



AUDIT COMMITTEE

Wednesday, 11th March, 2015

7.00 pm

Town Hall, Watford

Publication date: 3 March 2015

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.

ACCESS

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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 10 December 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. **REGULATION OF INVESTIGATORY POWERS ACT** (Pages 1 - 2)

This report advises members on the use of RIPA during 2014.

5. **CORPORATE RISK REGISTER** (Pages 3 - 10)

Report of the Head of Democracy and Governance

This report provides an update on the Council's Corporate Risk Register.

6. **AUDIT COMMITTEE UPDATE** (Pages 11 - 24)

This report allows the Committee to ask questions of the external auditor concerning emerging national issues and challenges for the Council.

7. **EXTERNAL AUDIT - CERTIFICATION WORK REPORT 2013/14** (Pages 25 - 30)

This report allows the Committee to ask questions of the external auditor concerning his certification work report.

8. INTERNAL AUDIT PROGRESS REPORT (Pages 31 - 92)

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

9. INTERNAL AUDIT PLANS 2015-2016 (Pages 93 - 128)

This report sets out the proposed Internal Audit Plans for 2015/2016.

10. WORK PROGRAMME (Pages 129 - 132)

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

Report to: Audit Committee
Date of meeting: 11 March 2014
Report of: Head of Democracy and Governance
Title: RIPA

1.0 SUMMARY

1.1 To advise members on the use of RIPA during 2014.

2.0 RECOMMENDATIONS

2.1 To note the report

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

3.0 DETAILED PROPOSAL

3.1 The committee had a report in March 2014 informing them of the use the Council made of its powers under the Regulation of Investigatory Powers Act in 2013.

3.2 Since the changes in the law brought about by the Protection of Freedoms Act, which limited the reasons councils could use RIPA, the Council has not made any applications to the magistrates for approval for Directed Surveillance. Also the use of NAFN for communications data requests by the Council has decreased significantly since 2013 as only 2 authorisations were approved in the last year.

3.3 The Council did have an Office of Surveillance Commissioner inspection in October which was reported to Committee in December.

4.0 IMPLICATIONS

4.1 Financial

4.1.1 The Shared Director of Finance comments that that expenditure is contained within existing budgets.

4.2 **Legal Issues** (Monitoring Officer)

- 4.2.1 The Head of Democracy and Governance comments that the legal implications are contained within the body of the report.

4.3 **Equalities**

- 4.3.1 The Council is required to follow the law in undertaking covert surveillance activities.

4.4 **Potential Risks**

- 4.4.1 None apparent

4.5 **Staffing**

- 4.5.1 Using NAFN supports internal staff resources.

Background Papers

"No papers were used in the preparation of this report".

File Reference

- None

PART A

Report to: Audit Committee
Date of meeting: 11 March 2015
Report of: Head of Democracy and Governance
Title: Corporate Risk Register

1.0 SUMMARY

1.1 To note the Corporate Risk Register

2.0 RECOMMENDATIONS

2.1 To note the Corporate Risk Register

Contact Officer:

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

3.0 DETAILED PROPOSAL

- 3.1 The Risk Management and Business Continuity Steering Group meets every two months to monitor the Council's corporate risks and oversee business continuity and emergency planning.
- 3.2 The Steering Group reports to Leadership Team.
- 3.3 The Steering Group undertook a review of the Corporate Risk Register at its January meeting and the revised register was approved by Leadership Team in February.
- 3.4 The Committee is asked to note the register attached as Appendix A.

4.0 IMPLICATIONS

4.1 Financial

- 4.1.1 The Shared Director of Finance comments that the register considers financial risk.

4.2 **Legal Issues** (Monitoring Officer)

- 4.2.1 The Head of Democracy and Governance comments that any legal implications are also noted in the register.

4.3 **Equalities**

- 4.3.1 N/A

4.4 **Potential Risks**

Potential Risk	Likelihood	Impact	Overall score
<i>Failure to capture all risks</i>	2	4	8
<i>Failure to adequately monitor risks and mitigate</i>	2	4	8
<i>Those risks scoring 9 or above are considered significant and will need specific attention in project management. They will also be added to the service's Risk Register.</i>			

Appendices

Appendix 1 – Corporate Risk Register

Background Papers

No papers were used in the preparation of this report

File Reference

- None

[illegible]

DATE:	Jan-15	NAME: LEADERSHIP TEAM	WATFORD BC
CORPORATE RISK REGISTER: ASSESSMENT MATRIX			
CORPORATE VISION: To be a successful town in which people are proud to live, work, study and visit			
The corporate risk register seeks to ensure the achievement of the council's seven main objectives			
Risk has been assessed in Four Blocks: Major Investment / Service Delivery/ Reputational/ Functional			
RISK TYPE: ALL STRATEGIC			

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CODE	OBJECTIVE	Value of investment £	RISK	CAUSES	ASSESSMENT OF RISK (no controls in place for first assessment and controls in place thereafter)	ASSESSMENT OF RISK (With controls in place – Residual Risk Rating)			CONSEQUENCES	FURTHER CONTROLS REQUIRED	SEVERITY	LIKELIHOOD	MITIGATED RISK RATING	REVIEW FREQUENCY (A, Q, M)	DATE OF NEXT REVIEW	OWNER				
					Categories of risk (Please see appendix 1 for categories of risk)	SEVERITY	LIKELIHOOD	RISK RATING									Control measures in place?	SEVERITY	LIKELIHOOD	RESIDUAL RISK RATING
5	Homelessness Increases, placing pressures upon temporary accommodation & bed and breakfast	potentially circa £150k	homeless / vulnerable families and individuals have no accommodation or unsuitable accommodation creating health, wellbeing and safety issues	The negative impact of the downturn in the economy combined with policy changes impact upon statutory homelessness	customer/ citizen legislative/ reputational/ equalities/ financial	4	4	16	Plans for securing additional temporary accommodation are under review. Revenue related project discussions continuing.	4	4	16	increasing numbers anticipated in Bed and Breakfast or equivalent accommodation. Pressure on staffing and welfare of clients. Statutory 6 week timeframe for facilities.	Review of resourcing in Housing on-going and clarity on direction regarding increasing supply will be part of Housing Strategy	4	3	12	M	ongoing	Alan Gough
6	Service Improvement Continues	£160m turnover	services deteriorate. Homelessness increases. The Town looks tired, dirty & neglected.	service efficiencies / staff rationalisation affect service standards. Budget reductions reduce allocation of resources.	Economic/ Financial Reputational	4	3	12	Performance Indicators/ officer management teams/ Leadership/ quarterly reviews/ scrutiny process/ community surveys all in place to monitor performance.	4	2	8	a deterioration in service standards will affect the council's vision and objectives.Complaints from the community will increase.	Targetted improvement/ resourcing to some services may be necessary eg Benefits Service/ Homelessness.	4	2	8	Q	ongoing	Leadership Team
7	Contract Management of Outsourced Services	not quantified	Failure of contracting partner to deliver required service to agreed specification.	Inadequate commissioning, procurement and contract monitoring arrangements in place. Poor monitoring of contractor performance.	Customer/ citizen legislative/ legal reputational / equalities	4	3	12	Robust procurement processes. External consultancy support used. Clear specifications and conditions.Contract monitoring officers and client teams and regular monitoring meetings in place. Legal conditions in contract. Full monitoring regime in place, and regular real time reporting procedures. Weekly / Monthly updates to review progress. First workshop and meeting of Contract Management Forum established in Nov 2013. Audits undertaken and action plans in place as part of 2014/15 Audit plan. Developing corporate wide "Centre of Excellence" approach in contract management incorporating a training audit and Toolkit development	4	2	8	Contract and service delivery failure	Training Plan to be developed and delivered from outcome of training audit. Toolkit to be developed / EU Directives to be complied with.	4	1	4	W	May-15	Lesley Palumbo/Howard Hughes
8	Ensure Housing Benefit Service is fit for purpose	£75m turnover per annum	Backlogs result in delays in making payments to client base. Quality controls on payments are insufficient and benefit grant subsidy from DWP is lost.	Use of technology is not maximised. Benefits assessors spend time dealing with routine client enquiries. Incomplete information provided by benefits clients/ recipients.	Financial / reputational/ customer/ citizen	4	4	16	Monitoring of workload being constantly reviewed. Quiet periods (no telephone calls) for skilled benefits assessors to clear backlogs. External resource engaged to process routine change of circumstances.	4	3	12	Backlogs are not fully cleared (partly due to increased volumes of applicants–due to economic recession). A danger that conveyor belt mentality will affect quality control processes.	The Customer Service Centre is screening initial applicants in order to ensure all paperwork has been provided and to relieve pressure on benefits assessors	4	2	8	M	ongoing	Robert Della- Sala
9	Failure of Uniform and other essential back office systems	not yet quantified	Failure of contracting partner to deliver required service to agreed specification.	System is currently unsupported	customer/citizen/rep utational	4	4	16	Business critical applications upgrade projects in progress Application discovery project in progress with reviews with key stakeholders and suppliers to identify options for upgrades on current platforms, hosted services	4	4	16	Unable to deliver planning, land charges and environmental health services & meet legislative deadlines	Regular MIT project reviews Review of supplier options to support / deliver upgrade projects in progress	4	3	12	M	ongoing	ITSG/ HoS
10	Failure of ICT Services Contract	not yet quantified	Failure of partner to deliver required service to agreed specification.	Inadequate resources, skill set gaps, inadequate contract management by contracting partner, poor process & lack of procedures, poor governance by contracting partner	Customer/ citizen legislative/ legal reputational / equalities	4	4	16	Revised governance structure in place with a minimum of a monthly risk review Account recovery programme of work Senior stakeholder engagement	4	4	16	Poor service delivery / service debasement Poor return on investment Inability for council to deliver service improvements / efficiencies / vision	Regular monitoring of ARP progress Regular reviews with senior supplier management Review of contract service threshold & action options	4	4	16	W	End Feb	Jo Wagstaffe

REPUTATIONAL

11	Continue to Progress Equalities within the Council and across all service delivery	Not Quantifiable	Service efficiencies result in the pursuit of equalities being down graded.	staff rationalisation results in equalities being given a lower priority both within the Council and in the provision of services to all the community.	Customer / Citizen Legislative/Legal Reputational	4	2	8	Equalities champions at Head of Service/ Cabinet level are in place.Quarterly reviews are held. Legislative changes to equalities are being monitored. Corporate Equalities group relaunched Nov 2013 and reviewed Feb 2015. Leadership Team review equalities. (HR report received annually)	4	2	8	The Council will not be seen to support individuals and the community. It will not be recognised as a fair/ good employer.	EIA activity to be reviewed. Statistics relating to usage of facilities and complaints processes need to be closely monitored. Revised approach to Equalities training to be implemented	4	2	8	Q	ongoing	Lesley Palumbo
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Carol Chen
Lesley Palumbo

Update following LT
Updated control measures & reduced score on Cassiobury project. Updated further controls on Equalities. Scores reviewed and updated

17.2.15
18.2.15

DATE: Jan-15

NAME: LEADERSHIP TEAM

WATFORD BC

CORPORATE RISK REGISTER: ASSESSMENT MATRIX

CORPORATE VISION: To be a successful town in which people are proud to live, work, study and visit

The corporate risk register seeks to ensure the achievement of the council's seven main objectives

Risk has been assessed in Four Blocks: Major Investment / Service Delivery/ Reputational/ Functional

