also recommended a financial remedy.

² Our [Review of Adult Social Care Complaints](#) covered the 2013 calendar year and published for the first time our statistics for social care complaints about private care providers as well as local authorities.



Complaint numbers & trends 2013-14

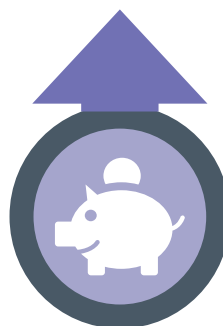
18,436 registered local authority complaints & enquiries



Housing
down 39%



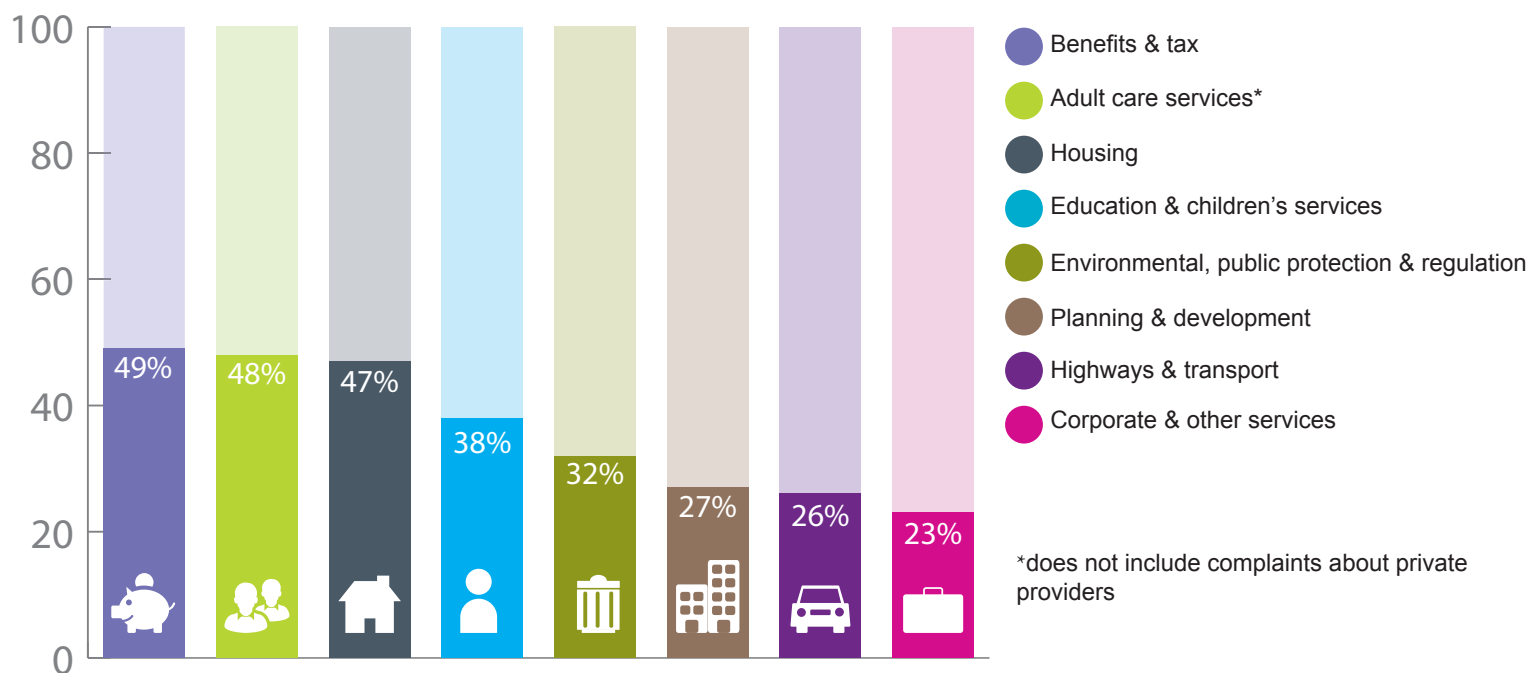
Adult care services
up 16%



Benefits & tax
up 26%

Complaints upheld

For the first time this year we have started to record complaint outcomes in a simpler way to show whether or not we have upheld a complaint. This year we **upheld 46%** of all complaints we investigated in detail. Below are the percentages by complaint type.



The complainant's journey



The people in the best position to hold service providers to account are those who use the service. Complainants tell us they want their complaints considered as quickly as possible by somebody who has the authority to put things right, and they want authorities to take responsibility when things have gone wrong. This demonstrates the need for councils to have an effective complaint handling service – one which is simple to access and provides a timely and consistent service.

Our role is to offer the assurance of an independent and consistent view when complaints cannot be resolved locally, and use our powers to ensure injustices are remedied. But referral to the ombudsman should be the last resort, once local routes to redress have been exhausted. We want to support councils to have the best possible front-line complaints service, which we do by sharing information and best practice.

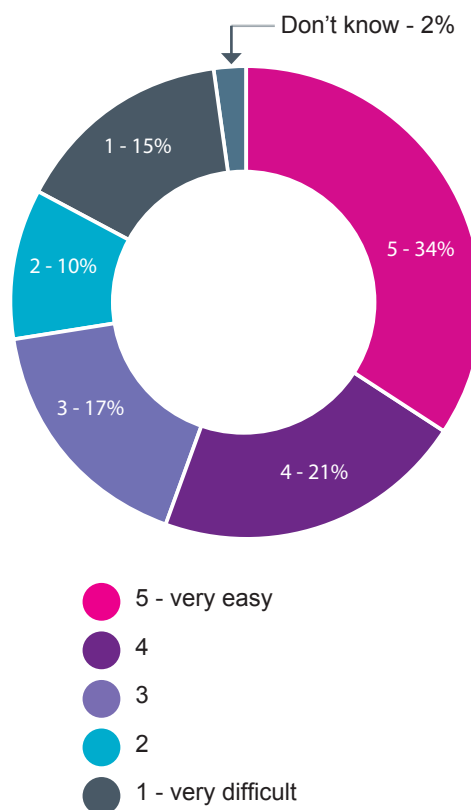
During the year we carried out independent customer satisfaction³ research about our service. The results also provided insight into the local authority complaints system as a whole, which may help councils better understand the customer experience of the system. They pose some questions about whether the local government complaints system is operating as effectively as it could be.

Accessibility

We know that the complaint system can feel more like a maze for people seeking to raise a complaint. Our research focused on the key access points when complainants navigate their way through local procedures to the Ombudsman. The figures below indicate where improvements could be made.

People were asked to say, on a scale of 1 to 5, how easy it was to **find information on how to make a complaint about their authority**. It is positive that over 50% of people rated it near the easy end of the scale. However, a quarter of people also rated it as difficult. The system should work as effectively as possible so that people can easily raise complaints locally and embark on a simple route to redress as soon as possible. Clear information about local procedures will also help to avoid people coming to the Ombudsman only to be referred back to the council.

How easy was it to find information on how to make a complaint about your authority?



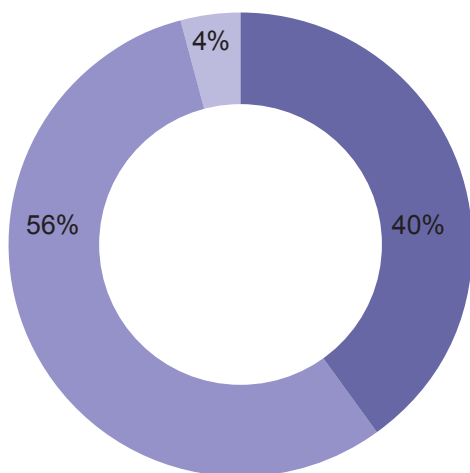
³ Our research involved an independent research company carrying out more than 800 telephone interviews with people who had ongoing cases with us. The aim was to gain a better understanding of the customer satisfaction of our service, independent of the complaint outcome. Those surveyed were a random selection from our whole caseload, so will include a small percentage of people who had a non-local authority related complaint, for example regarding a private care home. The research in full will be available on our website.

The complainant's journey



56% of people did not recall being made aware of their local authority's complaint handling procedures. All councils have published complaints procedures, but this would indicate that the majority of people who complain do not feel engaged with them. Councils may want to reflect on whether there are better ways to ensure complainants understand what they can expect from their local complaints service.

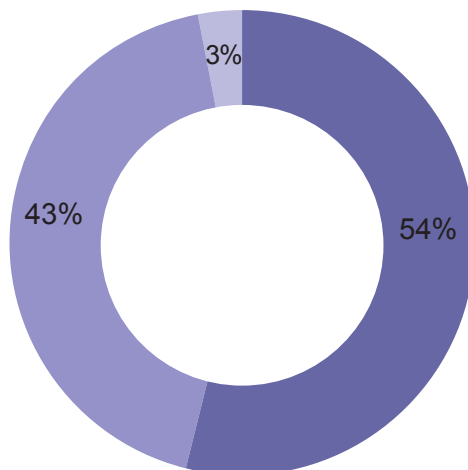
Were you made aware of the local authority's complaint handling procedures?



- Yes
- No
- Don't know

43% of people were not advised that they could refer their complaint to the Local Government Ombudsman. It is not a statutory requirement for councils to signpost to the ombudsman. These results indicate that many councils do follow this good practice, but despite this, not enough people are being advised of their right to access redress.

Were you advised that you could refer your complaint to the Local Government Ombudsman?



- Yes
- No
- Don't know

Councils increasingly deliver their services through a mix of public, private and third-sector parties, and personal choice is increasingly part of the mix for consumers. Whilst councils have a good track record historically of signposting people to the ombudsman, the companies who work for them may be less familiar with the LGO, and not as effective in providing an accessible complaints service. In this multi-agency environment, councils may want to ask whether their contracted companies are responding to complaints effectively, and whether they ensure that accountability is retained through the commissioning and contracting process.

Timeliness

The research also indicates that some complaints are taking a long time to be resolved locally before people come to us for an independent view.

The research showed that 62% of people had been **trying to resolve their problem locally** for at least six months, including more than a third (36%) who had been trying for over a year. **The average time that somebody tried to resolve their complaint before approaching us was nine months.**

We recognise that some complaints can be complex and require detailed investigation locally, and we know there are some statutory processes, such as for children's social care, which require a longer timescale, but we advise that most complaints should take no longer than 12 weeks to be resolved. This is a reasonable time for a council to consider a complaint and come to a final response. It is also good practice to have published complaint procedures that include time targets for specific stages, which are well publicised. In the rare cases that warrant further time, this should be communicated to the complainant as soon as it is known.

Sometimes people complain to us before they've given the council the full opportunity to resolve the matter. When this happens, we refer people back to the council and advise how we can help if, after exhausting the local process, they remain dissatisfied. If a complaint comes back to us following this scenario we class it as a re-submitted complaint.

This year we made decisions on 1,387 cases that were re-submitted to us. We found some form of fault in 292 of these, which is **more than a fifth** (21%) of the total amount of re-submitted cases. In these instances, it could indicate a missed opportunity for local authorities to resolve the complaint before they were referred to us.

Better services for people: sharing the lessons from complaints



The thousands of complaints and enquiries we deal with each year place us in a unique position to draw on these experiences to shape wider service improvements.

In April 2013 we started to publish all of our decision statements, unless where to do so would have compromised the anonymity of the person complaining. This brings greater transparency to our decision making, whilst providing an important resource to inform local scrutiny and service improvement.

For some complaints we highlight a wider public interest by releasing a detailed investigation report. We published 58 of these this year.

We also published new [Guidance on Remedies](#). Produced primarily for our own staff, we also made this publicly available so complaint handlers can understand our approach to remedies, and use it as a resource when suggesting suitable remedies locally.

Making complaints count

As well as helping individuals achieve redress, our investigations can have a wider outcome for the public. Sometimes we uncover systemic fault, and a single investigation can recommend remedies that right the wrongs for many people in similar situations to the person complaining.

Justice for hundreds of foster carers

More than 340 foster carers were given the right support that they had been denied, following a single investigation.

Fiona was asked by the council, and agreed to care for her nephew after his parents became unable to care for him. Left struggling to cope, she complained to us that she was not receiving the correct amount of financial support from the council.

Upon investigation, it was discovered that a council-wide approach meant that more than 340 other 'family and friends' carers were also missing out on payments to which they were entitled. A whole group of people who provide such a critical support system for children who can no longer live with their parents were being mistreated.

The council not only agreed to increase Fiona's payments, and backdate that which she had missed out, but it also agreed to pay all those carers receiving special guardianship allowance the correct rate, and to pay all its foster carers at least the Government's national minimum fostering allowance rate.

The case led to us producing an in-depth report calling for equality for carers who look after the children of family and close friends. It encouraged other authorities to look again at their own processes and procedures to ensure that other carers across the country were not being disadvantaged in the same way.

Better services for people: sharing the lessons from complaints



Elderly tenants reimbursed

Trudie lives in council-managed sheltered accommodation for people over the age of 60 and was worried that she was paying too much for her water. Her bill was nearly double the local water authority's Assessed Household Charge of £175.

The council said it had charged her for water use in accordance with its policy. But, during our investigation, the council identified that it had been charging all the residents far more than it had paid the water company, which was not in accordance with the Water Resale Order.

In total, the council had overcharged tenants by more than £38,000 over the space of five years.

The council has since written to Trudie to apologise and tell her and nearly 60 elderly neighbours that they are owed money and that they will be reimbursed that which they had been overcharged. It also agreed to carry out a review of how it charges tenants for water across the authority.

Driving service improvement

Many people say to us that a major motivation for complaining is for somebody to take responsibility for what has happened and to ensure that mistakes that have afflicted them do not happen to others. We will often ask for an apology and our investigations always seek to inform and drive service improvement, with councils agreeing to carry out reviews, policy changes or training to ensure faults are not repeated.

Care charging policy revoked

Jenny agreed to have home care after a stay in hospital and for the first six weeks this was free.

A review of Jenny's care was carried out and her social worker recommended that she needed a long-term care package. The county council then applied a weekly charge before completing its financial assessment.

Guidance from the Department of Health says that councils should not apply charges retrospectively, and should not charge before a financial assessment is carried out and the customer informed.

Our investigation found that the council's provisional charging policy, which had been in effect for 18 months, did not comply with statutory guidance.

We recommended that the council reconsider the policy, waive Jenny's provisional charge and make a payment of £200 to her son for the time and trouble in having to bring the complaint to us.

