



**WATFORD  
BOROUGH  
COUNCIL**

# **AUDIT COMMITTEE**

**Monday, 27th June, 2016**

**7.00 pm**

**Town Hall, Watford**

**Publication date: 17 June 2016**

**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](mailto:legalanddemocratic@watford.gov.uk) .

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

## **Access**

Access to the Town Hall after 5.15 pm is via the entrance to the Customer Service Centre from the visitors' car park.

Visitors may park in the staff car park after 4.00 p.m. This is a Pay and Display car park. From 1 April 2016 the flat rate charge is £2.00.

The Committee Rooms are on the first floor of the Town Hall and a lift is available. Induction loops are available in the Committee Rooms and the Council Chamber.

## **Fire / Emergency Instructions**

In the event of a fire alarm sounding, vacate the building immediately following the instructions given by the Democratic Services Officer.

- Do not use the lifts
- Do not stop to collect personal belongings
- Go to the assembly point at the Pond and wait for further instructions
- Do not re-enter the building until authorised to do so.

## **Mobile Phones**

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## **Filming / Photography / Recording / Reporting**

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If you do not wish to have your image / voice captured you should let the Chair or Democratic Services Officer know before the start of the meeting.

An audio recording may be taken at this meeting for administrative purposes only.

# Committee Membership

Councillor D Scudder (Chair)  
Councillor T Williams (Vice-Chair)  
Councillors S Cavinder, Asif Khan and B Mauthoor

## 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 14 March 2016 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. Audit Committee Effectiveness**

Verbal briefing by Shared Internal Audit Service

- 5. Freedom of Information requests October 2015 - March 2016 (Pages 7 - 32)**

Report of the Head of Democracy and Governance

This report provides details of the requests made under the Freedom of Information Act 2000 between October 2015 and March 2016.

- 6. Fraud Annual Report (Pages 33 - 40)**

Report of the Fraud Manager

This report informs members of the work of the Fraud Section for the financial year 2015/2016.

**7. External Audit Progress Report (Pages 41 - 50)**

Report of the Head of Finance (Shared Services) and the External Auditor, EY

This report provides External Audit Progress report prepared by EY.

**8. Internal Audit Annual Report 2015/2016 (Pages 51 - 86)**

Report of the Head of Finance (Shared Services) and the Head of Assurance for Internal Audit

This report presents the Shared Internal Audit Service Annual Report for 2015/16.

**9. Internal Audit Progress Report 2015/16 (Pages 87 - 140)**

Report of the Head of Finance (Shared Services) and the Head of Assurance for Internal Audit

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

**10. Annual Governance Statement (Pages 141 - 156)**

Report of the Head of Finance (Shared Services)

This report enables the Committee to agree the Annual Governance Statement (AGS) for inclusion in the Draft Statement of Accounts.

**11. Draft Statement of Accounts report (Pages 157 - 160)**

Report of the Head of Finance (Shared Services)

This report allows the Committee to review the draft Statement of Accounts for 2015/16 in advance of official sign-off of the audited version at Audit Committee in September.

*The draft Statement of Accounts is to follow.*

**12. Treasury Management Annual Report 2015/16 (To Follow)**

Report of the Head of Finance (Shared Services)

**13. Committee Work Programme (Pages 161 - 166)**

Report of the Head of Finance (Shared Services)

This report asks the Committee to review and make any necessary changes to its work programme.



## PART A

Report to: Audit Committee  
Date of Meeting 27 June 2016  
Report of Head of Democracy and Governance  
Title: Requests made under the Freedom of Information Act 2000

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### 1. SUMMARY

This is a half year report of requests made under the Freedom of Information Act 2000.

From 1 October 2015 to 31 March 2016 the Council received 240 requests of which 20 were replied to outside of the required time, and a further 15 it is unclear of their status. A list of the requests is attached at appendix 1.

### 2. RECOMMENDATIONS

To note the contents of this report.