RISK TYPE: ALL STRATEGIC

CODE	OBJECTIVE	Value of investment £	RISK	CAUSES	ASSESSMENT OF RISK (no controls in place for first assessment and controls in place thereafter)			ASSESSMENT OF RISK (With controls in place – Residual Risk Rating)			CONSEQUENCES	FURTHER CONTROLS REQUIRED	SEVERITY	LIKELIHOOD	MITIGATED RISK RATING	REVIEW FREQUENCY (A, Q, M)	DATE OF NEXT REVIEW	OWNER		
					Categories of risk (Please see appendix 1 for categories of risk)	SEVERITY	LIKELIHOOD	RISK RATING	Control measures in place?	SEVERITY									LIKELIHOOD	RESIDUAL RISK RATING
12	PSN - Public Services Accreditation is not achieved	Not Quantifiable	Residents do not receive correct Housing benefit payments.	Revenues and Benefits services are unable to send and receive data from departments such as DWP.	Financial / reputational/ customer/ citizen	4	3	12	Annual project reviewed previous submission & issues arising & submission completed with known non-compliance items Capita lead on ICT technical & CESG CLAS consultant engaged for specialist support	4	2	8	This may result in temporary disadvantages for the Council e.g. remote access to government services are disabled.	Long term and annual PSN project is in place. Regular contact with Cabinet Office & key stakeholders over known no compliance and remediation workplan	3	3	9	Q	Ongoing	Jo Wagstaffe
FUNCTIONAL																				
14	ICT platform fit for purpose	Not Quantifiable	Unreliability of system affects corporate efficiency and results in considerable staff downtime and failure to deliver full service to the public.	Delays on MIT project - outdated hardware, systems and platform still in use. Inadequate project resources & management by contracting partner	Customer / Citizen Economic/ Financial Reputational	4	3	12	Revised MIT project governance arrangements in place with fortnightly reviews & phased delivery plans Revised project timeframe and improved project scope and outcomes defined with guide budgets approved	4	2	8	Service delivery and staff efficiency badly affected	Timeline for improvement delivery to be finalised and works initiated	4	3	12	M	Ongoing	Jo Wagstaffe
15	Ensure the Control Environment across the authority reflects the changing nature of fraudulent activity	Not Quantifiable	Increasing sophistication of fraud, particularly cyber fraud could result in significant financial losses	moral standards in society falling. Financial hardship encouraging innovative ways to obtain money.	Financial / reputational/	4	3	12	Regular fraud up dates distributed to all staff. E learning module on intranet	4	3	12	Risks of fraudulent access to council's accounts still remain	Annual Audit Plan includes resources to test the council's resilience against cyber crime	4	2	8	Q	ongoing	Garry Turner
16	Review Corporate/ Service Plans	Not Quantifiable	Corporate and Service Plans become stale and fail to engage with staff.	Other competing priorities has meant the CP/ SP process has been treading water.	Customer / Citizen Reputational	3	3	9	Service management teams/ quarterly reviews/Leadership Team give this a higher priority. Staff survey carried out. Appraisals in place. Workshops held with teams and sharing of service plan session in Feb 2015.	3	2	9	The Vision , values & key objectives are not recognised by all staff.	Learning and Development initiatives to encourage awareness.	3	1	3	Q	on going	Kathryn Robson
17	Assess impact of major changes to funding by Government through Business rates Retention and Local Council Tax Benefits schemes	£193,000	WBC may lose a significant amount of financial support from Central Governemnt	The localisation of business rates means that the Council carries risk in relation to it's overall funding from Central Government. Much of the causes for the fluctuations are outside of the Council's control.	Financial/ Reputational/ Citizen/ customer	4	4	16	Business Rates are monitored on a monthly basis and the budget has been set based on current performance. The Council can quantify the overall value of the risk and has taken this into account when setting the budget.	3	3		The council may be at risk of reduced income which it had not intended.	Continued monitoring of the performance of business rates is to be undertaken.	3	2	6	Q	on going	Nigel Pollard

The Categories of Risks Facing Watford Borough Council

Hazards and risks need to be taken into account in judgments about the medium to long-term goals and objectives of the organisation, as well as the day-to-day operations of the Council. These may be as follows: -

Category	Definition
Political:	those associated with failure to deliver either central Government policy or meet the administration's manifesto commitments
Economic/Financial:	those affecting our ability to meet financial commitments. For example, internal budgetary pressures, the failure to purchase adequate insurance cover, external economic changes or the consequences of proposed investment decisions. Monitoring of financial planning and control and internal funds.
Social:	those related to the effects of changes in demographic, residential or socio-economic trends on the organisation's ability to deliver its objectives.
Technological:	those associated with the capacity of the organisation to deal with the pace / scale of technological change or its ability to use technology to address changing demands. They may also include the consequences of internal technological failures affecting the organisation's ability to deliver its objectives. (e.g. IT systems, equipment or machinery).
Legislative/Legal:	those associated with current or potential changes in national or European Law (e.g., the appliance or non-appliance of TUPE Regulations, Human Rights Act, Data Protection Act, Disability Discrimination Act, etc.). Risk related to possible breaches of legislation.
Environmental:	those related to the environmental consequences of progressing the organisation's strategic objectives (e.g., in terms of energy efficiency, pollution, recycling, landfill requirements, emissions, etc.). Those related to pollution, noise or energy efficiency of ongoing service operations.
Reputational:	those related to the organisation's reputation and the public perception of the organisation's efficiency and effectiveness.
Competitive:	those affecting the competitiveness of the service (in terms of cost or quality) and / or its ability to deliver Value for Money.
Customer/Citizen:	those associated with failure to meet the current and changing needs and expectations of our customers and citizens.
Professional:	those associated with the particular nature of each profession
Physical:	those related to fire, security, accident prevention and health and safety (e.g., hazards / risks associated with buildings, vehicles, plant and equipment, etc.)
Contractual:	those associated with the failure of contractors to deliver services or products to the agreed cost and specification.

GUIDANCE ON COMPLETING THE RISK ASSESSMENT MATRIX

DATE: <i>when evaluation completed</i>	NAME: <i>of person completing assessment; may vary from risk</i>	POST: <i>of person completing assessment</i>	DEPT/ UNIT: <i>Risk</i>											
RISK ASSESSMENT MATRIX v 1.6														
RISK ASSESSMENT NUMBER: <i>consecutively from 1 (the 1st assessment) this allows for accurate version control and provides an audit trail of treatment/controls etc</i>														
BUSINESS OBJECTIVE: <i>External Relations: Please state your departmental objective here - as risks to achieving this objective should be considered</i>														
RISK TYPE: <i>STRATEGIC, OPERATIONAL or BOTH (delete as necessary) strategic type would affect the 3-5 year planning process, operational type would affect day-to-day activities & both is an operational risk with a strategic impact</i>														
CODE	RISK	CAUSES	ASSESSMENT OF RISK (no controls in place for first assessment and controls in place thereafter)			ASSESSMENT OF RISK (With controls in place – Residual Risk Rating)				CONSEQUENCES	FURTHER CONTROLS REQUIRED	REVIEW FREQUENCY (A, Q, M) <i>annually, quarterly or monthly</i>	DATE OF NEXT REVIEW	OWNER
			Categories of risk	SEVERITY	LIKELIHOOD	RISK RATING	Control measures in place?	SEVERITY	LIKELIHOOD					
sequential numbering of risks - see appendix 2. If risk is no longer relevant number must NOT be reused.	A risk is the threat that an event or action will affect the Council's ability to achieve its objectives and to successfully execute strategies. To help identify risks one can think of political, environmental, social technological, economical and legal threats. In addition to this please consider the risks that can occur which may prevent your area from achieving objectives as set in the Corporate/Community Plan; impact on Use of Resources and also CPA/CAA etc	these are the events, circumstances and/or situations that give rise to the risk being created	see Appendix 1 - Categories, you can include 1 or more categories depending on the risk	scored on a scale of 1 - 4; 1 being the lowest and 4 the highest; <u>before controls</u> in place	automatically calculated and formatted	these are controls currently in place which have currently reduced the likelihood of the risk materialising; these are usually in the form of internal controls systems, policies and procedures, regular meetings etc	scored on a scale of 1 - 4; <u>with controls</u> in place	automatically calculated and formatted	this is the result of the risk if and when it occurs and can include loss of business, negative/bad reputation, breakdown or partnership working, financial loss (please state financial loss in monetary terms where possible)	further controls are needed where a residual risk rating is shown as amber or red i.e. medium or high. These risks will be shown on the treatment plan.	this will depend on the risk rating, how effective controls are, cost implications of controls etc	this should be a realistic date when the next review of the risk including adequacy if the controls should be completed, this must be matched to the review frequency	the person responsible for implementing and reviewing control measures	

Note

Severity can be viewed in four categories/ matched to scores

- | | | |
|----|-------------|--|
| 1. | Minor | Any annoyance that does not disrupt service provision or has only a localised impact contained within the council/service affected. No media or public knowledge of incident |
| 2. | Significant | Short -term partial failure, no media interest, limited financial losses or disruption to service provision. |
| 3. | Serious | Short-term total service failure or prolonged partial failure, possible local media interest, possible financial losses or injuries |
| 4. | Major | Total service failure, high financial losses, possible national media criticism, local media interest or possible fatalities/severe injuries |

Likelihood can be viewed in four categories/matched to scores:

- | | | |
|----|-------------|--------------------------------------|
| 1. | Remote | Little or no likelihood of occurring |
| 2. | Unlikely | Some likelihood of occurring |
| 3. | Likely | Significant likelihood of occurring |
| 4. | Very likely | Near certainty of occurring |

Report to: Audit Committee

Date of meeting: 11 March 2015

Report of: Acting Head of Finance Shared Services

Title: Audit Committee Update

1.0 SUMMARY

- 1.1 This report allows the Committee to ask questions of the external auditor concerning emerging national issues and challenges for the Council.

2.0 RECOMMENDATIONS

- 2.1 That members note the contents of the Audit Committee Update.

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 Attached at Appendix 1 is an Audit Committee Update.

3.2 Mr. Richard Lawson from Grant Thornton UK LLP, the Council's appointed external auditors will be at the meeting to present the report and answer questions.

3.3 The update provides a summary of emerging national issues and developments that may impact on the Council.

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**

None Specific.

4.4 **Potential Risks**

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

APPENDICES

Appendix 1 Audit Committee Update – February 2015

Audit Committee Update for Watford Borough Council

Year ended 31 March 2015

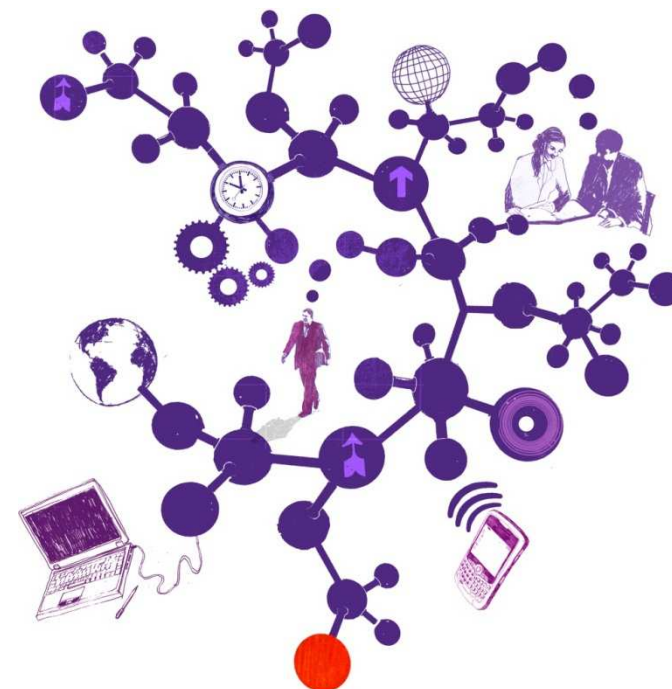
February 2015

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

This paper provides the Audit Committee with:

- a summary of emerging national issues and developments that may be relevant to you

Members of the Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector (<http://www.grant-thornton.co.uk/en/Services/Public-Sector/>). Here you can download copies of our publications including:

- Rising to the challenge: the evolution of local government, summary findings from our fourth year of financial health checks of English local authorities
- 2020 Vision, exploring finance and policy future for English local government
- Where growth happens, on the nature of growth and dynamism across England

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

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Rising to the challenge

Grant Thornton

Our national report, Rising to the Challenge, the Evolution of Local Government, was published in December and is available at: <http://www.grant-thornton.co.uk/en/Publications/2014/Rising-to-the-challenge---The-evolution-of-local-government/>

This is the fourth in our series of annual reports on the financial health of local government. Like previous reports, it covers key indicators of financial performance, strategic financial planning, financial governance and financial control. It also includes case studies of best practice and a comparison to the NHS. This year it has been extended to use benchmarking information on savings plans and budget performance.

The overall message is a positive one. What stands out is how well local authorities have navigated the first period of austerity in the face of ever increasing funding, demographic and other challenges. Many authorities are forecasting financial resilience confidently in their medium term financial strategy. This reflects an evolution in financial management that would have been difficult to envisage in 2010. However, there remains much to be achieved if the sector is to become sustainable in the long term, and authorities should consider if their:

- medium- to long-term strategy redefines the role of the authority creatively
- operational environment will adapt, working in partnership with other authorities and local organisations
- strategy looks beyond the traditional two- to three-year resource planning horizon
- organisational culture is aligned to where the authority needs to be in the medium to long term
- senior leadership teams – both officers and members – have the necessary skills and capacity to ensure delivery against the medium-term challenges
- corporate governance arrangements ensure effective oversight and scrutiny of the organisation as it adapts to the challenges it faces.

The importance of these actions will be magnified if local government devolves further, particularly in relation to fiscal devolution. The new-found confidence of local government in responding to the medium-term challenges will be tested significantly by the second phase of austerity.

Hard copies of our report are available from your Engagement Lead or Audit Manager.

2020 Vision

Grant Thornton

Our national report '2020 Vision' is available at: <http://www.grant-thornton.co.uk/en/Publications/2014/2020-Vision-Exploring-finance-and-policy-futures-for-English-local-government-as-a-starting-point-for-discussion/>

In a time of unprecedented challenge for English local government, how can the sector develop towards 2020 if it is to have a sustainable future? Our latest report provides a thorough analysis of the current political and economic context, explores a range of potential policies and outcomes, and suggests several scenarios to facilitate an open debate on the future for the sector.

Produced in collaboration with the University of Birmingham's Institute for Local Government Studies (INLOGOV), our report suggests that fundamental changes to local government are both operationally necessary and constitutionally inevitable, for the sector to remain relevant by 2020. The report offers a thorough analysis of the current political and economic context and explores a range of potential future policies and outcomes that English local government will need to adopt and strive towards as they seek to adapt and overcome these challenges.