With other older people potentially affected by the policy, we recommended, and the council agreed, to identify who they were and make arrangements to repay any charges due to them.

Better services for people: sharing the lessons from complaints



Putting things right

In deciding upon remedial action or a payment to acknowledge an injustice, we will take into account the unique circumstances of each case. We can suggest remedies that are a creative way of replacing something that was missed as a result of the fault – for example a contribution towards a child's education fund – or takes into account other people that were affected.

Village gets respite from noise

An investigation helped a village community get respite from years of excessive noise, and the community centre receive support.

A group of residents complained about the noise from a nearby racetrack, and said that their local council had not been enforcing the historic restrictions that were part of its planning approval.

The villagers had been affected for a number of years and said that the council was slow to act in enforcing the issues. It left them feeling like they were trapped in their homes, unable to spend time in their gardens.

As part of the remedy, the council instructed a barrister to provide legal advice on the contents of a new notice to be served on the new track operators.

The LGO also recommended that the council consider outstanding queries about the impact alterations to the track had made on noise levels. One couple received £2,500 and the council paid £5,000 to a second couple as a contribution towards legal fees they had incurred.

The council also made a £1,000 donation to the village schoolroom committee for the benefit of other residents who were also involved in the complaint.

Supporting local complaints procedures

Sharing the learning from complaints is an important part of encouraging good local complaints handling and service improvement. Using our experience of complaint handling, we offer advice and training to councils to help them deal with complaints more effectively.

This year we provided 45 training courses to more than 750 council staff involved in complaint handling. The feedback from attendees after the courses showed that:

- > 45% more people know how to use complaints to drive service level improvements
- > 89% more people feel confident about dealing with complaints

Local scrutiny & accountability: a key role for councillors



During 2013 the Local Government Information Unit (LGIU) published a report, following a survey of over 400 local government senior officers and elected members, into how we could use our complaints data to enhance local accountability. It found that more than 75% of respondents wanted us to provide more access to detailed information about local government complaints.

We are fully committed to support local scrutiny and the representative role of councillors. They have a democratic mandate to scrutinise the way services are delivered and hold those services to account, and we believe they can use complaints as an important tool to support that process.

We started publishing all of our decision statements online on new complaints after 1 April 2013 – becoming the first UK public sector ombudsman to do so.

This year we have also sent to every council leader a copy of the annual letter we present to council chief executives. These letters provide our complaint statistics about their authority and feed back any particular issues of concern.

Questions for elected members and scrutiny committees

Members may wish to consider the following questions to assess whether their council is responding to and learning from complaints.

Does your council:

- > regularly report its experience and learning from complaints to elected members?
- > provide open access to complaints data for councillors and the public?
- > actively seek feedback from service users on its complaints handling?
- > clearly display information about its complaints process online and in all service delivery settings?
- > advise complainants of their right to access the ombudsman, and provide the correct contact information?
- > ensure providers of services also respond to complaints raised and learn from them through commissioning and contracting?

About the ombudsman



Since 1974 the Local Government Ombudsman has independently and impartially investigated complaints about councils and other bodies within our jurisdiction. Our services are free of charge. If we find something wrong, we can ask the council to take action to put it right. What we ask the council to do will depend on the particular complaint, how serious the fault was and how the complainant was affected. We have no legal power to force councils to follow our recommendations, but they almost always do. Some of the things we might ask a council to do are:

- > apologise for the fault and the injustice caused
- > take action to put things right as soon as possible
- > pay a financial remedy to acknowledge the impact of the injustice caused, such as distress
- > improve procedures so similar problems do not happen again

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Report to: Audit Committee

Date of meeting: 29 September 2014

Report of: Head of Finance Shared Services

Title: External Auditors Report To Those Charged With Governance (September 2014) and Approval Of The Statement of Accounts 2013/14

1.0 **SUMMARY**

1.1 This report allows the Committee to ask questions of the external auditor concerning his 'Report to those charged with Governance (ISA260)' and to approve the Statement of Accounts for 2013/14.

2.0 **RECOMMENDATIONS**

2.1 That the Committee notes the external auditor's 'Report to those charged with Governance.

2.2 That the Committee seeks any clarification it needs concerning the Statement of Accounts for 2013/14.

2.3 That the Committee confirms that it is satisfied that the accounting policies adopted are the most appropriate.

2.4 That the Statement of Accounts for 2013/14 be approved.

Contact Officer:

For further information on this report please contact: -
Nigel Pollard, Acting Head of Finance, Shared Services
telephone extension: 7198
email: nigel.pollard@threeivers.gov.uk

Report approved by: Joanne Wagstaffe Director of Finance

3.0 **DETAILS**

- 3.1 The Audit Committee at its meeting on the 30 June received the draft Statement of Accounts for 2013/14. The Accounts have since been audited by Grant Thornton UK LLP.
- 3.2 The Auditor's 'Report to those charged with Governance' is attached at Appendix 1. It is issued in accordance with ISA260 and incorporates a conclusion on final accounts work and a value for money judgement. Grant Thornton will attend the meeting to present the report and answer questions.
- 3.3 Attached at Appendix 2 is a draft letter of representation which should be signed at the meeting.
- 3.4 The Council's Statement of Accounts for 2013/14 is attached at Appendix 3.
- 3.5 The accounts must be signed by the Chief Financial Officer before they are approved by the Committee and, subject to approval, the Chairman of the Committee shall sign and date them at the meeting.
- 3.6 Financial Reporting Standard 18 requires the Committee to confirm that it is satisfied that the accounting policies adopted are the most appropriate.

4.0 **KEY ISSUES AND INTERPRETATION OF THE ACCOUNTING STATEMENTS**

- 4.1 The purpose of the Statement of Accounts is to give interested parties an understanding of the Council's financial position. It also provides an opportunity to compare how the Council performed financially against its original plan published when setting the budgets in February 2012. Members are referred to the Foreword to the Statement of Accounts.
- 4.2 The Financial Statements have been prepared under International Financial Reporting Standards (IFRS), a statutory accounting framework which has replaced the United Kingdom Generally Accepted Accounting Principles (UK GAAP). The Chartered Institute of Public Finance and Accountancy produces a Code of Practice on Local Authority Accounting which reflects the statutory requirements and has been followed in preparing the financial statements.
- 4.3 A draft Annual Governance Statement (AGS) was presented to the Committee and approved on 30 June 2014. It is now included in the Statement of Accounts before the Committee, and has been signed by the Mayor and the Managing Director as required by proper practice.
- 4.4 *Summary of Financial Position*
- 4.5 The Council's medium-term financial planning has aimed to achieve a balanced budget and a prudent level of balances. With the reductions in government grant and changes to business rates, however, this means that further savings are

required. The Council is aiming to realise these through the continuation of its Roadmap efficiencies that commenced in 2013/14. Close monitoring will be required to ensure that the savings identified are achieved.

5.0 **IMPLICATIONS**

5.1 **Financial**

5.1.1 Contained in the Statement of Accounts

5.2 **Legal Issues** (Monitoring Officer)

5.2.1 None Specific.

5.3 **Equalities**

5.3.1 None Specific.

5.4 **Potential Risks**

There are no risks associated with the decisions members are being asked to make.

APPENDICES

1. Report to those charged with Governance (ISA260) – Grant Thornton – September 2014.
2. Draft Letter of Representation
3. Statement of Accounts 2013/14

BACKGROUND PAPERS

The Accounts and Audit (England) Regulations 2011

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Agenda Item 6

Report to: Audit Committee

Date of meeting: 29 September 2014

Report of: Head of Finance Shared Services

Title: External Audit Recommendations

1.0 **SUMMARY**

1.1 This report gives details of the progress made in implementing the recommendations of the external auditor.

2.0 **RECOMMENDATIONS**

2.1 That progress in implementing the external auditor's recommendations be noted.

Contact Officer:

For further information on this report please contact: -
Nigel Pollard - Acting Head of Finance, Shared Services
Telephone; extension: 7198
email: nigel.pollard@threerivers.gov.uk

Report approved by: Joanne Wagstaffe Director of Finance

3.0 **DETAILS**

3.1 The external auditor, Grant Thornton, presented its 'Report to those Charged with Governance' to the September 2013 meeting of the Audit Committee. The report made a number of recommendations and progress is shown in Appendix 1.

3.2 The recommendation is made in order to give members the opportunity to raise questions about the external auditor's recommendations and monitor the progress made in their implementation.

4.0 **IMPLICATIONS**

4.1 **Financial**

4.1.1 None Specific.

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 None Specific.

4.3 **Equalities**

4.3.1 None Specific.

4.4 **Potential Risks**

4.4.1 There are no risks associated with the decisions members are being asked to make.

APPENDICES

Appendix 1 External Audit Recommendations

Action	Priority	Responsibility	Action to Date	Resolved [✓ or X]	(Original) Implementation date
<p>Assurance for third party services</p> <p>The council should request where it has third party IT service provision, formal assurance from the service provider on the adequacy of the general IT controls they have in operation at their data centre(s) from which the service is provided. This should include testing of third party disaster recovery plans.</p>	<p>Medium</p>	<p>Head of Corporate Strategy & Client Services</p>	<p>Position – November 2013</p> <p>Memorandum of understanding is currently in draft format. This will be issued to (PSN) priority systems vendors initially.</p> <p>A further policy will be developed around management of third parties will be written during 2014.</p> <p>Position January 2014</p> <p>This is in progress. MOU's for third parties are currently being issued. Third party policy is scheduled for completion by end of Q4.</p> <p>Position March 2014</p> <p>MOUs issued to key vendors.</p> <p>Third party policy is currently being drafted</p> <p>Position June 2014</p> <p>Third party policy will be issued to ITSG for approval prior to the move to</p>	<p>X Part resolved</p>	<p>December 2013</p> <p>April 2014 to complete Third party policy</p> <p>September 2014</p>

			<p>Capita's data centre. Documentation has been received from Capita confirming BSI, QM & other industry standard accreditations.</p> <p>Position September 2014</p> <p><i>The third party policy will now be issued to ITSG for approval in November 2014.</i></p>		November 2014
<p>Financial governance</p> <p>The presentation of income charges could be improved with the further analysis of other income streams such as property and commercial income included within the monthly budget reporting pack the 'Finance Digest'.</p>	Medium	Head of Finance Shared Services	<p>Position January 2014</p> <p>The content and presentation of the Finance Digest is under review. The Shared Internal Audit Service is performing a county-wide examination of budget monitoring and reporting arrangements and will report on best practice during 2014. The Budget panel will be consulted on proposed changes.</p> <p>Position March 2014</p> <p>SIAS and Finance Managers have commenced the review process and the detailed evidence gathering will be completed by the end of March. The budget monitoring process and new reporting format will be reported to Budget Panel in July.</p>	x	<p>December 2013</p> <p>July 2014</p>

			<p><i>Position September 2014</i></p> <p><i>Discussions have been on-going as to the content and format of the digest. A new version of the Finance Digest will be presented to Budget Panel at their October meeting</i></p>		<p><i>October 2014</i></p>
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Agenda Item 7

Report to: Audit Committee

Date of meeting: 29 September 2014

Report of: Head of Finance Shared Services

Title: Internal Audit - SIAS Board Annual Report 2013/14

1.0 **SUMMARY**

1.1 This report introduces the Shared Internal Audit Services (SIAS) annual report for 2013/14

2.0 **RECOMMENDATIONS**

2.1 That Shared Internal Audit Service Annual Report for 2013/14 is noted.

Contact Officer:

For further information on this report please contact: -
Nigel Pollard, Acting Head of Finance, Shared Services
Telephone extension: 7198
email: nigel.pollard@threeivers.gov.uk

Report approved by: Joanne Wagstaffe Director of Finance

3.0 **DETAILS**

3.1 The SIAS Annual Report for 2013/14 is attached at Appendix 1. The report highlights key areas of success in the year before describing the performance of the partnership during 2013/14. It looks ahead to the future and the developments SIAS plan to deliver the partners' vision.

4.0 **IMPLICATIONS**

4.1 **Financial**

4.1.1 None Specific.

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 None Specific.

4.3 **Equalities**

4.3.1 None Specific.

4.4 **Potential Risks**

4.4.1 There are no risks associated with the decisions members are being asked to make

APPENDICES

1. Shared Internal Audit Service Annual Report for 2013/14

BACKGROUND PAPERS

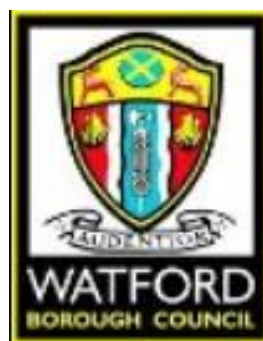
None



Shared Internal Audit Service
Annual Report
2013/14

Annual Report Contents

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Our Board Members	13
Appendix A: SIAS Balanced Scorecard	14
Appendix B: SIAS Trading Account	15
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Hertfordshire County Council

Introduction



*Helen Maneuf
Head of Assurance for the
Shared Internal Audit
Service*

Welcome to the third SIAS annual report which highlights the work of the partnership during its third year of activity.

During the year we hit our stride as a team that can be trusted to deliver. For the first time we achieved both our key performance targets. That we were able to do so speaks volumes about the energy, imagination and commitment of the team. Learning, adapting and striving to improve our service underpin everything we do. Coupled with the continued support of the SIAS Board for the team's mission, this has made for a powerful success story.

We now deliver a core assurance service which provides for resilience, efficiency, access to specialisms, high standards of customer service and career development opportunities for our employees, in line with the original vision of the partners.

Our Annual Report begins by highlighting key areas of success in the year before describing the performance of the partnership during 2013/14. We then look ahead to the future and the developments we plan so that we continue to deliver the partners' vision.

The Shared Internal Audit Service is, again, very grateful for the enthusiastic and active support it has received from all stakeholders during the period. This has helped the service make significant steps forward and demonstrate the benefits of real collaboration and partnership working.