Placed in the context of enhanced devolution, following the Scottish independence referendum, 2020 Vision maintains a wary eye fixed on the 2015/16 Spending Round and looks ahead to the life time of the next government. It highlights that the economic and financial situation remains increasingly untenable, with an expanding North/South divide arising from the pattern of funding reductions and economic growth.

It highlights that English local authorities continue to face unprecedented challenges, relating to the pressures of austerity and central government funding reductions, and demographic and technological change. Our report highlights the vital role of a successful local government sector and encourages it to think hard about how it will cope in the future.

Informed by the views of a broad range of local authority leaders, chief executives and other sector stakeholders, the report offers a set of six forward-looking scenarios* in which councils could be operating within by 2020. Though not mutually exclusive, we suggest that key stakeholders need to take urgent action to avoid a potential slow and painful demise for some councils by 2020.

Hard copies of our report are available from your Engagement Lead or Audit Manager.

Group accounting standards

Accounting and audit issues

The CIPFA Code has adopted a new suite of standards for accounting for subsidiaries, associates and joint arrangements. These changes affect how local authorities account for services delivered through other entities and joint working with partners.

The key changes for 2014/15 are to:

- the definition of control over 'other entities'. The revised definition is set out in IFRS 10 and determines which entities are treated as subsidiaries
- the accounting for joint arrangements. This now follows IFRS 11 and includes changes to the definition of joint ventures and how joint ventures are consolidated in group accounts
- disclosures in relation to subsidiaries, joint arrangements, associates and unconsolidated entities as set out in IFRS 12.

Changes to the definition of control over 'other entities'

Control was previously defined in terms of power to govern the financial and operating policies of an entity. IFRS 10 sets out three elements for an investor to be considered as controlling an investee (all of which must be met):

- the investor has the rights to direct the relevant activities of the investee (relevant activities being the ones that determine the return for the investors – the return could be in the form of a service rather than money)
- the investor has exposure, or rights, to variable returns from its involvement with the investee
- the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

In the commercial sector, this is generally thought to have resulted in more entities being treated as subsidiaries. However, the change is in both directions: some subsidiaries have been redefined as associates. Local authorities with investments in 'other entities' will need to consider whether:

- they control any entities using the new definition. Local authorities will need to pay particular attention to special purpose vehicles and any other entities where there was a close judgement call under the old IAS 27
- there is a need for a prior period adjustment.

Group accounting standards (continued)

Accounting and audit issues

Changes to accounting for joint arrangements

Joint arrangements are contractual arrangements between two or more parties where there is joint control. IFRS 11 makes three key changes from IAS 31:

- there are now only two types of joint arrangements: joint operations and joint ventures
- In a joint operation the investing parties have rights and obligations in relation to the arrangement's assets and liabilities, whereas in a joint venture the parties have rights to the arrangement's net assets. IFRS 11 bases its definition of joint ventures on the substance of the arrangement rather than legal status. It is for the entity to assess whether a joint arrangement is a joint operation or joint venture by considering its rights and obligations arising from the arrangement. To do this the entity needs to consider the structure and legal form of the arrangement, the terms agreed by the parties and any other relevant facts and circumstances. Appendix B to IFRS 11 provides further explanation and examples of joint operations and joint ventures.
- local authorities are still required to consolidate joint ventures in their group accounts but must now do so using the equity (single line) method. The option for proportionate (line-by-line) consolidation has been removed.

The key challenge for most local authorities will be determining whether their joint arrangements are joint ventures or joint operations. The difference should be clear from the contract but in some cases judgement may be required. Local authorities that have previously used the proportionate consolidation method will need to account for the move to equity accounting as a prior period adjustment.

Disclosure of interests in other entities

IFRS 12 makes consistent the requirements for disclosures in relation to subsidiaries, joint arrangements, associates and unconsolidated entities. It includes the need for transparency about the risks to which the reporting entity is exposed as a consequence of its investment in such arrangements.

Earlier closure and audit of accounts

Accounting and audit issues

DCLG is consulting on proposals to bring forward the audit deadline for 2017/18 to the end of July 2018. Although July 2018 is almost 4 years away, both local authorities and their auditors will have to make real changes in how they work to ensure they are 'match-fit' to achieve this deadline. This will require leadership from members and senior management. Local government accountants and their auditors should start working on this now.

Top tips for local authorities:

- make preparation of the draft accounts and your audit a priority, investing appropriate resources to make it happen
- make the year end as close to 'normal' as possible by carrying out key steps each and every month
- discuss potential issues openly with auditors as they arise throughout the year
- agree key milestones, deadlines and response times with your auditor
- agree exactly what working papers are required.

Financial sustainability of local government

Local government guidance

In November the National Audit Office published their report on the [Financial Sustainability of Local Government](#).

The report concludes that Local authorities have coped well with reductions in government funding, but some groups of authorities are showing clear signs of financial stress. The Department for Communities and Local Government has a limited understanding of authorities' financial sustainability and the impacts of funding cuts on services, according to the National Audit Office.

The Government reduced its funding to local authorities by an estimated 28% in real terms between 2010-11 and 2014-15. Further planned cuts will bring the total reduction to 37% by 2015-16, excluding the Better Care Fund and public health grant. Although there have been no financial failures in local authorities in this period, a survey of local auditors shows that authorities are showing signs of financial pressure. Over a quarter of single tier and county councils had to make unplanned reductions in service spend to deliver their 2013-14 budgets. Auditors are increasingly concerned about local authorities' capacity to make further savings, with 52% of single tier and county councils not being well-placed to deliver their medium-term financial plans.

There are significant differences in the scale of funding reductions faced by different authorities. Authorities that depend most on government grant are the ones most affected by funding reductions and reforms. This was an outcome of policy decisions to tackle the fiscal deficit by reducing public spending, and for local authority funding to offer incentives for growth.

Local authorities have tried to protect spending on social care services. Other service areas such as housing services and culture and leisure services have seen larger reductions. While local authorities have tried to make savings through efficiencies rather than by reducing services, there is some evidence of reduction in service levels.

According to the NAO, however, the Department does not monitor in a coordinated way the impact of funding reductions on services, and relies on other departments and inspectorates to alert it to individual service failures. In consequence, the Department risks becoming aware of serious problems with the financial sustainability of local authorities only after they have occurred.

The Department's processes for assessing the capacity of authorities to absorb further funding reductions are also not sufficiently robust.

Local government financial reporting remains strong

Local government guidance

The Audit Commission published its report, [Auditing the Accounts 2013/14: Local government bodies](#), on 11th December.

Financial reporting was consistently strong for most types of principal local authority in 2013/14 when compared to the previous financial year. This year the Commission has congratulated 16 bodies where auditors were able to issue an unqualified opinion and a VFM conclusion on the 2013/14 accounts by 31 July 2014, and the body published audited accounts promptly. Although, as only 21 principal bodies have managed to publish their audited accounts by 31 July since 2008/09, a move to bring the accounts publication date forward is likely to cause significant challenges for the majority of public bodies.

The Commission reports that auditors were able to issue the audit opinion by 30 September 2014 at 99 per cent of councils, 90 per cent of fire and rescue authorities, 97 per cent of police bodies, all other local government bodies and 99 per cent of both parish councils and internal drainage boards. This is consistent with last year for most groups, but an improvement for councils and small bodies compared to 2012/13.

Eight principal authorities were listed where the auditor was unable to issue an opinion by the 30th September deadline.



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Report to: Audit Committee

Date of meeting: 11 March 2015

Report of: Acting Head of Finance Shared Services

Title: External Audit – Certification Work Report 2013/14

1.0 SUMMARY

- 1.1 This report allows the Committee to ask questions of the external auditor concerning his certification work report.

2.0 RECOMMENDATIONS

- 2.1 That members note the contents of the Certification Work report.

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 Attached at Appendix 1 is the Certification Work report 2013/14.

3.2 Mr. Richard Lawson from Grant Thornton UK LLP, the Council's appointed external auditors will be at the meeting to present the report and answer questions.

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**

None Specific.

4.4 **Potential Risks**

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

APPENDICES

Appendix 1 Grant Thornton UK LLP Watford Borough Council –
Certification work report 2013/14 - January 2015

Joanne Wagstaffe
Finance Director
Watford Borough Council
Hempstead Road
Town Hall
Watford
WD17 3 EX

6 January 2015

Dear Joanne,

Certification work for Watford Borough Council for year ended 31 March 2014

We are required to certify certain claims and returns submitted by Watford Borough Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.

We have certified one claim for the financial year 2013/14 relating to expenditure of £38.4 million. Further details of the claims certified are set out in Appendix A.

There were a couple of issues arising from our certification work which we wish to highlight for your attention.

- The draft housing subsidy claim had to be submitted to the DWP by the 30 April 2014, the Council submitted the draft claim by 7 May 2014. Although this represents an improvement on the prior year's submission, further improvements are to be made to ensure compliance with future submission deadlines.
- There was one instance of Non HRA rent rebate not being supported by a claim form or other relevant prime records. Additional testing of a further 40 cases was performed, in accordance with audit commission methodology, that resulted in no further errors being detected.

The indicative fee for 2013/14 for the Council is based on the final 2011/12 certification fees, reflecting the amount of work required by the auditor to certify the claims and returns in that year. Fees for schemes no longer requiring certification (such as the national non-domestic rates return) have been removed. The fees for certification of housing benefit subsidy claims have been reduced by 12 per cent, to reflect the removal of council tax benefit from the scheme. The indicative scale fee set by the Audit Commission for the Council for 2012/13 is £16,368. This is set out in more detail in Appendix B.

Yours sincerely

For Grant Thornton UK LLP

Appendix A - Details of claims and returns certified for 2013/14

Claim or return	Value	Amended?	Amendment (£)	Qualified?	Comments
Housing benefits subsidy claim	£38.4million	No	-	Yes	<p>The draft claim was submitted to the DWP on 7 May 2014, the deadline for submission to the DWP is 30 April 2014.</p> <p>Claim subject to a qualification letter and one instance of additional 40 plus case testing.</p>

Appendix B: Fees for 2013/14 certification work

Claim or return	2012/13 fee (£)	2013/14 indicative fee (£)	2013/14 actual fee (£)	Variance (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	13,368	11,088	11,088	-	
National non- domestic rates return (NNDR3)	3,000	N/a	N/a	-	No requirement to certify this return in 2013/14
Total	16,368	11,088	11,088	-	

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Report to: Audit Committee

Date of meeting: 11 March 2015

Report of: Acting 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 March 2015
- 2.3 Agree removal of implemented recommendations (see Appendix 3)
- 2.4 Agree the changes to the implementation date for 21 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.
- 3.4 Since the Committee meeting in December 2014, there are 15 new requests for extensions to time to complete the implementation of the recommendations.
- 3.5 The table below summarizes progress in implementation of the recommendations:

Year	Recommendations made.	Implemented	Not yet due	Outstanding & Request made for Extended Time	Percentage implemented %
2010/11	213	212	1	0	99
2011/12	114	111	0	3	97
2012/13	49	47	0	2	96
2013/14	93	76	8	9	82
2014/15	34	10	16	8	29

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



Watford Borough Council
Audit Committee Progress Report
11 March 2015

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 20 February 2015
- Approve amendments to the Audit Plan as at 20 February 2015
- Agree removal of implemented recommendations (see Appendix B)
- Agree the changes to the implementation date for 21 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

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 20 February 2015.
- 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 20 February 2015.

Background

- 1.2 The work of internal audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. It is considered good practice that progress reports also include proposed amendments to the agreed annual audit plan.
- 1.3 The 2014/15 Annual Audit Plan was approved by Audit Committee on 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 10 December 2014.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 20 February 2015, 87% of the 2014/15 Audit Plan days had been delivered (calculation excludes contingency) for the combined WBC and Shared Services plans. Appendix A provides a status update on each individual deliverable within the audit plan.
- 2.2 The following 2014/15 reports have been finalised since December Audit Committee.

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Council Tax (shared plan)	Dec '14	Substantial	Two medium Four merits attention
Debtors (shared plan)	Dec '14	Moderate	Two high One medium One merits attention
Sickness Absence (shared plan)	Dec '14	Full	None
IT Change Management (shared plan)	Jan '15	Moderate	Four medium Two merits attention
NDR (shared plan)	Jan '15	Moderate	Two high Five medium Three merits attention
Treasury Management CRSA Year 1	Feb '15	Full	None
VINCI Contract	Feb '15	Substantial	Three medium

Status of Audit Recommendations

- 2.3 Members will be aware that a Final Audit Report is issued when it has been agreed by management and includes an agreement to implement the recommendations made. It is SIAS's responsibility to bring to Members' attention the implementation status of all audit recommendations. It is the responsibility of officers to implement recommendations by the agreed date.
- 2.4 The table below summarises progress in implementation of all outstanding internal audit recommendations as at February 2015, 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	212	1	0	99%
2011/12	114	111	0	3	97%
2012/13	49	47	0	2	96%
2013/14	93	76	8	9	82%
2014/15	34	10	16	8	29%

- 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 21 recommendations, as detailed in Appendix B, covering the following audits:
- a) One for IT Project Management,
 - b) Two for IT Back Up and Disaster Recovery (actual dates not confirmed),
 - c) One for IT Server Virtualisation (actual date not confirmed),
 - d) One for Risk Management,
 - e) Three for Counter Fraud Arrangements in the Shared Service Benefit Fraud Team,

- f) One for Main Accounting System,
- g) One for Cyber Risk,
- h) Three for Health Campus,
- i) Four for Council Tax,
- j) Four for Debtors.

** In the case of one of the outstanding recommendations from the Housing Redesign audit, (ref. 04), no update was received, although the latest deadline date (December 2014) has now elapsed. This accounts for the difference of 1 between the number of recommendations itemised above (21) and the total number in the 'Outstanding and request made for extended time' column in the table at 2.4 (22).

Proposed Audit Plan Amendments

2.7 Since December 2014 Audit Committee, the following amendment to the 2014/15 Shared Services Audit Plan has been agreed with officers of the Council and is detailed below for Audit Committee approval:

- Review of Counter-Fraud Arrangements – audit cancelled as there is only limited value in audit involvement in 2014/15 as the Council has not decided on arrangements for the fraud team going forwards. Area included in the draft 2015/16 Shared Services Plan when assurance over arrangements is considered more valuable.

As this is a late plan change in the financial year a review in conjunction with Management of reserve items that can be accommodated has resulted in Management requesting that the five days be used for a Voluntary Sector Grants audit at Three Rivers District Council.

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 20 February 2015	Actual to 20 February 2015
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	85%	87%
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects (excludes 2013/14 completion and 'on-going' pieces)	95%	74% (20 projects to draft)	70% (19 projects to draft)
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100%
4. Number of High Priority Audit Recommendations agreed	95%	95%	100% (4 made)

- 2.9 Four new high priority recommendation have been made since December Audit committee. Two relate to the Debtors audit (promptness of recovery action and use of hold codes to suspend recovery action) and two to the NDR audit (monitoring of debt with the bailiffs and ensuring uncollectable debt is written-off in a timely manner).

Full details are included in Appendix B.

- 2.10 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.

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)	Substantial	0	4	2	15	Yes	14.5	Draft report issued
Council Tax (shared)	Substantial	0	2	4	12	Yes	12	Final report issued
Creditors (shared)					9	Yes	5	In fieldwork
Debtors (shared)	Moderate	2	1	1	11	Yes	11	Final report issued
Main Accounting CRSA Yr1 (shared)					15	Yes	7	In fieldwork
NDR (shared)	Moderate	2	5	3	12	Yes	12	Final report issued
Payroll (shared)					14	Yes	13	Draft report issued
Treasury Management CRSA Yr1	Full	0	0	0	5	Yes	5	Final report issued
Budgetary Control					8	Yes	5	In fieldwork
Operational Audits								
Asset Management					8	Yes	1.5	ToR issued
Community Centres	Full	0	0	0	6	Yes	6	Final report issued
Community Grants					6	Yes	5	In fieldwork
Enforcement	N/A	-	-	-	1	N/A	1	Audit cancelled
Health Campus	N/A	-	-	-	0	N/A	0	Audit cancelled
Sickness Absence (shared)	Full	0	0	0	8	Yes	8	Final report issued

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Procurement								
Charter Place Development	N/A	-	-	-	1	Yes	1	Audit closed
Procurement & Contract Management Baseline Assessment Follow Up	N/A	-	-	-	3	Yes	3	Final report issued
Sport & Leisure Management Ltd (SLM) and HQ Theatres Contract Management	Substantial	0	1	5	12	Yes	12	Final report issued
Veolia Contract Monitoring Follow Up	N/A	-	-	-	5	Yes	5	Final report issued
Contract Payments					16	Yes	15	Draft report issued
Use of Consultants					8	Yes	7	In fieldwork
VINCI Parking Contract	Substantial	0	3	0	5	Yes	5	Final report issued
Counter Fraud								
Review of counter-fraud arrangements (shared)					0	No	0	Audit cancelled
Risk Management and Governance								
Risk Management					5	Yes	3	In fieldwork
Corporate Governance					5	Yes	3	In fieldwork

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
IT Audits								
Disaster Recovery (shared)					12	PwC	11	Draft report issued
IT Operations & Contract Management (shared)					15	PwC	14	Draft report issued
IT Change Control (shared)	Moderate	0	4	2	15	Yes	15	Final report issued
SIAS Joint Work								
NDR Anti-Avoidance Arrangements (shared)	Full	0	0	2	8	Yes	8	Final report issued
Risk Management & AGS	N/A	-	-	-	2	Yes	2	Final report issued
Ad Hoc Advice								
Ad hoc advice	N/A				3	N/A	2.5	On-going
Contingency								
Unused contingency	N/A				2	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	11	On-going
Monitoring & Client Liaison	N/A				10	N/A	9.5	On-going

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
2015/16 Audit Planning	N/A				6	N/A	6	Complete
SIAS Development	N/A				3	N/A	3	Complete
Follow-up of recommendations	N/A				10	N/A	10	Complete
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		128	
SHARED SERVICES TOTAL					158		142.5	
COMBINED TOTAL					312		270.5	

Key to recommendation priority levels:

H = High

M = Medium

MA = Merits attention

N/A = Not applicable

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> <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</p>	ICT Client Manager	June 2012	✓	<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>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> <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> <p>Position – October 2014 Appgate issues resolved. Tokens are now being reissued to W3R.</p> <p>Position – February 2015 Completed</p>				
09	Management should ensure that security settings on mobile device handsets such as iPhones enforce the following settings:	Important	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.	ICT Client Manager	March 2013	x	March 2014 Dec 2015 (Not yet due)

IT Remote Working 2010/11

Final report issued January 2012

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
	<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 short distance data transfer; and 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>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> <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>				

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 - November 2013 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> <p>Position – October 2014 Not yet due</p> <p>Position – February 2015 Not yet due</p>				

Audit Plan 2011/12

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> <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>	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> <p>Feb 2015</p> <p>June 2015</p>

IT Project Management 2011/12

Final report issued November 2011

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
			<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 On track. Report to be completed by end of September.</p> <p>Position - October 2014 IT Strategy Report Completed. Requires sign off and agreed way forward from both Councils.</p> <p>Position – February 2015 IT Strategy Report Completed. Requires sign off and agreed way forward from both Councils. Revision of dates will fall in line with budget setting for Sept 2015.</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
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 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</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> <p>Feb 2015</p> <p>TBC</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>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 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> <p>Position - October 2014 As above. DC move timeframe extended to migrate services/hardware from mid Dec 2014 to end of Jan 2015.</p> <p>Position – February 2015 DC Migration delayed indefinitely. DR planning moved to Account Recovery works.</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	Essential	<p>Agreed</p> <p>Position - January 2013 A DR test is being planned before the service is transferred to Capita are expected to</p>	ICT Client Manager	March 2013	* (part resolved)	<p>Dec 2013</p> <p>Apr 2014</p> <p>June 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 x or ✓	Revised Deadline
	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.		<p>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, 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> <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</p>				<p>Dec 2014</p> <p>Feb 2015</p> <p>TBC</p>

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>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> <p>Position - October 2014 As above. DC move timeframe extended to migrate services/hardware from mid Dec 2014 to end of Jan 2015.</p> <p>Position – February 2015 DC Migration delayed indefinitely. DR planning moved to Account Recovery works.</p>				

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 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 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</p>	ICT Client Manager	November 2013	* (part resolved)	Dec 2013 May 2014 Sept 2014 Nov 2014 Feb 2015 TBC

IT Server Virtualisation (ICT) 2012/13

Final report issued December 2012

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
			<p>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> <p>Position - October 2014 As above. DC move timeframe extended to migrate services/hardware from mid Dec 2014 to end of Jan 2015.</p> <p>Position – February 2015 No progress</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> <p>Position – November 2014 Not yet due</p> <p>Position – February 2015 We have not yet developed action plans this will need to be deferred to September 2015.</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>Mar 2015</p> <p>Sept 2015</p>

Audit Plan 2013/14

Procurement and Contract Management Baseline Assessment 2013/14							
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> <p>Position – August 2014 Not yet due</p> <p>Position – November 2014 In progress</p> <p>Position – February 2015 The Toolkit Task Group has met regularly and all the basic documents have been prepared with others to be added as and</p>	Corporate Procurement Manager	31 January 2014	✓	<p>31 March 2014</p> <p>November 2014</p> <p>31 Jan 2015</p>

Procurement and Contract Management Baseline Assessment 2013/14							
Final report issued October 2013							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			when required. The style and format of the Toolkit is being developed and a formal launch event is planned at the next formal meeting of the full Contract Management Forum in May 2015.				

Housing Redesign 2013/14							
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	<p>Position – November 2013 Not yet due</p> <p>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.</p> <p>Position – May 2014 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</p>	Housing Supply Manager	31 March 2014	*	<p>28 July 2014</p> <p>31 December 2014</p>

Housing Redesign 2013/14							
Final report issued December 2013							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>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> <p>Position – November 2014 Further workshop scheduled 17 November.</p> <p>Position – February 2015 No update received</p>				
07	Housing assessments and short-listing systems should be fully documented at the earliest opportunity.	Medium	<p>Position – November 2013 Not yet due</p> <p>Position – February 2014 Not yet due. Shortlisting process has been documented. Housing assessments work to be progressed in February 2014.</p> <p>Position – May 2014 Systems most sensibly to be documented as part of implementation of new Nomination Policy.</p> <p>Position – August 2014 Not yet due</p> <p>Position – November 2014 As above – processes in design phase as part of implementation (go live date now April 15).</p>	<p>Housing Supply Manager</p> <p>Housing Demand Manager</p>	31 March 2014	*	<p>November 2014</p> <p>April 2015 (Not yet due)</p>

Housing Redesign 2013/14							
Final report issued December 2013							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
			Position – February 2015 Not yet due				

Counter Fraud Arrangements in the Shared Service Benefit Fraud Team 2013/14							
Final report issued February 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x 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> <p>Position – October 2014 Not yet due</p>	Fraud Manager	1 June 2014	x	Dec 14 Dec 15

Counter Fraud Arrangements in the Shared Service Benefit Fraud Team 2013/14							
Final report issued February 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
			Position – February 2015 The position remains the same. Whilst we have a significant reduction in staff we cannot allocate resources to additional proactive work. This will change in Dec 2015 when some HB transfers to SFIS.				
02	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. This should be considered in the context of the financial incentive introduced by the business rates retention scheme.	Medium	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. Position – May 2014 Not yet due 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. Position – October 2014 Not yet due Position – February 2015 The position remains the same. Whilst we have a significant reduction in staff we cannot allocate resources to additional proactive work. This will change in Dec 2015 when some HB transfers to SFIS. Some reactive enquiries are ongoing	Fraud Manager	1 June 2014	x	Dec 14 Dec 15

Counter Fraud Arrangements in the Shared Service Benefit Fraud Team 2013/14

Final report issued February 2014

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
			however.				
03	The Benefits Fraud Shared Service should consider undertaking a proactive intervention exercise to investigate Single Person Discount cases.	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 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> <p>Position – October 2014 Not yet due.</p> <p>Position – February 2015 SPD data should be received back from exercise in March 2015.</p>	Fraud Manager	1 June 2014	x	Dec 14 Apr 15

Council Tax 2013/14							
Final report issued April 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
04	Disabled discounts, exemptions and empty properties should be reviewed as a whole for both WBC and TRDC to ensure that the system is cleared of any obsolete data.	Medium	<p>Agreed. We are going to work out a programme of reviews for this year. Because of the backlog this has not previously been possible.</p> <p>A plan will be in place by the end of May 2014 to undertake a rolling review throughout 2014/15.</p> <p>Position – May 2014 Not yet due</p> <p>Position – August 2014 Not yet due</p> <p>Position – October 2014 We have completed the full SPD Review with Datank (as at 30/9) and have now also started a review of Disabled discounts and student exemptions. The system is being cleansed so that we have review dates for all discount types going forward with no open ended awards.</p> <p>Position – February 2015 Not yet due</p>	Robert Della-Sala, Head of Revenues and Benefits	In year and completed by 31 March 2015	*	
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 and the</p>	Robert Della-Sala, Head of Revenues and Benefits	30 September 2014	*	31 March 2015 (Not yet due)

Council Tax 2013/14							
Final report issued April 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			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 Position – October 2014 In progress Position – February 2015 In progress				

Budget Monitoring 2013/14							
Final report issued April 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	Recommendation to be considered post SIAS comparative review (currently in progress): 1) Procedure notes for the new system should be documented to reflect changes in established processes. 2) Thereafter, review of these procedure notes should be undertaken periodically.	Merits Attention	Agreed that procedure notes should always be documented and kept up to date however, our procedure notes remain fit for purpose. Position – May 2014 Not yet due Position – August 2014 Not yet due Position – November 2014 Date extended	Finance Managers (Stephen Exton / Bryan Collett)	30 September 2014	✓	31 Dec 2014

Budget Monitoring 2013/14

Final report issued April 2014

			Position – February 2015 Procedure notes written.			✓	
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Creditors 2013/14

Final report issued April 2014

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
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 shortly. We are looking to change card providers in the near future so a full review will be made then.</p> <p>Position - October 2014 Joanne Wagstaffe agreed existing limits but a review of card holders is being undertaken now so the whole situation will be reviewed.</p> <p>Position – February 2015 Three Rivers – all reviewed as the Procurement cards have moved to Lloyds</p>	Tracy Langley – Senior Finance Officer	30 September 2014	<p>✓</p> <p>✓</p>	31 Dec 2014

Creditors 2013/14							
Final report issued April 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			as opposed to Barclaycard. Waiting for this to bed in and will then move the Watford users to Lloyds and review all. Watford therefore done in May 2014 and TRDC December 2014 – Recommendation therefore resolved.				