Helen Maneuf

Head of Assurance for the Shared Internal Audit Service

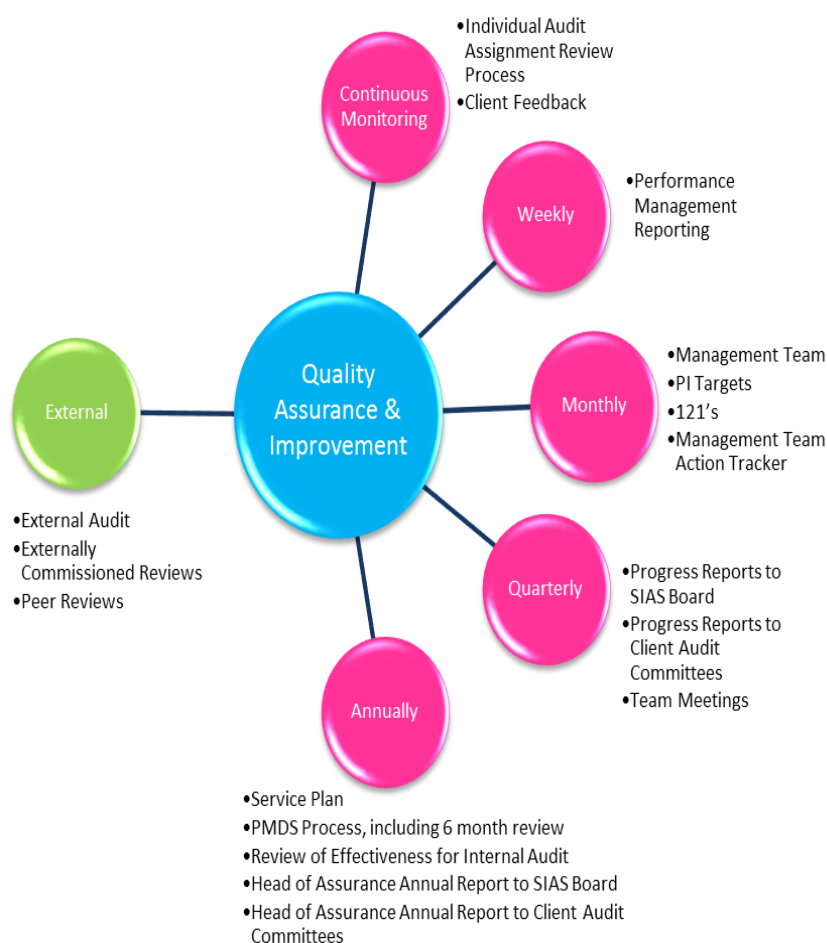
May 2014



A focus on assurance, risk and quality

April 2013 saw the introduction of the Public Sector Internal Audit Standards (PSIAS) which aim to further professionalise the discipline of Internal Audit. Responding to the new requirements saw SIAS develop its thinking on its Quality Assurance and Improvement Programme or QAIP, which ensures that the service has the process it requires to deliver robust assurance work.

Figure 1: SIAS Quality Assurance and Improvement



The PSIAS standards place emphasis on good audit planning to ensure that assurance effort is targeted at the most important areas of activity. In response, we developed new arrangements for discussing and agreeing with managers the areas our audit plans will cover, linking these to the assessment of risk, and, where available, the work of other assurance providers.

We continued to deliver our Control Risk Self-Assessment approach. This technique adds value and contributes to embedding risk management. It achieves this by increasing an operating unit's involvement in designing and maintaining risk management and control systems, as well as identifying risk exposures and determining corrective action.

Solid Business Performance

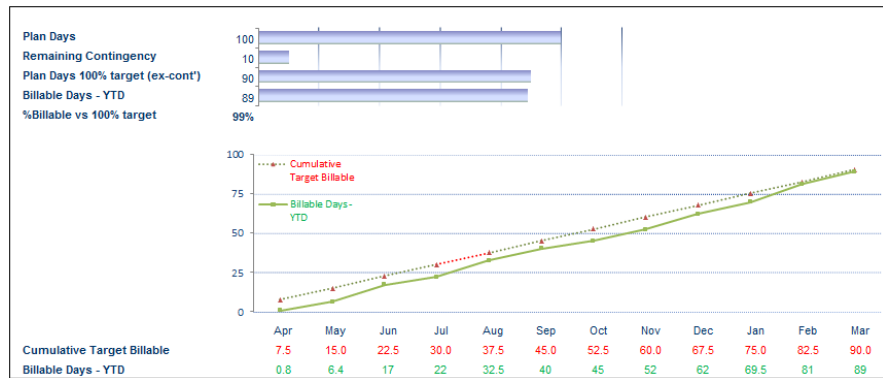


With ever increasing financial pressures facing Local Government, the SIAS business model has contributed combined efficiency savings in order of £350k for its partner organisations. The SIAS risk focused approach has delivered high quality value added assurance work with less resource.

A note on our financial performance can be found in Appendix B.

We have continued our work to ensure our process and procedures are efficient and effective which have helped us significantly in meeting our performance targets.

During the year we introduced new performance reports for clients:



We also improved our in-audit monitoring capability allowing us to track audit progress and take corrective action where necessary; and we developed tools for improving work allocation arrangements:

Client	Audit Name	Preferred Qtr
SBC	Members Locality Budgets	2
SBC	HRA Business Plan	2
SBC	Data Protection & FOI	2
SBC	Asset Management	2
	Change Control	2
	Service Desk Operations	2
SBC	Single Status	2

Investing in our team

Our SIAS team members have responded to the particular challenges of partnership working with determination and commitment. All of our team have had to adapt to new ways of working since the creation of SIAS. In autumn 2013 the team took part in the Hertfordshire County Council staff survey. Results were positive: since the previous survey the level of engagement in the team had risen by twelve percentage points. The highlights are here:

Highlights (strengths)

% Positive
2013

1. I understand how my work contributes to the organisation's goals and objectives	94
14. My manager demonstrates the organisation's Values and Behaviours	94
15. Having clear values and behaviours for the organisation is important	94
48. In my team, we are encouraged to look for ways to save costs and operate more effectively	93

We shall continue to work to improve the engagement and motivation levels within the team over the year ahead by building on the activities described in Table 1.

Table 1: SIAS Development Activities

Investing in our talented staff

Professional Training & Development	<p>Supporting the team in obtaining qualifications from the Chartered Institute of Internal Auditors. In addition, trainees from HCC's CIPFA scheme are now routinely placed in our service.</p> <p>The team participate in Hertfordshire County Council's Performance Management and Development Scheme which underpins the Council's Investors in People accreditation.</p> <p>Team members with full professional qualifications participate in the continuing professional development requirements of their respective institutes.</p>
Technical	<p>Members of our team attended a variety of technical briefings during the year.</p> <p>A technical update is given at every SIAS team meeting. We can source technical training through both our partnership with PwC and our excellent professional networks.</p>

	<p>We hosted a course focussed on approaches to the audit of major projects.</p>
Relationship Skills	<p>We have identified five core attributes that we believe form the basis of effective internal audit relationships:</p> <ul style="list-style-type: none">○ communication○ relationship building○ persuasion○ negotiation○ influencing <p>We held an away day to support our staff in developing these skills and monitor individual performance through feedback questionnaires.</p> <p>In addition, we work closely with Hertfordshire County Council's Learning and Organisational Development team to equip ourselves with the skills needed in the modern audit environment, through initiatives such as coaching and mentoring, 360 degree feedback, and Myers Briggs Type Indicator profiling, as well as by accessing a range of courses delivered by Reed Learning.</p>
Management and Development	<p>Five of the team have participated in 'LEAP', a management development programme. In addition, all Audit Managers have completed a set of recommended management courses.</p> <p>We have built commercial skills within the team in partnership with PwC.</p>

Bringing partners together to facilitate exchange of ideas

A vision for sharing across the partnership

Our partners have always seen the potential for a shared service to be a force for sharing learning and ideas. In line with this we organised a seminar for Audit Committee Members for councils and public bodies in Hertfordshire and beyond.

Speakers covered: the role of Audit Committees in ensuring good governance approaches to development of assurance frameworks, and real life examples of when governance fails. Two group sessions covered audit committee effectiveness and assurance requirements in respect of emerging risks respectively. Feedback on the event was resoundingly positive.

Effective Budgetary Control is high on the watch list of Hertfordshire's Chief Financial Officers who commissioned SIAS to deliver a joint review entitled 'Managing Money' to give those involved in this critical process an opportunity to compare the approach used at their own authority against best practice, and to share intelligence on this topic.

The review culminated in a workshop session attended by authority leads who examined key issues in this area and identified priorities and challenges for the future.

We published a report to share the key conclusions of the workshop session and summarise the thoughts of authority leads, along with supplementary questionnaire results to provide a detailed overview of current practice across participating councils.

Figure 2: What Finance Teams are Focussing On – as identified in the Managing Money Review





First Class Customer Service

In order to monitor our effectiveness and improve our service, at the end of each assignment we request the completion of a short satisfaction survey. We have been given and have acted upon invaluable improvement ideas, and we are proud of the fact that we have received 99% satisfactory or higher feedback rating from our customers.

'I have found the audit team extremely supportive and have always viewed them as a critical friend.'

'The auditor worked very hard to make this a positive and useful experience. She took time to understand our complex area of work.'

'Both auditors showed great sensitivity in a potentially "difficult" area. The output was exactly what we were looking for to move forwards'

Performance

SIAS worked on 433 assurance and other projects during the year, giving assurance opinions and recommendations as demonstrated in the charts below. For those pieces which resulted in a formal opinion the distribution is set out in figures 4 and 5 below:

433 assurance and other projects identifying 939 recommendations

Figure 3: Distribution of Audit Opinions 2013/14

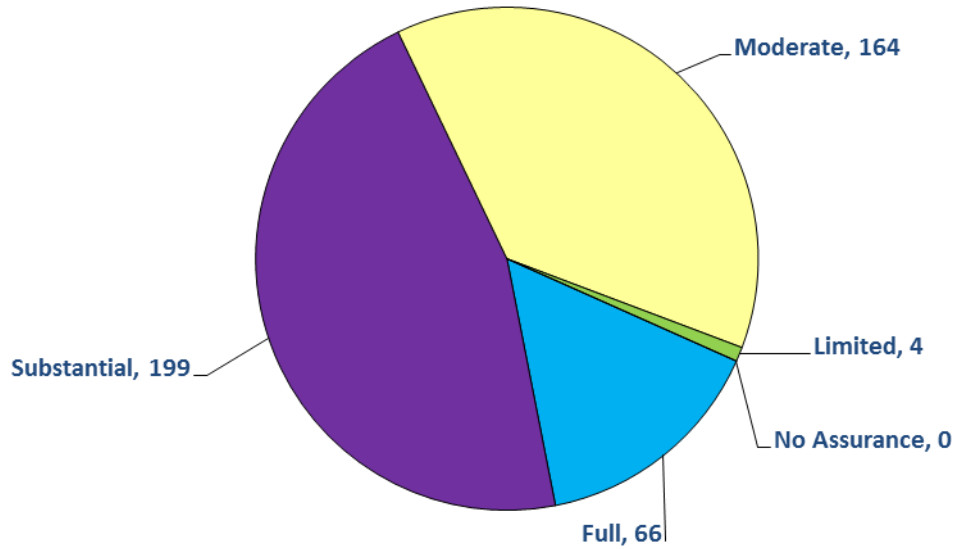
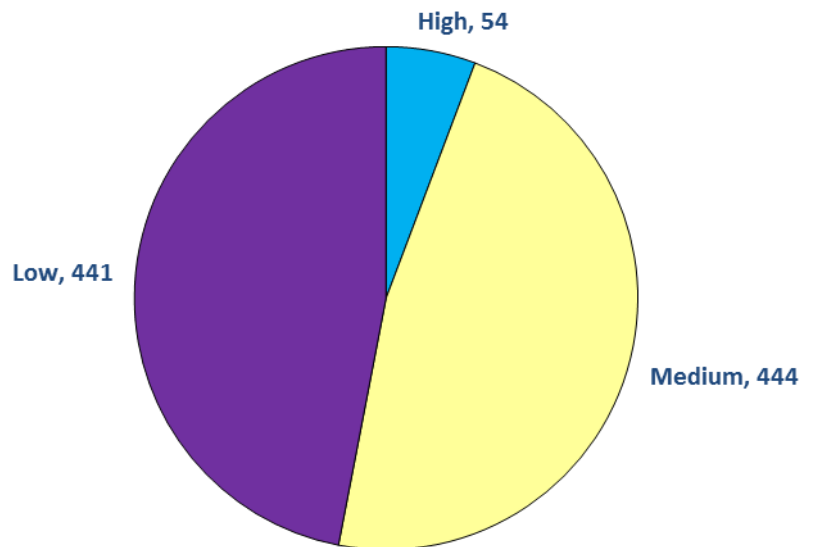


Figure 4: Prioritisation of Recommendations 2013/4



Business Performance of SIAS

The overall business performance of SIAS is monitored by the SIAS Board by means of a balanced scorecard which provides a range of measures by which progress can be evaluated.

The full balanced scorecard for 2013/14 is provided in Appendix A to this report, and the headlines are summarised in the table below.

Table 2: SIAS Business Performance

Indicator	Target	Actual as at 31 March 2013	Actual as at 31 March 2014	Commentary
Progress against plan: actual days delivered as a percentage of planned days.	95%	98%	97%	A one percentage point reduction reflecting in-year sickness absences were delivered Days by 31 March 2013.
Progress against plan: audits issued in draft by 31 March 2012	95%	91%	95%	383 pieces of assurance work were delivered to at least draft stage by 31 March 2014
Client satisfaction	Satisfactory and above	99%	99%	All but one audit met the minimum target; 19% rated as very good; 80% rated as excellent.
Financials: income recovered	N/A	£1,119k	£1,248k	No target was set for this indicator.

Financial Performance of SIAS

SIAS began operating on a fully traded basis in 2012/13; Appendix B sets out the summary financial position at 31 March 2014. The service showed a small deficit outturn resulting from in year sickness absence.

Professional Performance

Professional standards are fundamental to the effectiveness and credibility of internal audit, and are therefore taken extremely seriously by the SIAS Board.

In April 2013 the Public Sector Internal Audit Standards (PSIAS) came into effect, replacing previous provisions in relation to the delivery of internal

audit. We reviewed our audit delivery arrangements in the light of these standards and made changes and enhancements in relation to:

- the requirement to develop an audit charter, which was agreed by all partners during June 2013. A plain English 'Easy Charter' was also developed for communicating with those we work with to deliver our audits
- audit planning, where we redesigned our planning templates to ensure demonstrable compliance with PSIAS through the planning process
- documentation of the Quality Assurance and Improvement Programme, as noted above
- the performance appraisal of the Head of Assurance, where we ensured that feedback from all partners was incorporated into the appraisal process
- the Audit Manual, which was updated to reflect the new standards
- training and briefing for the audit team in relation to the standards.