Main Accounting 2013/14							
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> <p>Position – October 2014 Not yet due</p> <p>Position – February 2015 Not yet done –Revised deadline April 2015.</p>	Tracy Langley – Senior Finance Officer	30 September 2014	*	<p>31 December 2014</p> <p>30 June 2015</p>

Debtors 2013/14							
Final report issued May 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
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	<p>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.</p> <p>This will include a review of bailiffs / committals and the re-introduction of bankruptcy action.</p> <p>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.</p> <p>Position – May 2014 Not yet due</p> <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> <p>Position – October 2014 Bailiff module will go live by 31/12/14. All aged debts are now being monitored monthly. Work has started on liquidation/bankruptcy cases.</p>	Robert Della-Sala, Head of Revenues and Benefits	30 September 2014	*	31 March 2015 (Not yet due)

Debtors 2013/14							
Final report issued May 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			Position – February 2015 A handful of cases have been referred to Legal and cases will shortly be passed to our new Bailiffs – Target date 28/02/15 awaiting Capita SQL guidance.				
03	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. ii) As a deterrent and to improve accuracy consider obtaining authorisation from the individual or service who raised the initial request.	Medium	It is intended to introduce a QA process into Revenues during Q2. This will include 10% sampling of cases which will be documented. Position – May 2014 Not yet due Position – August 2014 Position – October 2014 Not yet due Position – February 2015 Still awaiting ANITE upgrade.	Robert Della-Sala, Head of Revenues and Benefits	30 September 2014	*	31 March 2015 (Not yet due)

Cyber Risk 2013/14							
Final report issued June 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	Management should ensure that the Information Security policy is published and communicated to staff	Medium	Information Security Policy is in the process of being updated again due to the data classification scheme change by central	Emma Tiernan – ICT Section Head	30 September 2014	✓	Nov 2014 Dec 2014

Cyber Risk 2013/14							
Final report issued June 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
	<p>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>		<p>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> <p>Position - October 2014 Policy changes including revision of data classification scheme approved at ITSG – Aug 5 meeting. Agreed that data classification training required as part of Info Sec training module. Currently being drafted.</p> <p>Position – February 2015 Completed</p>			✓	
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 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</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 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</p>	Emma Tiernan – ICT Section Head	31 December 2014	✓	

Cyber Risk 2013/14							
Final report issued June 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	both internal and external threats and particularly focus on user awareness and training.		Classification completed and approved at ITSG – 5 th August 2014. Position – October 2014 Not yet due Position – February 2015 Completed			✓	
03	Management should ensure the data loss prevention policy is developed and published at the earliest. As part of this process, management should: a) Consider all possible media for data loss and risk assess the various options. b) Encryption procedures should be considered to ensure only authorised devices are used. c) User training should be considered a key element of the process to enable a successful rollout.	High	a) 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”. b) Existing policies will be reviewed, updated accordingly and changes reflected within the Information Security training e-module. Position – August 2014 a) Not Yet Due b) Policies updated and approved at 8 th Aug 2014 ITSG and training module drafted. Position – October 2014 Part A - Not yet due. This is within scope of ModerniseIT. Part B – Policies revised and updated. Info Sec e-learning module currently being written.	Emma Tiernan – ICT Section Head	30 June 2015 (Not yet due) 30 September 2014	* ✓	 Dec 2014

Cyber Risk 2013/14

Final report issued June 2014

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			Position – February 2015 a) Still in progress – encrypted usb keys currently being deployed.				
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	<p>In progress. This requires updating as per the recommendations above, as well as to reflect the change in data classification terms.</p> <p>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.</p> <p>Position – October 2014 As above. This is in progress.</p> <p>Position – February 2015 Completed and rolled out to staff.</p>	Emma Tiernan – ICT Section Head	30 September 2014	<p>✓</p> <p>✓</p>	<p>Nov 2014</p> <p>Dec 2014</p>
05	Management should ensure that procedures performed by Capita to identify security 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).	Medium	<p>Monthly security management information reporting is in place. This needs to be developed further to align with appropriate actions on the operational risk register.</p> <p>Position – August 2014 In progress, operational risk register is in the process of being reviewed.</p> <p>Position – October 2014 This recommendation has been delayed due to a change in Capita staffing. The service delivery manager whose responsibility this is has been exited and is currently being replaced. Please note monthly Info Sec reporting is in place.</p>	Emma Tiernan – ICT Section Head	30 September 2014	✓	Dec 2014

Cyber Risk 2013/14							
Final report issued June 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
			Position – February 2015 Completed			✓	
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	<p>The policy is to be created.</p> <p>Position – August 2014 Not yet due</p> <p>Position – October 2014 Not yet due</p> <p>Position – February 2015 Completed</p>	Emma Tiernan – ICT Section Head	31 December 2014	<p>✓</p> <p>✓</p>	
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	<p>As per recommendation 6, a user management policy should be created with associated procedures. This needs to be deployed appropriately to staff.</p> <p>Section Head to take this up with Capita Service Delivery Management.</p> <p>Position – August 2014 Not yet due</p> <p>Position – October 2014 Not yet due</p> <p>Position – February 2015 Completed</p>	Emma Tiernan – ICT Section Head	31 December 2014	<p>✓</p> <p>✓</p>	
08	A process should be implemented to review incidents on a monthly basis and analyse the impact of such	Merits Attention	In progress. Vacant ICT Client Manager post filled as at 6 th of May 2014. Statistics and performance management information is	Emma Tiernan – ICT Section Head	30 September 2014	✓	Dec 2014

Cyber Risk 2013/14							
Final report issued June 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	incidents. Further, this review should identify actions to be taken to prevent such incidents from taking place in the future.		<p>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> <p>Position – October 2014 As above – account recovery is in progress.</p> <p>Position – February 2015 Completed</p>			✓	
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 Not yet due</p> <p>Position – October 2014 Deadline revised in line with DC move.</p> <p>Position – February 2015 No progress – moved into recovery.</p>	Emma Tiernan – ICT Section Head	31 December 2014	*	Feb 2015 June 2015

Health Campus 2013/14 Final report issued June 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
04	The Council should confirm and approve the project methodology to be used.	Medium	<p>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 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> <p>Position – November 2014 Not yet due</p> <p>Position – February 2015 The project has experienced delays due to cost pressure and value engineering is being undertaken on the project which has delayed matters by around 3 months. It is now anticipated that the infrastructure and the first phase of the development will be produced for approval in March 2015.</p>	Programme Manager	30 June 2014	*	Dec 14 Mar 15
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</p>	Programme Manager	30 June 2014	*	Dec 14 Mar 15

Health Campus 2013/14							
Final report issued June 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>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> <p>Position – November 2014 Not yet due</p> <p>Position – February 2015 The issue of benefits generated is directly linked to the production of the business plans mentioned above and similarly delayed to March 2015.</p>				
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</p>	Programme Manager	31 March 2015 and on-going	* (part met)	Jun 15

Health Campus 2013/14							
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Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>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> <p>Position – November 2014 Not yet due</p> <p>Position – February 2015 The resilience and knowledge transfer is being dissipated throughout the organisation for the early phases and this objective has been partially achieved. Further work however is required to fully achieve this goal which is anticipated in June 2015.</p>				

Health & Safety 2013/14							
Final report issued July 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
02	<p>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.</p> <p>Introduce supervisory review which acts to hold responsible officers to account regarding the completion of</p>	High	<p>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.</p> <p>Position – August 2014 Not yet due</p>	Ian Browne - Head of Facilities Management	30 September 2014	* (part met)	May 2015 (Not yet due)

Health & Safety 2013/14							
Final report issued July 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	<p>risk assessment actions.</p> <p>Retain evidence of completion and sign-off centrally and on-site.</p>		<p>Position – November 2014 All accessible areas have been cleared from Town Hall and are now returned to use. Additional debris was discovered in risers during this process which has been scheduled in for removal May 2015 or once heating system has been turned off.</p> <p>Position – February 2015 Asbestos register has been completed with all known sources identified and recorded. Any actions also recorded against this document and the Policy & Management Plan have been updated in line with these actions.</p> <p>Outstanding actions form part of the ongoing management plan.</p>				
04	<p>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.</p> <p>Access requested by, and granted to, sub-contractors should be centrally logged by Buildings Managers.</p> <p>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</p>	Medium	<p>Create contact register of responsible persons and provide responsible persons training for identified Buildings Managers and key personnel. Insert into Asbestos Management Plan.</p> <p>Arrange for refresher programme to be annualised.</p> <p>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.</p> <p>Position – August 2014 Not yet due</p>	Ian Browne - Head of Facilities Management	31 March 2015 (Part completed - training regime being finalised and agreed with Supplier) (Not yet due)	* Part met)	

Health & Safety 2013/14							
Final report issued July 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
	<p>the 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>		<p>Position – November 2014 Responsible persons training module and management package is in draft for approval and subsequent roll out to meet deadline.</p> <p>Annualised Asbestos Inspections have been instructed through Appointed Compliance Contractor and will now take place as a matter of course.</p> <p>Position – February 2015 Responsible persons training module circulated for comment and feedback. Final version being prepared for release and implementation once Service Heads have approved staff involvement. This forms part of a wider programme of awareness training to cover all aspects of statutory building compliance.</p>				

Audit Plan 2014/15

SLM & HQ Theatres Contract Management 2014/15							
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 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.	Merits Attention	<p>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.</p> <p>Position – August 2014 Not yet due</p> <p>Position – November 2014 This is underway and will be completed by the amended deadline.</p> <p>Position – February 2015 A contract 'lite' document is being developed and will be completed by the amended deadline.</p>	Prema Mani – Commissioning Manager	31 October 2014	*	31 March 2015 (Not yet due)
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	<p>We are already looking at the Veolia joint risk register template and will raise this with SLM at our meeting on 28th August.</p> <p>Position – August 2014 Not yet due</p> <p>Position – November 2014 This is underway. Meeting with SLM in December to discuss and finalise. We will be developing a joint risk register with HQ Theatres to be finalised by March 2015.</p> <p>Position – February 2015</p>	Prema Mani – Commissioning Manager	31 October 2014	*	31 March 2015 (Not yet due)

SLM & HQ Theatres Contract Management 2014/15

Final report issued July 2014

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			Initial meeting with SLM – document being finalised anticipated this will be completed end of February and HQ Theatres will be completed by end of March 2015.				
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	<p>Watford Central have their Quest inspection early Oct 2014 but results will not be immediately known.</p> <p>Watford Woodside have been asked to inform us of the date of their Quest inspection.</p> <p>Position – August 2014 Not yet due</p> <p>Position – November 2014 Central achieved their QUEST accreditation in October. Woodside have now submitted their application for QUEST.</p> <p>Position – February 2015 Woodside have been advised that the assessment is likely to take place in May 2015. They will provide details of the exact dates when they receive this.</p>	Prema Mani – Commissioning Manager	31 March 2015 (Not yet due)	*	

NDR Anti-Avoidance Arrangements 2014/15							
Final report issued October 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
01	<p>Consideration should be given to updating the Watford and Three Rivers Councils websites to include information on NDR avoidance that may deter the use of avoidance tactics.</p> <p>Typical wording could include:</p> <p>"If regular periods of short term occupation at a property exist we may need further verification of occupation before we can re-award the void exemption. This may involve a visit to the premises by one of our Officers. It is important that if you intend to occupy a property for a short period of time that you contact us immediately. If you are the landlord of a property and assign a short term lease it is advisable to forward a copy of the tenancy agreement to our office to verify your entitlement to any subsequent exemptions."</p> <p>The recommendation should be considered as part of an overall review of the Revenues Service webpages, which currently provide limited information on how the service operates.</p>	Merits Attention	<p>Agreed – however will need IT assistance to update the web not just for this page but for all pages.</p> <p>Position - October 2014 Not yet due</p> <p>Position – February 2015 Ongoing, should meet 31/03/15 target date.</p>	Head of Revenues & Benefits	31 March 2015 (Not yet due)	x	