Future Development

The final section of this Annual Report looks forward to the future. The partnership has signed off this vision for SIAS:

‘SIAS aims to operate at industry-standard levels of productivity and output and to demonstrate best practice by being at the leading edge of audit service delivery. The service aims to operate as an exemplar shared service and provide a return on investment for the partner councils by identifying opportunities to grow the business’.

Four priority areas have been identified for development activity in the year ahead:

1. Establish a leading reputation in respect of governance, risk assurance and internal control services – ensuring SIAS delivers a good quality service
2. Be at leading edge of audit service delivery –ensuring SIAS delivers an efficient, resilient, cost-effective service
3. Build a team ready to meet the challenges of the future – ensuring SIAS has the right skills to deliver in the changing public sector environment
4. Be an exemplar shared service with a ‘return on investment’ for partners and first choice public sector internal audit provider in the region with a growing client base.

The detailed development actions which feed into each of these priority areas were agreed by the Board in March 2014 and are monitored regularly by the SIAS Management Team. The table below sets out the main activities.

Table 3: SIAS Mission Critical Activities

Priority	Activity
Leading reputation in governance, risk and control	<ul style="list-style-type: none"> • Review the SIAS methodology to ensure it is sufficiently LEAN, easy to use and builds in opportunities to add value / insight and share this across the partnership • Continue to develop joint learning approaches, seeking opportunities to share learning information across the partnership • Offer joint workshop opportunity to Audit Committee members • Reconsider approach to external firm support to SIAS and carry out a procurement exercise in accordance with this
Leading edge of service delivery	<ul style="list-style-type: none"> • Piloting communication / advance warning to clients of upcoming audits / booking in processes – consistency and standardisation. • Audit work allocation – refine work allocation

Priority	Activity
	process <ul style="list-style-type: none">Working papers – exploiting the functionality available in Excel and Word to make the working papers as user friendly as possible
Team are ambassadors with the right skills	<ul style="list-style-type: none">Individual and team development plans agreed and maintainedTeam development day
Exemplar shared service	<ul style="list-style-type: none">Continue to explore opportunities to expand the service as these arise

Building on the strong foundations already in place, these activities will take SIAS forward in the year ahead in a way that we believe will be to the benefit of all the partnership stakeholders.

Our Board Members

The SIAS Board provides strategic direction and oversight for the partnership, bringing a wealth of local government experience and insight to our operation.



Scott Crudgington, SBC
Director of Resources



Sajida Bijle, HBC
Director of Resources



Sarah Pickup, Herts CC
Deputy Chief Executive



Norma Atlay, NHDC
Director Finance, Policy & Governance



Pam Kettle, WHBC
Director of Finance & Operations



Adele Taylor, EHDC
Director of Finance & Support Services



Jo Wagstaffe, WBC and TRDC
Shared Director of Finance



Helen Maneuf, SIAS
Head of Assurance

SIAS Rolling Audit Balance Scorecard 2013/14

Progress Against Plan		Audit Progress		Level of Assurance		Recommendations		Client Satisfaction	
<i>Total Plan Days</i>	4077	<i>Allocated</i>	1	<i>Full</i>	66	<i>High</i>	54	<i>Excellent</i>	80%
<i>Billable Days to Date</i>	3969	<i>In Planning</i>	0	<i>Substantial</i>	199	<i>Medium</i>	444	<i>Very Good</i>	19%
<i>Percentage progress*</i>	97%	<i>ToR Issued</i>	1	<i>Moderate</i>	164	<i>Low</i>	441	<i>Satisfactory</i>	1%
<i>*expresses total Billables against total plan days</i>		<i>In Field Work</i>	2	<i>Limited</i>	4			<i>Potential for Improvement</i>	0%
		<i>Drafting Report</i>	1	<i>No Assurance</i>	0			<i>Unsatisfactory</i>	0%
		<i>Quality Review</i>	1	<i>Not Assessed</i>	21				
		<i>Draft Report Issued</i>	29						
		<i>Final Report Issued</i>	336						
		<i>Audit Closed</i>	31						
		<i>Cancelled</i>	24						
		<i>Audit progress to Draft</i>	99%						
Targets		Targets		No Targets		No Targets		Targets	
2013/14	100%	2013/14 - To Draft	95%					Min satisfactory and 39/65	60%

Please note that for the purpose of producing information on performance against in-year targets, figures represent the position at the cut-off point of 31 March 2014. Work to complete the 2013/14 activity was undertaken after year-end.

SIAS cost centre: revised budget against outturn 2013/14

	<u>Budget</u>	<u>Outturn</u>
	£	
Salaries & Salary Related	1,119,486	1,070,795
Partner / consultancy costs	127,774	158,428
Transport	13,000	10,097
Supplies	41,112	34,454
Office Accommodation cost	<u>20,036</u>	<u>20,036</u>
 Total expenditure	 1,321,408	 1,293,810
 Income	 <u>(1,311,036)</u>	 <u>(1,284,337)</u>
Net deficit	10,372	9,473

Levels of assurance	
Full Assurance	There is a sound system of control designed to achieve the system objectives and manage the risks to achieving those objectives. No weaknesses have been identified.
Substantial Assurance	Whilst there is a largely sound system of control, there are some minor weaknesses, which may put a limited number of the system objectives at risk.
Moderate Assurance	Whilst there is basically a sound system of control, there are some areas of weakness, which may put some of the system objectives at risk.
Limited Assurance	There are significant weaknesses in key control areas, which put the system objectives at risk.
No Assurance	Control is weak, leaving the system open to material error or abuse.

Priority of recommendations	
High	There is a fundamental weakness, which presents material risk to the objectives and requires urgent attention by management.
Medium	There is a significant weakness, whose impact or frequency presents a risk which needs to be addressed by management.
Merits Attention	There is no significant weakness, but the finding merits attention by management.

Agenda Item 8

Report to: Audit Committee

Date of meeting: 29 September 2014

Report of: Head of Finance Shared Services

Title: Internal Audit Progress Report

1.0 **SUMMARY**

1.1 This report gives details of the progress made in implementing the recommendations of the internal auditor.

2.0 **RECOMMENDATIONS**

2.1 Note the Internal Audit Progress Report Against the 2014/15 Audit Plan

2.2 Approve amendments to the Audit Plan as at September 2014

2.3 Agree removal of implemented recommendations (see Appendix 3)

2.4 Agree the changes to the implementation date for 18 recommendations (paragraph 2.6) for the reasons set out in Appendix 3.

Contact Officer:

For further information on this report please contact: -
Nigel Pollard, Acting Head of Finance, Shared Services
Telephone extension: 7198
email: nigel.pollard@threerivers.gov.uk

Report approved by: Joanne Wagstaffe Director of Finance

3.0 DETAILS

- 3.1 The Shared Internal Audit Service (SIAS) latest Progress Report is attached at Appendix 1.
- 3.2 Details of progress against the Internal Audit Plans for 2014/15 are attached at Appendix 2.
- 3.3 Appendix 3 provides information on recommendations which remain outstanding from audits carried out in 2010/11, 2011/12, 2012/13 and 2013/14 and detail only those recommendations which were not resolved at the time of the last report together with new audit reports issued since that time. New reports and new comments are shown in bold. Appendix 4 shows the position statement on the audit of the Charter Place development.
- 3.4 Since the Committees meeting in June 2014, there are eight new requests for extensions to time to complete the implementation of the recommendations.
- 3.5 The table below summarises progress in implementation of the recommendations:

Year	Recommendations made No.	Implemented	Not yet due	Outstanding & Request made for Extended Time	Percentage implemented %
2010/11	213	211	1	1	99
2011/12	114	111	1	2	97
2012/13	49	47	0	2	96
2013/14	93	58	22	13	62
2014/15	6	2	4	0	33

4.0 IMPLICATIONS

4.1 Financial

4.1.1 None Specific.

4.2 Legal Issues (Monitoring Officer)

4.2.1 None Specific.

4.3 Equalities

4.3.1 None Specific.

4.4 Potential Risks

4.4.1 There are no risks associated with the decisions members are being asked to make.

APPENDICES

- Appendix 1 Shared Internal Audit Service Progress Report
- Appendix 2 Progress against the Audit Plan
- Appendix 3 Progress on Recommendations
- Appendix 4 Position Statement – Charter Place Development

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Watford Borough Council Audit Committee Progress Report 29 September 2014

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report Against the 2014/15 Audit Plan
- Approve amendments to the Audit Plan as at 1 September 2014 (see Appendix C)
- Agree removal of implemented recommendations (see Appendix B)
- Agree the changes to the implementation date for 18 recommendations (paragraph 2.6) 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
 - 2.3 Status of Audit Recommendations
 - 2.7 Proposed Audit Plan amendments
 - 2.8 Performance Management

Appendices

- A Progress against the 2014/15 Audit Plan
- B Progress against outstanding internal audit recommendations
- C Audit plan change request

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 1 September 2014.
 - b) Proposed amendments to the approved 2014/15 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 1 September 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 2014/15 Annual Audit Plan was approved by Audit Committee on 12 March 2014.
- 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 30 June 2014.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 1 September 2014, 31% of the 2014/15 Audit Plan days had been delivered (calculation excludes contingency). Appendix A provides a status update on each individual deliverable within the audit plan.
- 2.2 The following 2013/14 reports have been finalised since June Audit Committee and represents closure of the 2013/14 Audit Plan:

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Health Campus	Jun '14	Substantial	Six medium Four merits attention
Health & Safety (shared plan)	Jul '14	Moderate	One high Four medium One merits attention

The following 2014/15 reports have been finalised since June Audit Committee.

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
SLM & HQ Theatres Contract Management	Jul '14	Substantial	One medium Five merits attention
Community Centres	Aug '14	Full	None

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 as at August 2014, 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	211	1	1	99%
2011/12	114	111	1	2	97%
2012/13	49	47	0	2	96%
2013/14	93	58	22	13	62%
2014/15	6	2	4	0	33%

- 2.5 The Committee will be aware that the ICT service was outsourced to Capita Secure Information Solutions 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 18 recommendations, as detailed in Appendix B, covering the following audits:
- a) One for IT Remote Working,
 - b) Two for IT Back Up and Disaster Recovery,
 - c) One for IT Server Virtualisation,
 - d) One for Risk Management,
 - e) Two for Housing Redesign,
 - f) Three for Counter Fraud Arrangements in the Shared Service Benefit Fraud Team,
 - g) One for Budget Monitoring,
 - h) One for Main Accounting,
 - i) One for Debtors,
 - j) Three for Cyber Risk,
 - k) Two for Health Campus.

Proposed Audit Plan Amendments

- 2.7 The 2014/15 Audit Plan for WBC includes 5 days for a review of the Charter Place Development. Following discussion with management, it is proposed that this review is cancelled. A Position Statement at Appendix C provides further details.

Performance Management

- 2.8 Annual performance indicators and associated targets were approved by the SIAS Board on 20 March 2014. Actual performance for Watford Borough Council against the targets that can be monitored for 2014/15 is shown the table below.

Performance Indicator	Annual Target	Profiled Target to 1 Sept 2014	Actual to 1 Sept 2014
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 2012/13 completion and ‘on-going’ pieces)	95%	11% (3 projects to draft)	7% (2 projects to draft)
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at ‘satisfactory’ level	100%	100%	None received
4. Number of High Priority Audit Recommendations agreed	95%	95%	None made in 2014/15

2.9 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2014/15 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.

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2014/15 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	Yes	2	Terms of Reference (ToR) issued – audit to start October 2014
Council Tax (shared)					12	Yes	2	ToR issued - audit to start October 2014
Creditors (shared)					9	Yes	1	ToR issued – audit to start January 2015
Debtors (shared)					11	Yes	1.5	ToR issued – audit to start October 2014
Main Accounting CRSA Yr1 (shared)					15	Yes	1	ToR issued – audit to start January 2015
NDR (shared)					12	Yes	2	ToR issued – audit to start October 2014
Payroll (shared)					14	Yes	2	ToR issued – audit to start November 2014
Treasury Management CRSA Yr1					5	Yes	0.5	ToR issued – audit to start February 2015
Budgetary Control					8	Yes	0.5	ToR issued – audit to start January 2015

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Operational Audits								
Asset Management					8	Yes	0.5	In planning – audit to start quarter 3
Community Centres	Full	0	0	0	6	Yes	6	Final report issued
Community Grants					6	Yes	0.5	In planning – audit to start quarter 3
Enforcement					15	Yes	1	In planning – audit to start quarter 4
Health Campus	N/A	-	-	-	0	N/A	0	Audit cancelled
Sickness Absence (shared)					8	Yes	6	In fieldwork
Procurement								
Charter Place Development	N/A	-	-	-	1	Yes	1	Audit closed
Procurement & Contract Management Baseline Assessment Follow Up					3	Yes	2.5	In fieldwork
Sport & Leisure Management Ltd (SLM) and HQ Theatres Contract Management	Substantial	0	1	5	12	Yes	12	Final report issued

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Veolia Contract Monitoring Follow Up					5	Yes	2.5	ToR issued – audit to start September 2014
Contract Payments					12	Yes	2	In planning – audit to start October 2014
Counter Fraud								
Review of counter-fraud arrangements (shared)					5	No		Planned for quarter 4
Risk Management and Governance								
Risk Management					5	No	1	ToR issued – audit to start February 2015
Corporate Governance					5	No	1	ToR issued – audit to start February 2015
IT Audits								
Disaster Recovery (shared)					12	No	0.5	In planning – audit to start quarter 3
IT Operations & Contract Management (shared)					15	No	0.5	In planning – audit to start quarter 3
IT Change Control (shared)					15	Yes	10	In fieldwork

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
SIAS Joint Work								
NDR Anti-Avoidance Arrangements (shared)					8	No	3	In fieldwork
Risk Management & AGS					2	No	0.5	In fieldwork
Ad Hoc Advice								
Ad hoc advice	N/A				3	N/A	0.5	On-going
Contingency								
Unused contingency	N/A				5	N/A	0	To be allocated
Strategic Support								
Head of Internal Audit Opinion 2013/14	N/A				2	N/A	2	Complete
External Audit Liaison	N/A				1	N/A	0.5	On-going
Audit Committee	N/A				12	N/A	4	On-going
Monitoring & Client Liaison	N/A				10	N/A	4.5	On-going
2015/16 Audit Planning	N/A				6	N/A		On-going
SIAS Development	N/A				3	N/A	1.5	Complete
Follow-up of recommendations	N/A				10	N/A	4	On-going

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Completion of 2013/14 audits								
Time required to complete work commenced in 2013/14 (12 days shared; 4 days WBC)	Various				16	Various	16	Complete
WBC TOTAL					149		52.5	
SHARED SERVICES TOTAL					163		43.5	
COMBINED TOTAL					312		96	

Key to recommendation priority levels:

H = High

M = Medium

MA = Merits attention

N/A = Not applicable

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Audit Plan 2010/11

IT Remote Working 2010/11							
Final report issued January 2012							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
05	The ICT Shared Service should ensure the two-factor user authentication solution is enabled for remote users to gain remote access to the Council networks.	Important	<p>Agreed</p> <p>Position - June 2012 This has been installed and we are in the process of testing this functionality</p> <p>Position - August 2012 Rollout of this functionality is being planned and intended to be in place within the deadline.</p> <p>Position - November 2012 No change from August update</p> <p>Position - January 2013 Two factor authentication has not been rolled out but is planned to be completed before service commencement with Capita.</p> <p>Position - May 2013 Dual Factor Authentication on current equipment will not be compliant with PSN CoCo standards. This will be reviewed during transformation.</p>	ICT Client Manager	June 2012	x (part met)	<p>Dec 2012</p> <p>May 2013</p> <p>Dec 2013</p> <p>Mar 2014</p> <p>TBC</p> <p>November 2014</p>

IT Remote Working 2010/11
 Final report issued January 2012

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
			<p>Position - August 2013 Review of the technology required in order to meet PSN standards is underway. This is being completed in conjunction with a number of other work streams related to PSN compliance. Dual factor authentication is essential for accreditation with the PSN and is required by the cabinet office for Nov 2013.</p> <p>Position - November 2013 Controlled rollout is currently in progress, including revised user instructions.</p> <p>Position – February 2014 The tokens are in the progress of being deployed to staff. Once this is completed use of a single sign on with password only will be switched off.</p> <p>Position – May 2014 The rollout has been suspended following a performance issue with the appgate homeworking solution. This is currently being investigated. 2FA will continue to be rolled out following the resolution of this.</p>				

IT Remote Working 2010/11 Final report issued January 2012							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
			<p>Position – August 2014 Ongoing issues with the performance of Appgate, the W3R homeworking solution, and therefore the rollout has been suspended until a resolution has been found.</p>				
09	<p>Management should ensure that security settings on mobile device handsets such as iPhones enforce the following settings:</p> <ul style="list-style-type: none"> • Devices should be required to be protected by a power on password or PIN. Any default passwords or PIN codes need to be changed on first use, these should not be removed unless authorised in writing by ICT; • Devices should be set to 'Non-discoverable' or 'Hidden' to help prevent information disclosure by 	Important	<p>Agreed. Government Code of Connection stipulates that they have only approved Blackberry's for use as mobile devices. There are currently more critical priorities to address within ICT and this is where the focus will lie.</p> <p>The implementation of a Blackberry Enterprise Server will address the above recommendation and will be identified as a future project for the ICT Service.</p> <p>Position - August 2012 Due to the large resource and investment required with this, it will be assigned a priority once the future of the ICT Shared Service is known.</p>	ICT Client Manager	March 2013	x	<p>March 2014</p> <p>Dec 2015 (Not yet due)</p>

IT Remote Working 2010/11							
Final report issued January 2012							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
	<p>short distance data transfer; and</p> <ul style="list-style-type: none"> Users should be restricted from reconfiguring the security settings on devices. <p>The remote wipe solution should be investigated to ensure all the data stored on the mobile phone can be wiped either remotely or by exceeding the login threshold. Management should ensure that only ICT approved mobile devices should be procured and issued and all confidential and sensitive data held on mobile device handsets such as iPhones is adequately encrypted according to the sensitivity of the data</p>		<p>Position - November 2012 The councils are currently conducting due diligence with the preferred supplier for the ICT Service. Outstanding audit recommendations will be discussed during due diligence and reported to the next Audit committee meeting.</p> <p>Position - January 2013 Mobile telephony is outside the proposal. Implementation of a Blackberry solution which can provide all of these requirements has been included as part of 13/14 project requirement and will be discussed during transformation.</p> <p>Position - May 2013 No change from above.</p> <p>Position - August 2013 Recommendation not yet due for completion. It should be noted that the PSN compliance requirements will impact the solution to this recommendation.</p> <p>Position - November 2013</p>				

IT Remote Working 2010/11

Final report issued January 2012

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
			<p>No change to above. This needs to be prioritised in line with other ICT projects. Government directive for PSN (Public Services Network), now states that unmanaged end user devices e.g. personal computers etc, should be addressed and compliant for use on the PSN by 2015 accreditation. A revised timeframe for implementation of this recommendation needs to be agreed.</p> <p>Position – February 2014 Already requested that this deadline is moved to Dec 2015, in line with PSN requirements to manage data on mobile devices.</p> <p>Position – May 2014 Recommendation not yet due for implementation.</p> <p>Position – August 2014 Not yet due</p>				

**WBC Internal Audit Recommendations Follow Up – August 2014
Audit Plan 2011/12**

APPENDIX 3

IT Project Management 2011/12							
Final report issued November 2011							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
02	An IT Strategy that supports both Councils' corporate strategies needs to be implemented to direct the forward usage of ICT within both Councils and the Shared Service. An IT strategy should be developed in consultation with the business strategies for both Councils and the Shared Service to ensure that IT development links into corporate priorities.	Minor	<p>Agreed</p> <p>Position - August 2012 This has not progressed due to resource constraints caused by work on the ICT Outsourcing</p> <p>Position - November 2012 The councils are currently conducting due diligence with the preferred supplier for the ICT Service. The decision to outsource will have a large impact on the strategy.</p> <p>Position - January 2013 Capita can help with advice on this but the responsibility for this lies with the ICT Client Manager roles which are currently being advertised at both councils.</p> <p>Position - May 2013 ICT Client Managers have now been appointed. Due to the high workload during transition to Capita the revised deadline has been amended.</p>	ICT Client Manager	October 2012	*	<p>Mar 2013</p> <p>May 2013</p> <p>Sept 2013</p> <p>May 2014</p> <p>Sept 2014</p>

IT Project Management 2011/12

Final report issued November 2011

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>Position - August 2013 No change to above. Terms of reference for the IT Steering group have been amended to reflect the requirement for the development of an ICT strategy.</p> <p>Position - November 2013 Technical strategy is underway. ICT Client management team are working with Capita SIS to develop an approach to the overall ICT strategy in parallel to this.</p> <p>Position – February 2014 No change.</p> <p>Position – May 2014 Underway. Terms of Reference have been agreed with the Council. Officers involved with interviews have been briefed and all interviews have been scheduled. Interviews span from mid-June to end of July and report is expected for review by end of August 2014.</p> <p>Position – August 2014</p>				

IT Project Management 2011/12							
Final report issued November 2011							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			On track. Report to be completed by end of September.				

IT Back up and Disaster Recovery 2011/12							
Final report issued December 2012							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
02	The Shared Service should conduct a risk assessment of the capability to recover key systems and services in the event of a disaster based on the Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO) for Councils' systems. This should ensure that any potential issues that could be faced are documented with appropriate counter measures put in place.	Essential	<p>Agreed</p> <p>Position - January 2013 This work will be undertaken by Capita during transition and transformation.</p> <p>Position - May 2013 As above, Capita will propose a full disaster recovery plan, post data-centre move (scheduled for Q4 2013).</p> <p>Position - August 2013 No change from May update. It should be noted that as part of the contract Capita will work with the Councils to define and implement a back-up strategy and policy. This includes working with business services to</p>	ICT Client Manager	May 2013	<p>*</p> <p>In progress</p>	<p>Dec 2013</p> <p>May 2014</p> <p>Sept 2014</p> <p>Oct 2014</p>

IT Back up and Disaster Recovery 2011/12

Final report issued December 2012

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>define appropriate frequency of backups with RPO's where appropriate of 30 minutes. Data centre move design has commenced and a risk assessment will be included within this planning.</p> <p>Position - November 2013 Disaster recovery scoping meeting has taken place. Disaster recovery plan has been included within the Data Centre Migration PID (Project Initiation Document) as a deliverable.</p> <p>Position – February 2014 This is being progressed through the data centre migration project. There is a backup workstream within this project which is currently assessing all backups. Note the revised data centre migration is end of June 2014. This allows for critical Council business, year end, elections, and IER go live and was agreed at 10th Dec – ITSG.</p> <p>Position – May 2014 In progress. Backup solution architect is currently assessing ability to recover. This is all feeding into the</p>				

IT Back up and Disaster Recovery 2011/12

Final report issued December 2012

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>data centre migration project. IER dates have changed to mid-end of June and the data centre migration move will be adjusted to accommodate that.</p> <p>Position – August 2014 Revised backup solutions documented and are currently being costed by Capita ready for implementation in line with the data centre migration. Backup solution implementation target was mid Sept, and has been revised to end of Oct 2014.</p>				
04	The Shared Service should test its DR arrangements on an annual basis at both Adam Continuity and ICM. Testing should follow a detailed test plan and test results should be reported to management following the test period. We also recommend that where appropriate, ad hoc tests of tape restores are performed when not otherwise tested.	Essential	<p>Agreed</p> <p>Position - January 2013 A DR test is being planned before the service is transferred to Capita are expected to continue this into the future.</p> <p>Position - May 2013 Due to extensive workload in the run-up to service commencement, a “dry run” of the existing Disaster Plan has not been carried out. However,</p>	ICT Client Manager	March 2013	* (part resolved)	Dec 2013 Apr 2014 June 2014 Dec 2014

IT Back up and Disaster Recovery 2011/12

Final report issued December 2012

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
			<p>existing arrangements with both of our continuity providers have been amended and re-signed for a period of one year. Before the expiry of these agreements, Capita will have their own Disaster Plan in place (post data centre move).</p> <p>Position - August 2013 Data centre move design planning has commenced. It has been agreed that revised BC/DR plans will be created in parallel with the data centre move itself. As part of the Capita contract Councils can ask for ad-hoc restores of random files to verify effective backups. This quality check is the responsibility of ICT client managers and is an aspect of monthly service delivery meetings.</p> <p>Position - November 2013 DR contract vendor has been contacted to arrange a DR test post data centre migration. This will be arranged to take place before April 2014.</p>				

IT Back up and Disaster Recovery 2011/12

Final report issued December 2012

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>Position – February 2014 In progress. Engagement with existing DR vendors has taken place, as well as a review of service continuity plans. DR test will take place prior to the data centre move at the end of June 2014.</p> <p>Position – May 2014 In progress. DR test to be scheduled in line with data centre migration plans.</p> <p>Position – August 2014 Data Centre Migration scope has expanded to include additional works to de-risk “Lift and shift” of W3R equipment. For example where there is aged equipment e.g. file and print server for Watford, this data will be transferred to the new SAN (Storage Area Network) prior to the move itself. This has therefore contributed to the movement of the Data Centre migration deadlines.</p>				

WBC Internal Audit Recommendations Follow Up – August 2014
Audit Plan 2012/13

IT Server Virtualisation (ICT) 2012/13							
Final report issued December 2012							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	The adequacy of the security settings and management arrangements established and applied to the virtual environment at both the Councils should be reviewed and where the standards currently are not aligned with best practice standard such as recommended by CIS (Centre for Internet Security), then they should be applied/configured to create a baseline for on-going security and monitored accordingly.	Essential	<p>Agreed</p> <p>The Council is waiting for Capita to respond with their view on outstanding settings. They are planning to virtualise the remainder of servers and move them up to their own data centre within the first year of the contract, which should go live in May 2013.</p> <p>Position - January 2013 Capita will be moving all servers to their data Centre in Chippenham by December 2013 with new hardware and vmware installations. This recommendation will be incorporated into the design of this implementation.</p> <p>Position - May 2013 The above position has been endorsed and supported by the ICT Client Management Team.</p> <p>Position - August 2013 Data centre design has commenced. Within the design itself all vmware environments will be reviewed and</p>	ICT Client Manager	November 2013	* (part resolved)	Dec 2013 May 2014 Sept 2014 Nov 2014

IT Server Virtualisation (ICT) 2012/13

Final report issued December 2012

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>aligned with best practice standards.</p> <p>Position - November 2013 In progress</p> <p>Position – February 2014 VMWare design document completed and signed off. This doc includes a review of all current virtual servers. Awaiting implementation in line with data centre migration.</p> <p>Position – May 2014 Servers currently being re-configured in line with design documentation. This is a prerequisite for the data centre migration. E.g. single fibre paths being replaced with dual fibre paths, thereby increasing resilience.</p> <p>Position – August 2014 This is progressing as per the update above. Data Centre Migration scope has expanded to include additional works to de-risk “Lift and shift” of W3R equipment.</p>				

Risk Management 2012/13							
Final report issued May 2013							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
5.3.2	<p>There should be effective action plans in place to address significant risks identified in the Service Risk registers. The action plan may include for example the following areas :</p> <ul style="list-style-type: none"> - Detailed action to be taken, - Officer(s) responsible for taking action, - Timescales for implementing appropriate action. 	Important	<p>Agreed</p> <p>Position - May 2013 Not yet due.</p> <p>Position - August 2013 Head of Democracy and Governance just taken over lead responsibility for risk. Meeting of Risk Management Group scheduled early September 2013 to review risk registers.</p> <p>Position - November 2013 Progress on updating service risk registers and actions plans to be reviewed at meeting in November.</p> <p>Position – February 2014 Action plan template circulated to service heads for completion. Will be discussed at next Group meeting.</p> <p>Position – May 2014 In progress</p> <p>Position – August 2014 Action plans discussed at Group. Not yet implemented.</p>	Head of Democracy & Governance	30 th June 2013	*	<p>31 Oct 2013</p> <p>Feb 2014 for Service risk registers and action plans to be updated</p> <p>Sept 2014</p> <p>March 2015</p>

Audit Plan 2013/14

Procurement and Contract Management Baseline Assessment							
Final report issued October 2013							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
03	In order to ensure all information contained on the Council's website is up to date and accurate, we recommend that a review of the 'Tenders and Contracts' area of the website is undertaken and, where necessary, changes are made. The review should include all documents available online and the supplier portal area.	Merits attention	<p>Position – November 2013 Not yet due</p> <p>Position – February 2014 Update CPR's uploaded as key procurement document. Terms of Reference meeting due 06/02 to establish a Task Group, as part of the Contract Management Forum, to develop a Toolkit for Procurement and Contract Management.</p> <p>Position – May 2014 Terms of Reference agreed for Toolkit Task Group. Task Group has since met twice on 20/03 and 01/05. Next meeting due 20 June 2014. Work for task group has been prioritised and is in progress. TRDC invited to join the Contract Management Forum and Toolkit Task Group. Document folders for staff access established on the G Drive.</p>	Corporate Procurement Manager	31 January 2014	x	<p>31 March 2014</p> <p>November 2014</p>