Council Tax 2014/15							
Final report issued December 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	The Revenues Officer(s) responsible for performance of the reconciliation of the VOA list to the Academy system should be required to sign and date the supporting documentation.	Merits Attention	In agreement as some VOA schedules were signed and some not. Position – February 2015 Implemented	Revenues Manager	With immediate effect	✓ ✓	
02	Internal Audit testing identified two cases (one for each Council) where diary dates had not been entered on the Academy system for an empty property and a case where probate relief was granted. Although inspections do take place, there is no pro-active contact with other parties e.g. solicitors, to ensure the exemption remains applicable.	Medium	The new Revenues Manager who started on 1 September 2014 identified the area during September, 2014, and plans are now in action for all staff to adhere to same procedures including diarising accounts to follow up Executor details etc. Position – February 2015 Procedures prepared and awaiting correspondence within Academy once Annual Billing testing completed.	Revenues Manager	With immediate effect	*	31 March 2015
03	Revenues Officers should be entering provisional end dates for Student Exemptions. An exercise should be performed to check existing Student Exemptions cases to ensure that dates are in place. This review should be undertaken annually in future.	Medium	The new Revenues Manager, who started on 1 September 2014, identified this area as a weakness and immediately ran a report, which staff are now working through on a monthly basis. This will be automated once the historic provisional end dates have been worked through. Position – February 2015 Procedures prepared and awaiting correspondence updated within Academy once Annual Billing testing completed.	Revenues Manager	31 December 2014	*	31 March 2015

Council Tax 2014/15							
Final report issued December 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
04	Consideration should be given to the utilisation of 'autoceasing' functionality within the Academy system to automatically remove exemptions at the relevant end date.	Merits Attention	Automated process will start once historic cancellations are addressed. Position – February 2015 Run weekly on a Tuesday.	Revenues Manager	31 December 2014	✓ ✓	
05	Formal confirmation following verbal notification of a death should be requested and followed-up. The next of kin or executor of the estate should be asked to provide written evidence or complete a 'death form'.	Merits Attention	Area identified prior to Audit review and procedures in place now to diarise and follow up next of kin details. Position – February 2015 Procedures prepared and awaiting correspondence updated within Academy once Annual Billing testing completed.	Revenues Manager	With immediate effect	*	31 March 2015
06	Prior year suspense account entries should be reviewed, and where the payment cannot be linked with an account, the amounts written off.	Merits Attention	Revenues Manager has now spoken with Cash Office Team Leader who will be reviewing monthly. Position – February 2015 Cash Office Team Leader reviewing.	Revenues Manager	With immediate effect	*	31 March 2015

Debtors 2014/15							
Final report issued December 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	The Council should explore the possibility of developing an authorisation function within e-	Medium	Head of Service and Revenues Manager are currently looking at staffing structure to streamline processes.	Revenues Manager	31 March 2015	*	31 May 2015

Debtors 2014/15							
Final report issued December 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	<p>Financials that will not allow the releasing of a credit note without appropriate authorisation from a second officer.</p> <p>Given that developments to the system may take some time to be implemented, in the interim a manual authorisation process should be introduced. A second officer should review and authorise all credit notes raised prior to being sent to the customers. Evidence, by way of a control sheet, should be retained to support the authorisation process.</p> <p>Part of the authorisation process should include a review of the evidence that supports the reason for the credit note. To aid the review, consideration should be given to allowing all services access to Anite.</p>		Position – February 2015 Ongoing				
02	<p>Debts should be recovered in accordance with the Debt Recovery Policy.</p> <p>The Council should investigate the possibility of automating the process for issuing reminder letters through system upgrades.</p> <p>Additionally, it would be beneficial for the Council to produce the letters and undertake recovery action at the same time each week to ensure that all customers are contacted in</p>	High	<p>Head of Service and Revenues Manager are currently looking at staffing structure to streamline processes, however, weekly reminders should be run and Revenues Manager will look at structuring current Council Tax & Business Rates recovery timetable to include Sundry Debt recovery timetable.</p> <p>Position – February 2015 Ongoing</p>	Revenues Manager	31 January 2015	*	31 May 2015

Debtors 2014/15							
Final report issued December 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	accordance with the Debt Recovery Policy.						
03	<p>We recommend that, initially, the Council undertake a process of reviewing all debts that have aged for more than 12 months. This process should include writing off debts as necessary and identifying where hold codes have been placed on debts.</p> <p>Upon completion of the above, we recommend that management consider using the aged debt report on periodic basis, perhaps monthly, to ensure that the appropriate recovery action has been taken for all debtors that have hold codes placed upon them. This will also allow management to identify where errors have been made that cause recovery action to be suspended or terminated.</p>	High	<p>Revenues Manager now leading with Aged Debt Analysis report to be reviewed monthly with a view to targeting 3 – 6 months plus in arrears as a matter of course.</p> <p>Position – February 2015 Ongoing in sync with Recovery Team Leader.</p>	Revenues Manager	With immediate effect	*	30 April 2015
04	<p>We recommend that consideration is given to including the unit cost within the invoice to allow an arithmetic check to be performed by a second officer.</p> <p>Unit costs may be in the form of, but not limited to, weekly rental amounts, hourly rates for hire or one off costs relating to services provided.</p>	Merits Attention	<p>Head of Service will be exploring further with S151 Officer due to Shared Services and review of processes.</p> <p>Position – February 2015 Ongoing</p>	Revenues Manager	31 January 2015	*	31 May 2015

IT Change Management 2014/15							
Final report issued January 2015							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	(a) We recommend that the completion and appropriate quality checking of all supporting documentation (technical, operational and user) by Capita is stated generally in the W3R Communication Plan (see (b) below) with specific Capita actions in this respect included in all Work Plans relating to W3R RFCs.	Medium	Accepted Position – February 2015 Not due	ICT Client Section Head & Capita Account Director	30 June 2015 (Not yet due)	*	
	(b) We recommend that a copy of the Communication Plan for W3R is obtained from Capita and is then reviewed jointly to confirm / revise the specified local variances to the generic Capita central CM processes.	Medium	Accepted Position – February 2015 Not due	ICT Client Section Head & Capita Account Director	30 June 2015 (Not yet due)	*	
	(c) We recommend that W3R is included by Capita at all stages of any revisions to the W3R Communication Plan.	Merits Attention	Accepted Position – February 2015 Not due	ICT Client Section Head & Capita Account Director	30 June 2015 (Not yet due)	*	
02	(a) We recommend that there is appropriate liaison and confirmation between Capita and W3R to ensure clarity and agreed understanding regarding the categorisation of changes and the respective processes in each case.	Medium	Accepted Position – February 2015 Not due	ICT Client Section Head & Capita Account Director	30 June 2015 (Not yet due)	*	

IT Change Management 2014/15							
Final report issued January 2015							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved ✗ or ✓	Revised Deadline
	(b) We recommend that there is appropriate liaison and confirmation between Capita and W3R to obtain clarity and agreed understanding about the evaluation, scheduling and authorisation of changes, including the CAB processes, and to obtain reassurance about the quality checking that is carried out by Capita in this respect.	Merits Attention	Accepted Position – February 2015 Not due	ICT Client Section Head & Capita Account Director	30 June 2015 (Not yet due)	✗	
03	We recommend that the test plans and respective results are fully detailed and documented for each RFC as part of the relevant Work Plans. This should also include evidence of reviews carried out by Capita for ensuring that the testing complies with their defined process and that appropriate quality standards are met in this regard.	Medium	Accepted Position – February 2015 Not due	ICT Client Section Head & Capita Account Director	30 June 2015 (Not yet due)	✗	

NDR 2014/15							
Final report issued January 2015							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved ✗ or ✓	Revised Deadline
01	<p>Procedures covering key risk areas within NDR 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>	Medium	<p>Whilst documentation is held within Academy, for less experienced staff two training sessions (morning and afternoon) during March 2015 have since been arranged.</p> <p>The Business Rates Officers will prepare updated procedures early part of 2015/16.</p> <p>Position - February 2015 Not early part of 2015/16 yet, however, both NDR Officers aware.</p>	Revenues Manager	30 June 2015 (Not yet due)	✗	
02	Management should complete periodic checks of a sample of voids and reliefs to ensure businesses are entitled to the relief and the sum is correctly calculated.	Merits Attention	<p>Agreed</p> <p>Position - February 2015 Yet to start awaiting Tablet / Module – Meeting arranged with Capita on 240315 re implementation.</p>	Revenues Manager	31 July 2015 (Not yet due)	✗	
03	The available hardware should be introduced within the inspection regime, with appropriate training given where necessary	Merits Attention	<p>To clarify, the Service has bought the Inspectors module (2010 I believe) but yet to purchase the required tablets to support implementation due to lack of IT support.</p> <p>Whilst the current Revenues Manager has implemented such a module at a previous authority this was implemented with the help of internal IT resources and CSS.</p> <p>Position - February 2015 Yet to start awaiting Tablet / Module – Meeting arranged with Capita on 240315 re implementation.</p>	Revenues Manager	31 July 2015 (Not yet due)	✗	

NDR 2014/15							
Final report issued January 2015							
04	Revenues officers should be reminded of the need to record adequate notes on individual account records to support actions and decisions taken.	Medium	Staff will be reminded immediately. Position - February 2015 Part of job now.	Revenues Manager until Billing Team Leader in place	Immediate effect	✓ ✓	
05	Overdue account reminders should be issued in accordance with expected timeframes.	Medium	Job now queued and diarised for NNDR Billing Officers to target weekly including Final Notices. Position - February 2015 Weekly Reminders and Final Notices targeted on Wednesday's.	Revenues Manager	Immediate effect	✓ ✓	
06	Management should undertake periodic checks of a sample of debts on-hold to ensure decisions being made by officers are valid and appropriate.	Medium	Spreadsheet created for Senior Officers to cursory check 3 Reminder, Final Notice and Summons suppressions. Position - February 2015 To start 01/04/15	Revenues Manager	1 April 2015 (Not yet due)	✗	
07	Management should undertake periodic checks of a sample of special payment arrangements to ensure decisions being made by officers are valid and proportionate.	Medium	Recovery Team Leader to review Arrangements monthly. Revenues Manager to look into Arrangement Manager module that is currently available within Academy. Position - February 2015 To start 30/04/15	Recovery Team Leader / Revenues Manager	30 April 2015 (Not yet due)	✗	
08	The backlog of recent cases should be sent to the new bailiffs. Reconciliations between Academy and the historic bailiffs should be performed and historic cases reviewed to ensure these remain	High	Not only will regular meetings be held during 2015/16 but monitoring and reconciliation of cases will be reviewed quarterly. At the time of the Revenues Managers comments, cases were being prepared to be sent to the three new Bailiff firms on 28	Revenues Manager	31 July 2015 (Not yet due)	✗	

NDR 2014/15

Final report issued January 2015

	under active consideration. Going forward, regular reconciliations of cases submitted to bailiffs should be completed to ensure all such cases are being monitored.		January 2015. Position - February 2015 First batch issued late January, 2015 – Booked meetings with 3 x Bailiff firms for April 2015.				
09	Write-offs should be prepared and processed and authorised in a timely manner.	High	Processes and procedures are now in place for regular monthly write offs, of which first batch (TRDC) processed at time of writing comments. Position - February 2015 Ongoing monthly authorisations.	Revenues Manager	31 January 2015	✓ ✓	
10	The NDR Officer(s) responsible for performance of the reconciliation of the VOA list to the Academy system should be required to sign and date the supporting documentation.	Merits Attention	NNDR Billing Officers advised. Position - February 2015 Part of process / job.	Revenues Manager	Immediate effect	✓ ✓	

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Report to: Audit Committee

Date of meeting: 11 March 2015

Report of: Acting Head of Finance Shared Services

Title: Internal Audit Plans 2015/2016

1.0 SUMMARY

1.1 Attached are the proposed Internal Audit Plans for 2015/2016.

2.0 RECOMMENDATIONS

2.1 That the Committee approves the Watford Borough Council and Watford & Three Rivers Shared Services Internal Audit Plans for 2015/16 attached to this brief introduction.

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 SIAS 2015/16 Internal Audit Plan Report is attached at Appendix 1 and sets out the programme of work to support the Council's wider assurance framework.
- 3.2 The Audit Plan for the Council is attached at Appendix 2 and the Audit Plan for Shared Services is attached at Appendix 3. Both Plans have been constructed following detailed discussions with Heads of Services, the Director of Finance and the Leadership Team.

4.0 **IMPLICATIONS**

4.1 **Financial**

- 4.1.1 The Head of Finance comments that sufficient provision has been made in the 2015/16 revenue budget for the attached Audit Plan to be completed.

4.2 **Legal Issues** (Monitoring Officer)

- 4.2.1 The Head of Democracy and Governance comments that there are no legal implications arising directly out of this report.

4.3 **Equalities**

None Specific.