Procurement and Contract Management Baseline Assessment							
Final report issued October 2013							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			Position – August 2014 Not yet due				

Housing Redesign							
Final report issued December 2013							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
04	The Council should ensure, for those Housing Associations which carry out their own short-listing of applicants that they comply with the Council's good practices.	Medium	Position – November 2013 Not yet due Position – February 2014 Taken to Herts Choice Homes (HCH) Operational Group in January 2014. Agreed that amendments need to be made to service level agreements and a training session held for registered providers. To be taken forward by HCH Co-ordinator who is based at Three Rivers District Council. Position – May 2014	Housing Supply Manager	31 March 2014	*	28 July 2014 31 Decemb er 2014

Housing Redesign							
Final report issued December 2013							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>28 July 2014 will be a workshop with Registered Providers and the local authorities to ensure shared understanding of roles in relation to redrafted SLAs.</p> <p>Position – August 2014 Workshop has taken place and partners have proposed options regarding the Herts Choice Homes Service Level agreements which set out how much of the shortlisting process is carried out by registered providers. Good practice regarding verification of applicants to be circulated for partner consideration. Partners need to assess the resources required to carry out more or less of the shortlisting process and appropriate redrafting of SLAs and training will need to be undertaken.</p>				
06	<p>The Nomination Policy should be completed and approved.</p> <p>A review cycle should be agreed and a designated</p>	Medium	<p>Position – November 2013 Not yet due</p> <p>Position – February 2014 In draft and due at Cabinet July 2014.</p>	Housing Section Head	31 August 2014	*	<p>1 Sept 2014</p> <p>13 October</p>

Housing Redesign							
Final report issued December 2013							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	officer assigned this task.		Position – May 2014 Revised Cabinet Date in order to accommodate requirements and outcome of elections. Position – August 2014 Due at Cabinet October 2014.				2014
07	Housing assessments and short-listing systems should be fully documented at the earliest opportunity.	Medium	Position – November 2013 Not yet due Position – February 2014 Not yet due. Shortlisting process has been documented. Housing assessments work to be progressed in February 2014. Position – May 2014 Systems most sensibly to be documented as part of implementation of new Nomination Policy. Position – August 2014 Not yet due	Housing Supply Manager Housing Demand Manager	31 March 2014	*	November 2014

Commercial Rents							
Final report issued January 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
02	Procedure notes should be written for commercial rents activity (rent reviews, aged debt recovery and reconciliations). The procedures should be reviewed and updated periodically (e.g. annually) and a review log maintained.	Merits Attention	Position – February 2014 Not yet due Position – May 2014 No update received Position – August 2014 Completed	Property Manager	31 March 2014	✓	

Veolia Contract							
Final report issued February 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
02	To provide early warning of Veolia and other key contractors used by the council entering into financial difficulty, it would be beneficial for the council to introduce corporate arrangements to monitor on-going financial viability of the main service providers and	Merits Attention	Agreed Position - February 2014 Not yet due Position – May 2014 Not yet due Position – August 2014	Lesley Palumbo, Head of Corporate Strategy and Client Services	On-going (to be reviewed 12 months after issue of final report)	x	

Veolia Contract							
Final report issued February 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	suppliers, i.e. using a credit agency, so that there is a permanent watch on these companies and the council is informed of any deterioration in their financial position.		Not yet due				
03	(2) The client team would like to record their inspections directly on to MIMS using electronic devices rather than maintaining the current paper based system; this is something we would endorse and encourage management to address in a timely manner.	Medium	Agreed Position – February 2014 Not yet due Position – May 2014 Not yet due Position – August 2014 It has now been agreed that the client team for the VES contract will have use of one handset which will allow MIMS to be interrogated whilst mobile. This is currently on track for a September start.	Jamie Sells, Environmental Services Client Manager (Waste and Recycling) and Paul Rabbitts, Environmental Services client Manager (Parks and Streets)	(2) = Sept 2014	*	
06	(1) A training needs analysis should be conducted to identify the knowledge and skills gaps within the client team, both at team and	Medium	Agreed. Training and development needs for staff within the Veolia client team will be identified through the annual appraisal process. Members of the client team have attended the	Lesley Palumbo, Head of Corporate Strategy and Client Services	July 2014 (for staff appraisals) and on-going for	✓	

Veolia Contract							
Final report issued February 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	<p>individual levels.</p> <p>(2) External training courses delivered by professional bodies (such as the Chartered Institute of Purchasing and Supply), around developing contract management competences should be investigated as well as professional membership.</p> <p><i>Note: Hertfordshire County Council is developing contract management training, which it intends to make available to other local authorities in 2014/2015; this may be a cost effective solution to plugging skills gaps within the client team.</i></p>		<p>procurement lunch and learn sessions run by the council.</p> <p>Training and development for all contract management teams is being co-ordinated centrally through the council's contract management forum.</p> <p>Position – February 2014 Not yet due</p> <p>Position – May 2014 Not yet due</p> <p>Position – August 2014 Individual staff training needs were identified during appraisal process in June and staff have accessed corporately held training sessions identified and implemented through the corporate contract management forum as well as the council's Step Forward programme.</p>		team training and development		

Counter Fraud Arrangements in the Shared Service Benefit Fraud Team

Final report issued February 2014

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	The Benefits Fraud Shared Service should produce an annual work plan outlining proactive work and resource allocation.	Merits Attention	<p>Agree to the principle providing we maintain the ability to flex given fraud referrals/risks are not provided in advance indicating where exact resources should be made available.</p> <p>A review of current risk assessments would be required in order to allow the allocation of a plan of proactive work. Proposals and timetable to be agreed with Director of Finance. Target date set is to agree proposals.</p> <p>Position – May 2014 Not yet due</p> <p>Position – August 2014 The fraud service with Sfis scheduled for 2015 has lost 2 members of staff. It is currently exploring options. Until this position is agreed no changes are appropriate as it would take resources away from reactive referrals. Matter to be agreed by Jo Wagstaffe.</p>	Fraud Manager	1 June 2014	*	Dec 14

Counter Fraud Arrangements in the Shared Service Benefit Fraud Team

Final report issued February 2014

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
02	<p>Going forwards in 2014/15 the Benefits Fraud Shared Service should consider undertaking a proactive intervention exercise to identify and investigate relief claims and empty properties.</p> <p>This should be considered in the context of the financial incentive introduced by the business rates retention scheme.</p>	Medium	<p>Agreed. Target date is to agree proposals for training. This is an area not previously investigated and is highlighted as a major risk by the Audit Commission report 2013.</p> <p>Position – May 2014 Not yet due</p> <p>Position – August 2014 The fraud service with Sfis scheduled for 2015 has lost 2 members of staff. It is currently exploring options including exercises appropriate to identify empty properties and NNDR avoidance. Until this position is agreed no changes are appropriate as it would take resources away from reactive referrals. Matter to be agreed by Jo Wagstaffe.</p>	Fraud Manager	1 June 2014	*	Dec 14
03	<p>The Benefits Fraud Shared Service should consider undertaking a proactive intervention exercise to investigate Single Person Discount cases.</p>	Merits Attention	<p>Agreed. Target date is to agree proposals as above.</p> <p>Previously only facilitated data matching. Managing whole process may provide resources to be able to</p>	Fraud Manager	1 June 2014	*	Dec 14

Counter Fraud Arrangements in the Shared Service Benefit Fraud Team

Final report issued February 2014

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>accurately determine discounts allocated.</p> <p>Position – May 2014 Not yet due</p> <p>Position – August 2014 We have data from NFI to explore with Revs and Bens – this is proactive in addition to matching that takes place with County. It is yet to be assessed?</p>				

Asset Management

Final report issued February 2014

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	Internal Audit endorses management actions to progress acquisition of external resources to assist in the digitalising of the Council's property assets and the updating of the Atrium property management system.	Merits Attention	<p>Property Service is currently undergoing review and the report is due in June 2014. This recommendation will be considered for action depending on the outcome of the review.</p> <p>Position – May 2014 Not yet due</p>	Jane Custance, Head of Regeneration and Development	30 September 2014 (Not yet due)	*	

Asset Management Final report issued February 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
			Position – August 2014 Not yet due				
04	Consideration should be given for the pro-forma to be sent electronically to each service, as this will ensure that the information reaches all departments promptly. A trail of emails can be maintained for evidence purposes.	Merits Attention	Property Service is currently undergoing review and the report is due in June 2014. This recommendation will be considered for action depending on the outcome of the review. Position – May 2014 Not yet due Position – August 2014 Not yet due	Jane Custance, Head of Regeneration and Development	30 September 2014 (Not yet due)	x	

Council Tax							
Final report issued April 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>Procedures covering key risk areas and single points of failure for the Revenues Team should be documented and reviewed on a regular basis.</p> <p>Procedures should be proportionate and consideration given whether they are best held electronically within Academy or as a separate manual. They should not duplicate help functions within the Academy system or other existing written guidance.</p>	Merits Attention	<p>Agreed. The service is currently reviewing all practices and procedures within the Revenues Service including recovery of debts, This review will be completed by end of June 2014.</p> <p>Procedure notes will be documented following the review.</p> <p>Position – May 2014 Not yet due</p> <p>Position – August 2014 Not yet due</p>	Robert Della-Sala, Head of Revenues and Benefits	30 September 2014 (Not yet due)	*	
02	<p>The declaration of interest form should be reviewed to ensure it provides adequate protection to the respective Councils.</p> <p>Completed forms should be checked to ensure all staff who have (and need) access to the Academy system have returned a conflicts of interest form. This should be extended</p>	Medium	<p>Agreed</p> <p>Position – May 2014 Not yet due</p> <p>Position – August 2014 Completed</p>	Robert Della-Sala, Head of Revenues and Benefits	30 June 2014	✓	

Council Tax							
Final report issued April 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	to staff outside of the Revenues and Benefits service, for example Customer Service Centre (CSC) staff. On receipt of signed declarations, access to declared accounts should be restricted.						
03	The service should ensure that following the receipt of the Valuation Office (VO) lists, amendments of the Academy records are carried out promptly.	Medium	Agreed. Progress has been made in processing VO lists. The Revenues Service is going to implement the VOA interface in Academy system, which will improve the process. The VOA interface should be operational by 30 September 2014. Position – May 2014 Not yet due Position – August 2014 Completed	Robert Della-Sala, Head of Revenues and Benefits	30 September 2014 (Not yet due)	✓	
04	Disabled discounts, exemptions and empty properties should be reviewed as a whole for both WBC and TRDC to ensure that the	Medium	Agreed. We are going to work out a programme of reviews for this year. Because of the backlog this has not previously been possible.	Robert Della-Sala, Head of Revenues and Benefits	In year and completed by 31 March 2015	* (On-going)	

Council Tax							
Final report issued April 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	system is cleared of any obsolete data.		A plan will be in place by the end of May 2014 to undertake a rolling review throughout 2014/15. Position – May 2014 Not yet due Position – August 2014 Not yet due				
05	The older entries on the suspense account should be reviewed, and where the payment cannot be linked with an account, consideration should be given for the amounts to be written off.	Merits Attention	Agree. Will be implemented immediately. Position – May 2014 Not yet due Position – August 2014 Completed	Robert Della-Sala, Head of Revenues and Benefits	30 June 2014	✓	
06	A sample of refunds should be checked by the Billing Team Leader as part of the authorisation process, which will act as a double check to ensure accuracy of processed refunds. We recommend a ten per cent check.	Medium	Agreed. The Quality Assessment process for refunds is being reviewed and a 10% maximum sample will be checked. Position – May 2014 Not yet due Position – August 2014	Robert Della-Sala, Head of Revenues and Benefits	30 June 2014	✓	

Council Tax							
Final report issued April 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			Completed				
07	A strategy for debts returned from the bailiff after unsuccessful collection attempts should be documented and agreed, and a threshold set for further recovery action in accordance with the associated cost / benefit considerations.	Medium	<p>Agreed. Bailiff module of Academy system will be introduced, which will allow the Revenues and Benefits Service to monitor the debts properly. WBC arrears have been cleansed and TRDC arrears are being cleansed currently.</p> <p>Debts with bailiff's will be managed properly after the cleaning exercise is over.</p> <p>Position – May 2014 Not yet due</p> <p>Position – August 2014 Not yet due</p>	Robert Della-Sala, Head of Revenues and Benefits	30 September 2014 (Not yet due)	*	
09	Differences within the reconciled Direct Debit amounts should be detected and rectified promptly.	Medium	<p>Agreed. Income on the Academy system matches, but there are errors within the spreadsheet, which are giving wrong results. A lot of staff resources are spent trying to find the errors.</p> <p>When the processes are reviewed, the spreadsheet will be discontinued</p>	Robert Della-Sala, Head of Revenues and Benefits	30 September 2014 (Not yet due)	*	

Council Tax							
Final report issued April 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			and the balancing module on the Academy system will be used to carry out income reconciliations. Position – May 2014 Not yet due Position – August 2014 Not yet due				
10	As part of a wider Academy system access review: 1) The System Administrator role should be defined and access rights amended accordingly. 2) Access rights for Academy system users should be reviewed to ensure access granted is commensurate with each role. 3) Leavers should be promptly removed from Academy.	High	Agreed. This action will be carried out by the Systems Administrator. Position – May 2014 Not yet due Position – August 2014 Completed	Robert Della-Sala, Head of Revenues and Benefits	To commence with immediate effect	✓	

Budget Monitoring							
Final report issued April 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>Recommendation to be considered post SIAS comparative review (currently in progress):</p> <p>1) Procedure notes for the new system should be documented to reflect changes in established processes.</p> <p>2) Thereafter, review of these procedure notes should be undertaken periodically.</p>	Merits Attention	<p>Agreed that procedure notes should always be documented and kept up to date however, our procedure notes remain fit for purpose.</p> <p>Position – May 2014 Not yet due</p> <p>Position – August 2014 Not yet due</p>	Finance Managers (Stephen Exton / Brian Collett)	30 September 2014 (Not yet due)	*	
02	<p>Recommendation to be considered post SIAS comparative review (currently in progress):</p> <p>1) The requirement for Heads of Service / budget holders to submit budget returns, including nil-returns, each month should be reinforced to provide assurance that</p>	Medium	<p>Agreed. Finance does continuously seek to obtain full Heads of Service compliance. The latter are fully aware of their responsibilities.</p> <p>Limited resource in Finance does not allow for oversight role. However, Finance will remind all Heads of Services of their budget responsibilities.</p>	Heads of Services (Leadership Team) & Finance Managers (Stephen Exton / Brian Collett)	31 July 2014	*	30 Sept 2014

Budget Monitoring							
Final report issued April 2014							
	budgets are being monitored.		Non-responses will be escalated to Leadership Team.				
	2) Services not sending any returns should be chased by the Finance Shared Service to ensure compliance with the established process.		Position – May 2014 Not yet due Position – August 2014 Leadership Team agreed new process August 2014.				