4.4 **Potential Risks**

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

APPENDICES

Appendix 1	SIAS 2015/16 Internal Audit Plan Report
Appendix 2	2015/16 Audit Plan – Watford Borough Council
Appendix 3	2015/16 Audit Plan – Shared Services



**Watford Borough Council
Audit Committee**

2015/16 Internal Audit Plan Report

11 March 2015

Recommendation

**Members are recommended to approve the
proposed Watford Borough Council and
Watford / Three Rivers Shared Services
Internal Audit Plans for 2015/16**

Contents

1. Introduction and Background

- 1.1 Purpose
- 1.2 Background

2. Audit Planning Process

- 2.1 Planning Principles
- 2.2 Approach to Planning
- 2.5 Planning Context
- 2.8 Internal Audit Plan 2015/16

3. Performance Management

- 3.1 Update Reporting
- 3.3 Performance Indicators

Appendices

A Proposed Watford Borough Council
2015/16 Audit Plan

B Proposed Shared Services 2015/16 Audit
Plan

1. Introduction and Background

Purpose of Report

- 1.1 To provide Members with the proposed Watford Borough Council and Shared Services 2015/16 Internal Audit Plans.

Background

- 1.2 The Internal Audit Plan sets out the programme of internal audit work for the year ahead, and forms part of the Council's wider assurance framework. It supports the requirement to produce an audit opinion on the overall internal control environment of the Council, as well as a judgement on the robustness of risk management and governance arrangements, contained in the Head of Internal Audit annual report.
- 1.3 The Shared Internal Audit Service (SIAS) Audit Charter which was presented to the June 2013 meeting of this Committee shows how the Council and SIAS work together to provide a modern and effective internal audit service. This approach complies with the requirements of the United Kingdom Public Sector Internal Audit Standards (PSIAS) which came into effect on 1 April 2013. An updated version of the SIAS Audit Charter will be brought to the next meeting of Audit Committee on 30 June 2015.
- 1.4 The PSIAS require that the audit plan must incorporate or be linked to a strategic or high-level statement which:
 - Outlines how the service will be developed in accordance with the internal audit charter
 - Details how the internal audit plan will be delivered
 - Evidences how the service links to organisational objectives and priorities
- 1.5 Section 2 of this report details how the SIAS complies with this requirement.

2. Audit Planning Process

Planning Principles

- 2.1 SIAS audit planning is underpinned by the following principles:
- a) Focus of assurance effort on the council's key issues, obligations, outcomes and objectives, critical business processes and projects and principal risks. This approach ensures coverage of both strategic and key operational issues.
 - b) Maintenance of an up-to-date awareness of the impact of the external and internal environment on the council's control arrangements.
 - c) Use of a risk assessment methodology to determine priorities for audit coverage based, as far as possible, on management's view of risk.
 - d) Dialogue and consultation with key stakeholders to ensure an appropriate balance of assurance needs. This approach includes recognition that in a resource constrained environment, all needs cannot be met.
 - e) Identification of responsibilities where services are delivered in partnership.
 - f) In-built flexibility to ensure that new risks and issues are accommodated as they emerge.
 - g) Capacity to deliver key commitments including work undertaken on behalf of External Audit, governance work and counter fraud activity.
 - h) Capacity to respond to management requests for assistance with special investigations, consultancy and other forms of advice.

Approach to Planning

- 2.2 In order to comply with the requirements of the PSIAS, SIAS adopts a standard approach and methodology across all SIAS partners. This methodology contains the following elements:

Local and National Horizon Scanning

SIAS reviews, on an ongoing basis:

- key committee reports at each client and identifies emerging risks and issues;
- the professional and national press for risks and issues emerging at national level

Consideration of risk management arrangements

SIAS assesses the risk maturity of the council and based on this assessment, determines the extent to which information contained within the council's risk register informs the identification of potential audit areas.

Confirmation of the council's objectives and priorities

SIAS confirms the current objectives and priorities of the Council, this information is used to confirm that identified auditable areas will provide assurance on areas directly linked to the achievement of the council's objectives and priorities.

- 2.3 The approach to audit planning for 2015/16 has been characterised by:

- a) Detailed discussions with senior managers and other key officers within the council to confirm auditable areas and elicit high level detail of the scope of audits. This process incorporates the following four steps to assist in the later prioritisation of projects:

Risk Assessment

Managers and SIAS agree the level of risk associated with an identified auditable area.

Other sources of Assurance

Managers confirm if assurance in the auditable area is obtained from other assurance providers e.g. External Audit or the Health and Safety Executive. This approach ensures that provision of assurance is not duplicated.

Significance

Managers assess how significant the auditable area is in terms of the achievement of corporate or service objectives and priorities.

Timings

Managers identify when an audit should be undertaken to add most value.

- b) Proposed plans are based on the information obtained from the planning meetings. A contingency allocation is determined to allow flexibility to respond to in-year changes in organisational risk and priorities. Details of audits that have not been included in the proposed draft plan as a result of resource limitations are reported to senior management and the audit committee;
 - c) The proposed 2015/16 plans for all SIAS partner councils are then scrutinised and cross-partner audits highlighted;
 - d) Proposed draft plans were presented to Leadership Team for discussion and agreement;
 - e) The views of the council's external auditor are sought to confirm that their requirements are adequately addressed.
- 2.4 This approach ensures that our work gives assurance on what is important and those areas of highest risk and thus assists the Council in achieving its objectives.

The Planning Context

- 2.5 The context within which local authorities and housing associations provide their services remains challenging:

- Austere public finances will last well into the next parliament, meaning that previous expenditure levels are not sustainable and public leaders expect serious financial difficulty ahead
- Demand continues to rise, driven by complex needs, an ageing population and higher service expectations from citizens
- Technology ranging from use of mobile devices and applications, to Big Data and predictive analytics, is developing rapidly and offers opportunities along with significant risks
- Major, national programmes in areas like welfare reform and business rate reform, and structural changes such as the introduction of Police and Crime Commissioners, Clinical Commissioning Groups and Local Enterprise Partnerships mean the environment has been relatively unstable.

2.6 The resultant efficiency and transformation programmes that councils are in the process of implementing and developing are profoundly altering each organisation's nature. Such developments are accompanied by potentially significant governance, risk management and internal control change.

2.7 The challenge of giving value in this context, means that Internal Audit needs to:

- Meet its core responsibilities, which are to provide appropriate assurance to Members and senior management on the effectiveness of governance, risk management and control arrangements in delivering the achievement of Council objectives;
- Identify and focus its effort on areas of significance and risk, assisting the organisation in managing change effectively, and ensuring that core controls remain effective;
- Give assurance which covers the control environment in relation to new developments, using leading edge audit approaches such as 'control risk self assessments' or 'continuous assurance' where appropriate;

- Retain flexibility in the audit plan and ensure the plan remains current and relevant as the financial year progresses.

Internal Audit Plan 2015/16

- 2.8 The draft plans for 2015/16 are included at Appendices A and B and contain a high level proposed outline scope for each audit and a suggested quarter for delivery.
- 2.9 Actual start dates will be agreed with management for all quarter 1 audits by the date of this Committee and for all remaining 2015/16 audits by the end of March 2015. This will help smooth delivery of the plan across the year, give regular assurance to the Committee, and raise awareness of the timing of the reviews to support partnership working between the Council and SIAS. Also included is a reserve list detailing audits which may feature in the event that an audit in the main plan cannot be conducted. Plan changes are brought before this Committee for approval.
- 2.10 The table below shows the estimated allocation of the total annual number of purchased audit days for the year.

	WBC	Shared Services	Total
Key Financial Systems	0	96	96
Operational audits	63	10	73
Procurement	22	0	22
Joint Reviews	5	0	5
Counter Fraud	0	5	5
Risk & Governance	0	0	0
Ad-Hoc Advice	3	0	3
IT Audits	0	35	35
Contingency	0	10	10
Follow Ups	10	0	10
Strategic Support*	36	0	36
2014/15 Projects Requiring Completion	5	8	13
Total audit days 2015/16	144	164	308

* This covers, for example, supporting the Audit Committee, Monitoring and Liaison and Planning for 2016/17.

- 2.11 Members will note the inclusion of a provision for the completion of projects that relate to 2014/15. The structure of Internal Audit's programme of work is such that full completion of every aspect of the work in an annual plan is not always possible; especially given the high dependence on client officers during a period where there are competing draws on their time e.g. year end closure procedures.
- 2.12 The nature of assurance work is such that enough activity must have been completed in the financial year, for the Head of Assurance to give an overall opinion on the Authority's internal control environment. In general, the tasks associated with the total completion of the plan, which includes the finalisation of all reports and negotiation of the appropriate level of agreed mitigations, is not something that adversely affects delivery of the overall opinion. The impact of any outstanding work is monitored closely during the final quarter by SIAS in conjunction with the Section 151 Officer.
- 2.13 Health Campus is risk assessed with senior managers on an annual basis for inclusion in the WBC Audit Plan. Following discussion in this planning round, it is not included in the draft plan as insufficient progress is expected in 2015/16 to warrant any assurance provision. The area will be risk assessed in the 2016/17 planning cycle.

3. Performance Management

Update Reporting

- 3.1 The work of Internal Audit is required to be reported to a Member Body so that Watford Borough 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. Progress against the agreed plan for 2015/16 and any

proposed changes will be reported to this Committee four times in the 2015/16 civic year.

- 3.2 The implementation of agreed high priority recommendations will be monitored by Internal Audit and progress will be reported as part of the update reporting process.

Performance Indicators

- 3.3 Annual performance indicators were approved at the SIAS Board meeting on the 7 September 2011. Details of the targets set for 2015/16 are shown in the table below. Actual performance against target will be included in the update reports to this Committee.

Performance Indicator	Performance Target
1. Planned Days percentage of actual billable days against planned chargeable days completed	95%
2. Planned Projects percentage of actual completed projects to draft report stage against planned completed projects	95%
3. Client Satisfaction percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%
4. Number of High Priority Audit Recommendations agreed	95%

5. External Auditor Satisfaction	Annual Audit Letter formally records that the External Auditors are able to rely upon the range and quality of SIAS' work
6. Annual Plan	Presented to the March meeting of each Audit Committee. Or if there is no March meeting then presented to the first meeting of the new financial year
7. Head of Assurance's Annual Report	Presented to the first meeting of each Audit Committee in the new financial year.

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Watford Borough Council
Audit Committee
11 March 2015

Watford Borough Council 2015/16 Draft Internal Audit Plan

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days	Estimated Target Quarter
KEY FINANCIAL SYSTEMS			
	See Shared Services Audit Plan		
OPERATIONAL AUDITS			
Asset Management	No precise scope yet specified, although focus likely to be on the outcomes of the Asset Management strategic review.	10	Q2
Business Continuity and Emergency Planning	Review of business continuity and emergency plans to establish existence and adequacy of the arrangements. To include Business impact and risk assessment, alignment of key services to continuity plans, testing and review of plans, training provision and initiatives in place to provide advice and assistance to local businesses and communities as required under the Civil Contingencies Act 2004.	12	Q3
Safeguarding	The Council's role in promoting the welfare of vulnerable children and protecting them from harm - policy statements, training, record keeping, using and referring information received (particularly when concerns are raised about abuse, sexual exploitation, harm or neglect) to stakeholders and / or the police for further investigation, working with partners (multi-agency response) such as the police, health agencies, other regulators and government departments. To include the issuing of and ongoing review of taxi licences.	12	Q1

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days	Estimated Target Quarter
Homelessness	<p><u>Assessment of Homelessness</u> – cases are assessed against agreed eligibility criteria and priority is given in accordance with homelessness policies and legislation, and</p> <p><u>Temporary Accommodation</u> – placements are made promptly in accordance with assessment results. Costs incurred by the Council are monitored and regularly reviewed.</p>	10	Q4
Data Protection	High level controls review of the Council's Data Protection arrangements, including Policy and Procedures, assignment of overall responsibility and registration with the ICO, training provision, monitoring compliance with the requirements of the Act, data sharing with other organisations and processing of Subject Access Requests.	6	Q2
Building Control	High level controls assurance review of application process, income charging and collection, site inspections and monitoring of dangerous structures.	7	Q3
Development Control	High level controls review of planning applications from receipt through to decision, including appeals and income collection.	6	Q2

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days	Estimated Target Quarter
PROCUREMENT			
Contract Management	<p>Detailed scope to be determined.</p> <p>To consider selection of contracts from the Contracts Register not tested in 2013/14 and 2014/15, with focus on smaller contracts that have not been subject to same level of profile and scrutiny as larger contracts and procurement exercises.</p>	10	tbd
Capital Projects and Project Management	<p><u>Vision and direction</u> - strategic alignment, business case, sponsor commitment.</p> <p><u>Planning</u> - governance (project boards, representation, project plan, etc), risk management, procurement strategy.</p> <p><u>Execution</u> - project management (various criteria), procurement, resources.</p> <p><u>Measuring and monitoring</u> - project management (various criteria), procurement, resources.</p> <p><u>Business acceptance</u> - change management and stakeholder management.</p>	12	Q2
JOINT REVIEWS / SHARED LEARNING			

WATFORD BOROUGH COUNCIL DRAFT INTERNAL AUDIT PLAN 2015/16

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days	Estimated Target Quarter
Shared Learning Newsletters and Summary Themed Reports		2	Through the year
Audit Committee Workshop		1	Q3
Joint Review – Risk Management Benchmarking Workshop		2	Q3
COUNTER FRAUD			
	See Shared Services Audit Plan.		
RISK MANAGEMENT AND GOVERNANCE			
	No audits planned in 2015/16		

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days	Estimated Target Quarter
AD HOC ADVICE			
Ad Hoc Advice	<p>This planned time has been allocated to provide for ad hoc advice to management on matters, issues or queries relating to risk, control, governance and anti-fraud.</p> <p>Ad hoc advice is relevant to activities that typically take less than one day to complete, e.g. advice on new policies or strategies.</p>	3	As required
IT AUDITS			
	See Shared Services Audit Plan.		
CONTINGENCY			
Contingency	See Shared Services Audit Plan.		
FOLLOW-UP OF AUDIT RECOMMENDATIONS			
Follow-up of outstanding audit	Obtaining quarterly updates on the status of internal audit recommendations from action owners and reporting outcomes to Audit Committee.	10	Quarterly

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days	Estimated Target Quarter
recommendations			
STRATEGIC SUPPORT			
Head of Internal Audit Opinion 2014/15	To prepare and agree the Head of Internal Audit Opinion for 2014/15.	2	Q1
External Audit Liaison	To meet the external auditors and provide information as required.	1	Through the year
Audit Committee	To provide services linked to the preparation and agreement of Audit Committee reports and presentation of reports / participation at Audit Committee. Provide Committee Member training prior to the committee meetings.	10	Quarterly
Monitoring and Client Meetings	To produce and monitor performance and billing information, work allocation and scheduling, and to meet with the Council's Audit Champion and other key officers.	12	Through the year
2016/17 Audit Planning	To provide services in relation to preparation and agreement of the 2016/17 Audit Plan.	8	Q3/4

WATFORD BOROUGH COUNCIL DRAFT INTERNAL AUDIT PLAN 2015/16

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days	Estimated Target Quarter
SIAS Development	Included to reflect the Council's contribution to developing the partnership.	3	Q1
2014/15 PROJECTS REQUIRING COMPLETION			
2014/15 Projects Requiring Completion	Additional time, if required for the completion of 2014/15 audit work carried forward into the 2015/16 financial year.	5	Q1
TOTAL AUDIT PLAN DAYS		144	

2015/16 RESERVE LIST			
Anti-Social Behaviour	Stakeholder / Resident engagement, strategic approach / policy, risk assessments and action plans, case management and partnership working, including maintenance of evidence, incident log sheets, nuisance action plans, etc. Review application of new policies, the Council's response to community trigger and community remedy.		
Corporate Governance	Review of strategic and operational corporate governance arrangements, and whether corporate governance has been embedded effectively within the Council. Any emerging issues will be considered.		
Enforcement	Review of enforcement activities across the Council. Specific areas of coverage to be determined at the time. Typical areas include planning, building control, food safety and parking.		
Equalities / Human Rights Act	Changes likely following the general election - timing uncertain.		
Risk Management	High level review of strategic and operational risk management arrangements, and whether risk management has been embedded in operational decision-making and activity. Any emerging issues will be considered.		
Social Media	Emerging risk with no previous independent assurance given. Apply similar approach as used at other SIAS clients in 2014/15.		

DRAFT

Watford Borough Council
Audit Committee
11 March 2015

Watford & Three Rivers Shared Services 2015/16 Draft Internal Audit Plan

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days	Estimated Target Quarter
KEY FINANCIAL SYSTEMS Key financial systems are of critical importance to sound financial management and financial reporting. As such, external audit and management need to be assured that these systems are soundly controlled in order to meet organisational objectives.			
Benefits	<p>Review of the Benefits system to confirm that existing controls are adequate and operating effectively and that previous audit recommendations have been implemented. Scope to be agreed with management – typical areas include:</p> <ul style="list-style-type: none"> a) Policies, procedures and set-up of standing data b) Assessments and backdating. c) Payments. d) Recovery and write-off of overpayments. e) Reconciliation between the benefits system and general ledger. f) Performance Monitoring. g) System controls and data retention. <p>Testing will cover 2015/16 and will be apportioned between Watford Borough Council and Three Rivers Council.</p> <p>It is proposed that testing of standing data for the 2015/16 allowances will be carried out in May 2015 to give assurance early in the year that these have been correctly set in the system parameters.</p>	14	Q3 (Q1 for system parameter testing)
Council Tax	Review of the Council Tax system to confirm that existing controls are adequate and operating effectively and that previous audit recommendations have been	11	Q3

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days	Estimated Target Quarter
	<p>implemented. Scope to be agreed with management – typical areas include:</p> <ul style="list-style-type: none"> a) Policies, Procedures and Legislation. b) Amendment to Council Tax Records. c) Discounts and Exemptions. d) Billing. e) Collection and Refunds. f) Recovery, Enforcement and Write Offs. g) Reconciliations h) Performance monitoring. <p>(System controls and data retention are included in the scope of the Benefits audit as the same systems (Academy and Anite) are used throughout the Revenues & Benefits service).</p> <p>Testing will cover 2015/16 and sample testing will be apportioned between Watford Borough Council and Three Rivers Council whilst undertaking audit fieldwork.</p>		
Creditors	<p>Review of the Creditors system to confirm that existing controls are adequate and operating effectively and that previous audit recommendations have been implemented. The use of Control Risk Self-Assessment (CRSA) methodology will be considered depending on the outcomes of the 2014/15 audit. Scope to be agreed with management – typical areas include:</p> <ul style="list-style-type: none"> a) Supplier Accounts. b) Ordering of Goods and Services. c) Receipt of Goods and Services. 	9	Q4

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days	Estimated Target Quarter
	<ul style="list-style-type: none"> d) Payment of Invoices. e) Reconciliations. f) Credit Notes and Refunds. g) Performance Management. h) System controls. <p>Testing to cover 2015/16 and will be apportioned between Watford Borough Council and Three Rivers Council.</p>		
Debtors	<p>Review of the Debtors system to confirm that existing controls are adequate and operating effectively and that previous audit recommendations have been implemented. Scope to be agreed with management – typical areas include:</p> <ul style="list-style-type: none"> a) Policies and Procedures b) Customer Accounts c) Debtor Invoices d) Credit Notes and Refunds e) Recovery – key area of focus. f) Reconciliations g) System access controls. <p>Testing to cover 2015/16 and will be apportioned between Watford Borough Council and Three Rivers Council.</p>	10	Q3
Main Accounting – CRSA Year 2	Review of the Main Accounting system to confirm that existing controls are adequate and operating effectively and that previous audit recommendations have	10	Q4

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days	Estimated Target Quarter
	<p>been implemented. CRSA Year 2 methodology to be applied.</p> <p>Scope to be agreed with management – typical areas include:</p> <ul style="list-style-type: none"> a) Access controls to the financial system, b) Accounting codes and structure, c) Journals and virements, d) Bank reconciliations, e) Feeder system / control account reconciliations, f) Suspense accounts, g) Continuity arrangements. <p>Testing to cover 2015/16 and will be apportioned between Watford Borough Council and Three Rivers Council.</p>		
NDR	<p>Review of the NDR system to confirm that existing controls are adequate and operating effectively and that previous audit recommendations have been implemented. Scope to be agreed with management – typical areas include:</p> <ul style="list-style-type: none"> a) Policies, Procedures and Regulatory Compliance. b) Amendment to NDR records. c) Multiplier Setting. d) Voids and Reliefs. e) Billing. f) Payments and Refunds. g) Recovery, Enforcement and Write offs. h) Reconciliation between NDR System and general ledger. 	11	Q3

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days	Estimated Target Quarter
	<p>i) Performance monitoring and management – measurable targets exist and are monitored to support the activities of the NDR service.</p> <p>(System controls and data retention are included in the scope of the Benefits audit as the same systems (Academy and Anite) are used throughout the Revenues & Benefits service).</p> <p>Testing to cover 2015/16 and will be apportioned between Watford Borough Council and Three Rivers Council.</p>		
Payroll (including payroll contract)	<p>Review of the Payroll system to confirm that existing controls are adequate and operating effectively and that previous audit recommendations have been implemented. Scope to be agreed with management – typical areas include:</p> <ul style="list-style-type: none"> a) Payroll system – standing data. b) Starters, leavers, transfers and amendments. c) Payroll payments, including scheduling and BACS. d) Pension contribution rates. e) Payroll deductions and third party payments. f) Reconciliations. g) Management exception reports. h) Payroll contractor management. <p>Testing to cover 2015/16 and will be apportioned between Watford Borough Council and Three Rivers Council.</p> <p>Work to be extended to include the payroll contract. Actual work dependent on</p>	15	Q3

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days	Estimated Target Quarter
	whether a post implementation review, or advice and assurance at the tendering and procurement stage (pre-implementation) is required. To be confirmed through discussion.		
Treasury Management – CRSA Year 2	<p>Review of the Treasury Management system to confirm that existing controls are adequate and operating effectively and that previous audit recommendations have been implemented. CRSA Year 2 methodology to be applied. Scope to be agreed with management – typical areas include:</p> <ul style="list-style-type: none"> a) Treasury Management (TM) Practices, TM Procedures. b) TM Reporting Arrangements. c) TM Training. d) Service Continuity. e) Cashflow Management. f) Counter-Party Risk. g) Transactions – to include online banking and placing of investments, capital and Interest Payments, Reconciliations, External Service Providers / Contracts and Performance Monitoring. <p>Testing to cover 2015/16 and will be apportioned between Watford Borough Council and Three Rivers Council.</p>	8	Q3
Budget Monitoring	Review of the Budget Monitoring system to confirm that existing controls are adequate and operating effectively and that previous audit recommendations have been implemented. Scope to be agreed with management – typical areas include:	8	Q4

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days	Estimated Target Quarter
	a) Budget Monitoring Process. b) Accuracy and timeliness of budget data. c) Budget Variance Approval. d) Member involvement in budget monitoring and reporting. Testing to cover 2015/16 and will be apportioned between Watford Borough Council and Three Rivers Council.		
OPERATIONAL AUDITS			
Recruitment	Review of the adequacy and effectiveness of internal controls, processes and records in place to mitigate risks relating to recruitment and vetting of permanent and temporary staff.	10	Q1
PROCUREMENT			
	No joint procurement proposals at this time.		
JOINT REVIEWS			
	See local plans.		

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days	Estimated Target Quarter
COUNTER FRAUD			
Review of counter-fraud arrangements	Review of counter fraud arrangements (audit deferred from the 2014/15 Shared Services Audit Plan).	5	Q4
RISK MANAGEMENT AND GOVERNANCE			
	See local audit plans.		
IT AUDITS			
IT Managed Service Delivery	A review of agreed processes and procedures against technical best practice to ensure these arrangements are being followed and appropriately evidenced.	12	Q2
IT Contract Management	Further to the 2014/15 audit of the Capita contract, this review will focus on a selection of other third party suppliers, for example IDOX (supplier of the Uniform system). The actual IT service contracts to be reviewed will be identified from the	15	Q3

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days	Estimated Target Quarter
	<p>Council's Contracts Register at the time the review is undertaken.</p> <p>A follow up of recommendations and management actions from the 2014/15 Capita Contract Management audit will also be undertaken.</p>		
IT Disaster Recovery Extended Follow-Up	<p>To complete an extended follow up of recommendations and actions arising from the 2014/15 Disaster Recovery Audit.</p> <p>To also review recovery arrangements for the new data centre and off-site locations, back-up and restoration arrangements, testing of back-ups and back up performance.</p>	8	Q4
FOLLOW-UP AUDITS			
	See local audit plans.		
CONTINGENCY			
Contingency	To provide for adequate response to risks emerging during 2015/16.	10	As and when required

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days	Estimated Target Quarter
STRATEGIC SUPPORT			
	See local audit plans.		
2014/15 PROJECTS REQUIRING COMPLETION			
2014/15 projects requiring completion	Additional time, if required, for the completion of 2014/15 audit work carried forward into 2015/16.	8	Q1
TOTAL AUDIT PLAN DAYS		164	

2015/16 RESERVE LIST			
	No audits identified.		

Report to: Audit Committee

Date of meeting: 11 March 2015

Report of: Acting 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: -
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Telephone extension: 7198
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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
30 June 2015	<ul style="list-style-type: none">▪ External Audit Plan 2014/15▪ Internal Audit Annual Report 2014/15▪ Treasury Management Report 2014/15▪ Fraud Annual Report 2014/15▪ Risk Management Strategy▪ Draft Statement of Accounts▪ Update on requests made under the Freedom of Information Act▪ Revenue & Benefits Service Overview Standing Items
28 September 2015	<ul style="list-style-type: none">▪ External Auditors Report to Those Charged with Governance and Approval of the 2014/15 Statement of Accounts▪ SIAS Board Annual Report 2014/15 Standing Items

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 discussion topics for the Audit Committee and offers the opportunity to express an interest in each topic.

Topic	Led by
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.

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