Creditors							
Final report issued April 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	1) Backing documentation should be received in all cases prior to the creation of a new supplier account. 2) Segregation of duties should be enforced to ensure that all new supplier accounts created are reviewed by a second, senior member of staff within the Accounts Payable team.	High	New suppliers are created by 3 routes: 1. Payment voucher - request - has 2 people in the request so no further control is required. 2. Supplier pack – Accounts Payable will create these suppliers and the supplier code will be confirmed by another member of the team.	Tracy Langley – Senior Finance Officer	30 September 2014 (Not yet due) 30	* *	

Creditors							
Final report issued April 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	<p>3) Independent checks to confirm amendments to supplier details should be recorded on the written request for the amendment in all cases.</p> <p>4) A regular report of changes to supplier bank details should be run and reviewed by an independent officer prior to the release of payments to ensure that all such changes are appropriate.</p>		<p>3. New suppliers -requested via Budget Monitor II -the Senior Finance Officer will remind staff to retain hard copies of the original details used to request the new supplier.</p> <p>Consideration will be given to creating a form to be completed when amending bank details to ensure a standard approach. Will review whether printing the BM II report is sufficient or a bespoke report on a monthly basis. Existing Finance resources will be a limiting factor.</p> <p>Position – May 2014 Not yet due</p> <p>Position – August 2014 1. Email will be sent in September to remind all staff to retain hardcopies of documentation in respect of new suppliers. 2. Where new suppliers are created entirely by Finance staff without an appropriate signed document 2 different members of staff are involved in creating the record</p>		<p>September 2014 (Not yet due)</p> <p>30 September 2014 (Not yet due)</p>	*	

Creditors							
Final report issued April 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>3. Senior Finance Officer will create a form to standardise how changes to supplier Bank details are recorded – Will be done by 30th September</p> <p>4. Finance Managers and Senior Accountants will continue to run the report on BM II which highlights Bank changes before releasing BACS payments. This is considered sufficient control as robust controls are in place around Bank changes.</p>				
04	A regular review should take place to ensure that card holder limits are commensurate with roles and responsibilities and Council requirements. Such reviews could be integrated into the existing process to review authorisation limits with heads of service.	Merits Attention	<p>Procedure notes and policies rarely change but are kept under review. Agreed to implement a review with Heads of Service.</p> <p>Position – May 2014 Heads of Service have been contacted for confirmation of limits awaiting responses. 22/05/14.</p> <p>Position – August 2014 Review undertaken for Watford May 2014. Three Rivers will be reviewed by the Head of Finance</p>	Tracy Langley – Senior Finance Officer	30 September 2014 (Not yet due)	* (part met)	

Creditors							
Final report issued April 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			shortly. We are looking to change card providers in the near future so a full review will be made then.				

Main Accounting							
Final report issued April 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>Access rights of general users to e-Financials / general ledger, as well as those with enhanced administrator rights, should be reviewed on a regular basis, e.g. annually.</p> <p>This control procedure should be evidenced, either through an electronic audit trail on e-Fin, or confirmed by a senior officer for review purposes.</p>	Medium	<p>Not considered a significant risk. Only Finance staff are able to make changes to data / records. No new Finance staff set-up since the last reviews. A review of access rights will be undertaken.</p> <p>Position – May 2014 Not yet due</p> <p>Position – August 2014 Not yet done will be completed by End of December 2014 together with a review approval levels.</p>	Tracy Langley – Senior Finance Officer	30 September 2014 (Not yet due)	*	31 December 2014

Debtors							
Final report issued May 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
01	Evidence should be retained for all amendments to customer details.	Merits Attention	Agreed – this should not be the case. Position – May 2014 Not yet due Position – August 2014 Completed	Robert Della-Sala, Head of Revenues and Benefits	30 June 2014	✓	
02	i) Remind staff of the need to follow up aged debt in accordance with Council policy. ii) Increase monitoring of aged debt categories to ensure that debts are being chased in accordance with debt recovery procedures.	Medium	A root and branch review of this team is due to take place in Q1. The issue has been identified already and an aged debt analysis will be reported to Leadership / Management Board starting from 1 April 2014. This will include a review of bailiffs / committals and the re-introduction of bankruptcy action. It is expected that a bailiff module in Academy is to be turned on subject to ICT availability which will give better management information about debts with the bailiffs. Position – May 2014 Not yet due	Robert Della-Sala, Head of Revenues and Benefits	30 September 2014 (Not yet due)	x	

Debtors							
Final report issued May 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>Position – August 2014 Aged debts are now being monitored on a monthly basis and reported to Leadership Board. Bailiff monitoring has just started. The bailiff module will not be implemented due to on-going IT problems.</p>				
03	<p>i) Explore the possibility of implementing system enforced segregation of duties between raising a credit notes and authorising them, for example an inbuilt workflow which does not release the credit note until authorised by a second individual.</p> <p>As a deterrent and to improve accuracy consider obtaining authorisation from the individual or service who raised the initial request.</p>	Medium	<p>It is intended to introduce a QA process into Revenues during Q2. This will include 10% sampling of cases which will be documented.</p> <p>Position – May 2014 Not yet due</p> <p>Position – August 2014</p>	Robert Della-Sala, Head of Revenues and Benefits	30 September 2014 (Not yet due)	*	31 March 2015

Cyber Risk							
Final report issued June 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
01	<p>Management should ensure that the Information Security policy is published and communicated to staff at the earliest opportunity.</p> <p>As the same is dependent on the security awareness training programme, management should prioritise the training programme to ensure staff are trained and aware of their security responsibilities.</p>	Medium	<p>Information Security Policy is in the process of being updated again due to the data classification scheme change by central government from April 1st 2014.</p> <p>Information Security training module needs to be altered to reflect the classification change and then deployed in conjunction with the policies to all users of the network.</p> <p>Position – August 2014 Not yet due</p>	Emma Tiernan – ICT Section Head	30 September 2014 (Not yet due)	x (partly met)	Nov 2014
02	<p>ICT Management, in conjunction with Capita, should conduct a detailed risk assessment to ensure all key risks and mitigating controls are identified.</p> <p>Specifically, cyber risks should be considered at the appropriate level on a regular basis by appropriately</p>	Medium	<p>Cyber risk has been included as a specific agenda item on the Information Security fortnightly meeting.</p> <p>Risk assessment will be scheduled as a high priority, with a view to working with Capita to update the risk register accordingly.</p> <p>Regarding establishing what the</p>	Emma Tiernan – ICT Section Head	30 September 2014 (Not yet due) 31	x x	

Cyber Risk							
Final report issued June 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	<p>experienced / qualified staff.</p> <p>Management should be clear on the objective of the risk assessment (for example, what are they trying to protect) and have clarity over what is critical to both Councils.</p> <p>The risk assessment should capture both internal and external threats and particularly focus on user awareness and training.</p>		<p>Council is trying to protect, this is a large task around classifying Council data, hence the Dec 2014 target date.</p> <p>Position – August 2014 Information Security training module drafted.</p> <p>Security policy revision to include Data Classification completed and approved at ITSG – 5th August 2014.</p>		December 2014 (Not yet due)		
03	<p>Management should ensure the data loss prevention policy is developed and published at the earliest. As part of this process, management should:</p> <p>a) Consider all possible media for data loss and risk assess the various options.</p> <p>b) Encryption procedures should be considered to ensure only authorised devices are used.</p>	High	<p>a) To be included within the operational risk register.</p> <p>b) Encrypted media devices are in the process of being deployed, however the aged desktop estate restricts a technical ability to “use” to Council devices only. This requirement to restrict will be included within the “IT Improvement Roadmap”.</p> <p>c) Existing policies will be reviewed, updated accordingly and</p>	Emma Tiernan – ICT Section Head	<p>30 September 2014</p> <p>30 June 2015 (Not yet due)</p> <p>30 September</p>	<p>✓</p> <p>*</p> <p>*</p>	

Cyber Risk

Final report issued June 2014

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	c) User training should be considered a key element of the process to enable a successful rollout.		changes reflected within the Information Security training e-module. Position – August 2014 a) Operational risk register updated b) Not Yet Due c) Policies updated and approved at 8 th Aug 2014 ITSG and training module drafted.		2014 (Not yet due)		
04	A periodic security training plan should be developed to ensure all staff at the Councils are aware of their responsibilities. The training plan should be incorporated for new joiners and existing staff.	Medium	In progress. This requires updating as per the recommendations above, as well as to reflect the change in data classification terms. Position – August 2014 Drafted – This will be written within Composica software– on site electronic training tool. All users will be tracked as they complete the training.	Emma Tiernan – ICT Section Head	30 September 2014	*	Nov 2014
05	Management should ensure that procedures performed by Capita to identify security	Medium	Monthly security management information reporting is in place. This needs to be developed further to align	Emma Tiernan – ICT Section Head	30 September 2014	*	

Cyber Risk							
Final report issued June 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	threats are evidenced and captured for review at the monthly service reporting meeting. Such procedures, where considered as controls, should be documented within the risk register (please refer to point 2 above).		with appropriate actions on the operational risk register. Position – August 2014 In progress, operational risk register is in the process of being reviewed.		(Not yet due)		
06	Management should ensure that a user access policy is drafted and published. Management could consider including the policy requirements as part of the existing IT Security policy.	Merits Attention	The policy is to be created. Position – August 2014 Not yet due	Emma Tiernan – ICT Section Head	31 December 2014 (Not yet due)	*	
07	Management should ensure that leaver accounts are removed on a timely basis. Leaver accounts should be disabled immediately after the leaving date and deleted after a short period of time.	Medium	As per recommendation 6, a user management policy should be created with associated procedures. This needs to be deployed appropriately to staff. Section Head to take this up with Capita Service Delivery Management. Position – August 2014 Not yet due	Emma Tiernan – ICT Section Head	31 December 2014 (Not yet due)	*	

Cyber Risk							
Final report issued June 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
08	<p>A process should be implemented to review incidents on a monthly basis and analyse the impact of such incidents.</p> <p>Further, this review should identify actions to be taken to prevent such incidents from taking place in the future.</p>	Merits Attention	<p>In progress. Vacant ICT Client Manager post filled as at 6th of May 2014. Statistics and performance management information is reviewed by the client management team on a monthly basis and reported to IT steering group. Provision of trend information and problem management is not currently as effective as it needs to be.</p> <p>Position – August 2014 W3R client management team has passed an account improvement plan to Capita, included within this is a focus on problem management. In addition to this W3R have provided Capita with a detailed requirements list in relation to management information to be provided with a specific focus on trending.</p>	Emma Tiernan – ICT Section Head	30 September 2014 (Not yet due)	*	Dec 2014
09	There should be formal, scheduled review and testing of the Disaster Recovery Plan on a periodic basis.	Medium	<p>In progress. Agreed as an outcome and deliverable of the data centre migration.</p> <p>Position – August 2014</p>	Emma Tiernan – ICT Section Head	31 December 2014 (Not yet due)	*	

Cyber Risk							
Final report issued June 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			Not yet due				

Health Campus							
Final report issued June 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	A periodic review should be carried out to assess the effectiveness of the measures put in place to mitigate the potential for conflicts of interest.	Merits Attention	Agreed. LABV board has agreed to undertake a review by 31 March and annually thereafter, and as prompted by events. Position – August 2014 Achieved and agreed at Partnership Board meeting in May 2014.	Managing Director	31 March 2015 and annually thereafter (Not yet due)	✓	
02	The Council should obtain confirmation from the LABV as to the assurance arrangements that are in place, in order to ensure that the LABV is acting in	Medium	Assurance requirements for each partner will be considered to ensure that there are no gaps and that any duplication of effort from the partners is minimised.	Director of Finance	31 March 2015 (Not yet due)	✓	

Health Campus							
Final report issued June 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	accordance with the principles of good corporate governance and in compliance with Council policies, as required by the Member's Agreement.		A report is to be provided to the board to consider any issues, which have been identified. Position – August 2014 Achieved and KPMG report circulated to Finance in July2014.				
03	The assurance requirements of the respective partners and any other funding bodies should be ascertained in order to ensure that adequate and effective assurance will be provided where needed throughout the course of the project.	Merits Attention	Assurance requirements for each partner will be considered to ensure that there are no gaps and that any duplication of effort from the partners is minimised. A report is to be provided to the board to consider any issues, which have been identified. Position – August 2014 This is achieved and Partnership Board Papers deal with the matter specifically.	Director of Finance	31 March 2015 (Not yet due)	✓	
04	The Council should confirm and approve the project methodology to be used.	Medium	Business Plans for the infrastructure and each development zone are being updated setting out milestones/target dates, risks and issues as well as financial monitoring information. Any	Programme Manager	30 June 2014	*	Dec 14

Health Campus							
Final report issued June 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>issues on the critical path will be highlighted.</p> <p>These will be reviewed on an on-going basis at both Operational Board and Partnership Board meetings.</p> <p>Position – August 2014 Detailed business plans are being prepared and will shortly be issued in draft form.</p>				
05	A detailed benefits realisation plan should be put in place at the earliest opportunity. This should be approved by the Partnership Board.	Medium	<p>Summary of discussion on 30 April:</p> <p>Management is confident that outputs are clear in the BAFO document and business plan. These relate to job creation and land remediation.</p> <p>Detailed plans for delivery are being developed which will specify success factors associated with delivery of benefits.</p> <p>Position – August 2014 This work is in hand and a full report is anticipated by Dec 2014.</p>	Programme Manager	30 June 2014	*	Dec 14

Health Campus							
Final report issued June 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
06	Resilience can be improved through assurance that effective knowledge management systems are in place and that project documentation is readily accessible by the appropriate officers.	Medium	<p>Summary of discussion on 30 April:</p> <p>Management are confident that there is resilience in this area with shared level of management team ownership / oversight of the project.</p> <p>Knowledge management arrangements will be reviewed.</p> <p>Since financial close of the agreement with Kier in June 2013, the methodology and key tasks for the projects are clearly set out in minutes of Operational and Partnership Board.</p> <p>As the scheme progress, the bespoke nature of the development and the knowledge is being dissipated widely amongst other senior staff.</p> <p>Position – August 2014 Once draft business plans are issued in the next 6 weeks they will further ensure that information and management systems are passed on as more people get involved in delivery stages.</p>	Programme Manager	31 March 2015 and on-going (Not yet due)	*	Dec 14

Health Campus							
Final report issued June 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
07	The WBC risks detailed on the Project risk register should be allocated to individual WBC senior officers.	Medium	The risk register will in future allocate WBC risks on an individual basis. This was raised at the latest operation board meeting and will be actioned immediately. Position – August 2014 Achieved and Operation and Board minutes allocate risks.	Programme Manager	31 May 2014	✓	
08	The Programme Manager should formally evidence the control check (sign and date) carried out of the fees against key performance indicators and a copy of this check should be kept centrally with the WBC project documentation for management reference and audit purposes.	Medium	Summary of discussion on 30 April: Recommendation agreed. Evidence of check to be provided to MD as assurance to support sign-off of invoices. The payment of fees against KPI's are regularly reviewed at Operation and Programme Boards but final MD assurance will in future be required as a robust check. Position – August 2014 Adopted in full.	Programme Manager	31 May 2014	✓	
09	The Programme Manager should ensure that the minutes of the Partnership Board clearly state if project management and development	Merits Attention	This recommendation has been actioned for inclusion in future minutes. Position – August 2014	Programme Manager	Completed	✓	

Health Campus							
Final report issued June 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	fees have been approved, before payments are made.		Completed				
10	<p>Documented procedures should be established for monitoring the following areas:</p> <p>a) Project management and development management fees made to Kier,</p> <p>b) Monitoring equity and receipt of payments due.</p> <p>Additionally, the procedures and documentation relating to the above, as well as the documentation regarding the payment obligations from WHHT to WBC, should be stored centrally with the WBC project documentation.</p>	Merits Attention	<p>This has been actioned.</p> <p>Position – August 2014 Completed</p>	Programme Manager	Complete d	✓	

Health & Safety							
Final report issued July 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	Clear lines of responsibility should be decided upon, and a policy and procedures document should be drafted, outlining the staff members responsible for managing asbestos across Council buildings.	Medium	Create contact register of responsible persons and provide responsible persons training for identified Buildings Managers and key personnel. Insert into Asbestos Management Plan. Position – August 2014 Completed	Ian Browne - Head of Facilities Management	Completed	✓	
02	Ensure that actions arising from risk assessments are centrally recorded, allocated an owner, and actively monitored to ensure that they are completed on a timely basis. Introduce supervisory review which acts to hold responsible officers to account regarding the completion of risk assessment actions. Retain evidence of completion and sign-off centrally and on-site.	High	Instruct suitably qualified contractor to execute environmental clean-up of key identified areas from the plan. Update asbestos management plan to record these works. Place on file and copy to site log. Position – August 2014 Not yet due	Ian Browne - Head of Facilities Management	30 September 2014 (Not yet due)	*	

Health & Safety							
Final report issued July 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
03	Introduce robust monitoring checks to ensure that the required frequencies of checks are undertaken.	Medium	Introduce a robust file management system. Position – August 2014 Completed	Ian Browne - Head of Facilities Management	Completed	✓	
04	Those staff members responsible for the management of asbestos must be made fully aware, through asbestos awareness training, of the importance of issuing work permits, as well as completing asbestos logs, and their responsibility for doing so. Access requested by, and granted to, sub-contractors should be centrally logged by Buildings Managers. Building Managers should ensure that inspections of those properties containing asbestos are carried out at least once a year, and that a central log is maintained detailing the date of the	Medium	Create contact register of responsible persons and provide responsible persons training for identified Buildings Managers and key personnel. Insert into Asbestos Management Plan. Arrange for refresher programme to be annualised. Deliver an annualised programme of asbestos inspections by independent Company to ensure risk management is robust and identification of material degradation is noted for appropriate action. Position – August 2014 Not yet due	Ian Browne - Head of Facilities Management	31 March 2015 (Part completed - training regime being finalised and agreed with Supplier)	*	

Health & Safety							
Final report issued July 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
	<p>inspection and the inspection outcomes.</p> <p>On-going monitoring of Buildings Managers should take place through spot checks, which will ensure that where work has been carried out on these properties, the asbestos log is being completed for the buildings.</p>						
05	<p>Signed contracts should be stored safely, in an agreed location, so that they are easily available for access when required.</p> <p>Both scanned and hard copies should be maintained in relation to all signed contracts.</p> <p>All contracts should be logged in a central contract register that is subject to regular review.</p>	Merits Attention	<p>Ensure future contracts for the Facilities Management service are signed and update the contract register by notification to the Procurement Manager.</p> <p>Position – August 2014 Completed</p>	Ian Browne - Head of Facilities Management	As and when required - completed	✓	

Health & Safety							
Final report issued July 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
06	Regular reconciliations should be performed against the asset register and asbestos and legionella risk registers, to ensure that properties that require testing under the authorities obligations are picked up as soon as possible.	Medium	Circulate list of properties within the contracts for asbestos and Legionella control to stakeholders for feedback and inclusion of properties where identified. Position – August 2014 Completed	Ian Browne - Head of Facilities Management	Completed	✓	

Audit Plan 2014/15

SLM & HQ Theatres Contract Management							
Final report issued July 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	Management should review the existing contract management procedures to ensure that these summarise the salient points from the contracts and provide a high level narrative on how the client team monitors the performance of each	Merits Attention	There is a guide to the leisure contract currently in place, however it requires updating and this will be actioned within the next quarter with a review mechanism in place. Position – August 2014 Not yet due	Prema Mani – Commissioning Manager	31 October 2014 (Not yet due)	*	

SLM & HQ Theatres Contract Management

Final report issued July 2014

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	contractor in delivering agreed service levels and quality standards. It is good practice to include a version control on operating procedures in order to evidence review dates, and ensure that the documentation is reviewed at least on annual basis.						
02	Management should consider amending the leisure and community client services risk register to include a specific risk entry on the QUEST accreditation, and amending the existing health and safety risk to include customers as well as staff and contractors.	Merits Attention	QUEST to be added to risk register. Position – August 2014 Quest has been added to the Leisure & Community risk register.	Prema Mani – Commissioning Manager	31 July 2014	✓	
03	For both contracts, management should consider maintaining a shared risk register. A good example would be the shared risk register for the contract with Veolia.	Merits Attention	We are already looking at the Veolia joint risk register template and will raise this with SLM at our meeting on 28 th August. Position – August 2014 Not yet due	Prema Mani – Commissioning Manager	31 October 2014 (Not yet due)	*	

SLM & HQ Theatres Contract Management							
Final report issued July 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
04	To gain assurance that the findings raised by the client team are addressed by SLM in a timely manner, management should request that SLM e-mails through photographic evidence for all relevant actions.	Merits Attention	CMO will email SLM to advise of this change to the inspection process. SLM to provide photographic evidence for all relevant actions at next follow up inspection meeting. Position – August 2014 Not yet due	Prema Mani – Commissioning Manager	Immediate & 31 October 2014 (Not yet due)	*	
05	To ensure continuous improvement in the performance of the contractors, we recommend that for both contracts annual targets are agreed with SLM and HQ Theatres respectively.	Medium	These have been negotiated and are now in place. Position – August 2014 Completed	Prema Mani – Commissioning Manager	Completed	✓	
06	Whilst noting that Quest is included on the agenda for the contract review meetings with SLM, management and SLM should consider developing a formal action plan to ensure that both leisure centres achieve Quest accreditation before the existing contracts expire.	Merits Attention	Watford Central have their Quest inspection early Oct 2014 but results will not be immediately known. Watford Woodside have been asked to inform us of the date of their Quest inspection. Position – August 2014 Not yet due	Prema Mani – Commissioning Manager	31 March 2015	*	

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Internal Audit Position Statement

Watford Borough Council – Charter Place Development

8 September 2014

Issued to: Members of Audit Committee

Audit Reference: F3340/14/002

Introduction

1. When the draft 2014/15 Annual Audit Plan was presented to Audit Committee for approval on 12 March 2014, Members requested that an assurance review of the Charter Place Development be included.
2. This Position Statement sets out our conclusions regarding the provision of assurance on this project following enquiries made regarding the Council's exposure to risk in relation to this development.

Background

3. Redevelopment of the Charter Place Shopping Centre is a major project within the Council's regeneration programme, costing around £100m. The redevelopment proposals include:
 - A new multi-screen cinema
 - New retail capacity
 - Leisure complex
 - Vibrant restaurant hub
 - New public space for entertainment events
4. Planning permission for the redevelopment was granted at Development Control Committee on 9 January 2014 following a period of public consultation. The granting of planning permission included a Section 106 Agreement securing a contribution of £100,000 towards the cost of environmental improvements in the public realm on High Street in accordance with Policy SPA1 of the Watford Local Plan Core Strategy 2006-31.
5. Work is expected to commence in 2015 with the facility opening to the public in time for Christmas 2017.
6. The Council has agreed to obtain a compulsory purchase order for the site and this is progressing with a public inquiry scheduled for 25 November 2014.

Relationship between the Council and INTU

7. The redevelopment is being undertaken by INTU who already have a longstanding relationship with the Council via the Harlequin Centre.
8. Watford Borough Council entered into a land transaction granting a lease to INTU whilst retaining the freehold. A 12 year lease during the pre-construction and construction phases has been granted and the Council will receive rent of £1.8m (+VAT) per annum. On completion of the redevelopment programme a further 999 year lease will be granted.
9. The redevelopment is being managed by INTU and they are liable for procurement activities and development and compulsory purchase costs.

10. The land transaction between WBC and INTU places certain conditions on INTU, including obtaining planning permission, the ratio of units pre-let, having appropriate funding arrangements in place and long stop dates for project completion.
11. Regular meetings (approximately monthly) are held between the Council and INTU.

Risks to the Council

12. Through the agreement with INTU and the transfer of the land under a lease agreement, the Council has effectively outsourced many of the usual risks associated with a redevelopment programme, including:
 - Selection and appointment of a contractor,
 - Management, delivery and closure of the project, and
 - Costs.

The Council retains a reputational risk in the event that the works do not meet physical and/or transformational objectives or are not delivered on time.

Impact on 2014/15 Audit Plan

13. Following discussions with the Head of Regeneration and Development and the Head of Democracy and Governance, management are of the opinion that no independent assurance is required on the Charter Place Development as the Council does not have direct responsibility for project delivery where assurance would normally be sought. Also, there is considered to be no value in reviewing the decision to enter into a lease arrangement as this was subject to member approval and is already in place.
14. Removal of assurance provision on the Charter Place Development from the 2014/15 Audit Plan is therefore proposed, subject to the following:
 - Where appropriate, assurance is provided within the scope of other existing audits, for example, the Debtors audit in relation to invoicing and collection of the £1.8m annual rent.
 - The Council's risk exposure from the Charter Place Development is reviewed during the annual audit planning cycle for 2015/16 and beyond and where appropriate assurance provision is included in those audit plans.
15. The unused time budget from the original allocation of five days in the 2014/15 Audit Plan will be returned to contingency and re-allocated to other assurance work.

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Agenda Item 9

Report to: Audit Committee

Date of meeting: 29 September 2014

Report of: Head of Finance Shared Services

Title: Committee's Work Programme

1.0 **SUMMARY**

1.1 To review and make necessary changes to the Audit Committee's Work Programme

2.0 **RECOMMENDATIONS**

2.1 That the Committee considers and makes necessary changes to its Work Programme.

Contact Officer:

For further information on this report please contact: -
Nigel Pollard, Acting Head of Finance, Shared Services
Telephone extension: 7198
email: nigel.pollard@threeivers.gov.uk

Report approved by: Joanne Wagstaffe Director of Finance

3.0 **DETAILS**

3.1 The work programme is presented at each meeting of the Committee to enable any changes to be made and to provide Members with updated information on future meetings:-

Date	Reports
14 January 2015	<ul style="list-style-type: none">▪ External Auditor's Annual Audit Letter▪ External Auditor's Update▪ Treasury Management Mid Year Review 2014/15▪ Standing items
21 March 2015	<ul style="list-style-type: none">▪ External Auditor's Certification Work Report▪ External Auditor's Fee Letter▪ Internal Audit Annual Plan 2015/16▪ Standing Items▪ Review of Risk Register

Standing items are: -

- Internal Audit Progress Report
- External Audit Progress Report - Recommendations
- Committee's Work Programme

3.2 Attached at Appendix 1 is a list of topics that can be scheduled for discussion as part of the Committee's Agenda business

4.0 **IMPLICATIONS**

4.1 **Financial**

4.1.1 None Specific.

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 None Specific.

4.3 **Equalities**

4.3.1 None Specific.

4.4 **Potential Risks**

4.4.1 There are no risks associated with the decisions members are being asked to make.

The table below contains a list of proposed updates or discussion topics for the Audit Committee and offers the opportunity to express an interest in each topic.

Topic	Led by	Level of Interest / Priority (H/M/L)
Audit Committee effectiveness	SIAS	
Navigating SIAS audit reports	SIAS	
The role of the Audit Committee in corporate governance	Governance Officer / SIAS	
The role of the Audit Committee in risk management	Risk Manager / SIAS	
The role of the Audit Committee with the work of external audit	External Audit	
Statement of Accounts for Audit Committees	Finance	
Anti-Fraud and Corruption	Anti-Fraud Team	
Emerging Risks	SIAS	
Treasury Management (where relevant)	Treasury Manager	
Oversight of Freedom of Information (where relevant)	FOI Officer	
About SIAS	SIAS	

Each of the above topics could be covered as a high level 'lite bite' (15 to 30 minutes) or as an extended session (45minutes to 1 hour max) prior to the commencement of each Audit Committee. The latter may involve merging some of the proposed topics.

Shorter sessions are a popular choice for Members pressed for time and not wishing to be overwhelmed by detail.

These sessions work best where there is an open discussion on the topic and Members actively engage, rather than just being talked at by the presenter.

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