#### Contact Officer:

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

Report approved by Managing Director

### 3.0 DETAILED PROPOSAL

- 3.1 The Freedom of Information Act 2000 came fully into force on 1<sup>st</sup> January 2005. As a public authority we are obliged to answer written requests for information under the Act within 20 working days
- 3.2 This report covers the periods 1 October 2015 to 31 March 2016.

- 3.3 In this period the Council recorded receiving 240 requests for information under the Act of those 20 were replied to outside of the statutory 20 working days.
- 3.4 The requests have been varied. Appendix 1 gives a brief summary of each request.
- 3.5 Unfortunately from the end of May 2014 and during the whole of the period October to March the Council's CSM system Lagan which is used by services to log all FOI requests and under which the Customer Services Team Leader can run off reports has not been generating E-forms and it has not been possible to log any of the requests on Lagan. The Customer Services Team Leader has therefore set up a spreadsheet which is accessible for each department's Customer Liaison Officer to complete. This therefore relies on those officers filling in the spreadsheet and it should be noted that there are no recorded FOI's from ICT for this period. Officers have been reminded to complete the spreadsheet. This is the reason why there are 15 noted where we have insufficient detail to confirm whether the request was responded to within the time.
- 3.6 The Lagan E-Forms are now working and have been since May. Customer Liaison Officers have been advised to start using Lagan again to log these requests. It is also intended to carry on with the spreadsheet as a back up.

#### 4.0 **IMPLICATIONS**

##### 4.1 Financial

The Shared Director of Finance comments that this report indicates that information is found using existing staff resources. If, in the future, the requests increase in number and/or complexity then it may become necessary to review this situation.

##### 4.2 Legal Issues (Monitoring Officer)

The Head of Democracy and Governance comments that ongoing training continues to be provided across the council to ensure officers are aware of the Council's responsibilities under the Act

##### 4.3 Staffing

Requests are currently being managed within existing resources



4.4 Accommodation

No implications

4.5 Equalities

No implications

4.6 Community Safety

No implications

4.7 Sustainability

No implications

**Potential Risks**

<b>Potential Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Overall score</b>
Request not replied to within statutory time limit	2	2	4
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.			

Appendix

Appendix 1

Summary of FOI requests October 2015 to March 2016

Background papers:

None



## Freedom of Information Data

### Requests Received (October 2015 - March 2016)

**Total - 240**

**Category codes:**

I (Individual no address/not WBC resident) **IWB** (individual WBC resident) **C** (campaign group) **M** (Media) **O** (Organisation)

SERVICE & No.OF REQUESTS RECEIVED	HANDLING OFFICER	REASON FOR REQUEST	DATE RECEIVED	DUE DATE	RESPONDED WITHIN TIMESCALE? (Y/N)	INFORMATION PROVIDED? (Y/N)	CUSTOMER ADVISED ON ALTERNATIVE LOCATION OF INFORMATION (Y/N)	REQUESTOR	Individual or Organisation	CAT
<b>Community &amp; Customer Services (92)</b>	Simone Smith	26A Benskin Road	02.10.15	30.10.15	YES	YES	NO		Individual Watford Resident	IWB
	Sarah Turnbull	Public Health Funerals	02.10.15	30.10.15	YES	YES	NO		Individual	I
	Sarah Turnbull	Public Health Funerals	06.10.15	03.11.15	YES	YES	NO	Katy Lewis katy.lewis@bbc.co.uk	Media	M
	Sarah Turnbull	Public Health Funerals	08.10.15	05.11.15	YES	YES	NO	Ben Hardie ben.hardie@angliaresearch.co.uk	Media	M
	Sarah Turnbull	Public Health Funerals	09.10.15	06.11.15	YES	YES	NO		Individual	I
	Sarah Turnbull	Public Health Burials	09.10.15	06.11.15	YES	YES	NO		Individual	I
	Richard Brown	The Rifle Volunteer PH	09.10.15	06.11.15	YES	YES	NO		Individual	I
	Richard Brown	Complaint about our service - 15/03836/NEQUIP	14.10.15	11.11.15	YES	YES	NO		Individual	I
	Dan Hopwood	H&S standards at events ie theatrical performance or a more side show style performance.	15.10.15	12.11.15	YES	YES	NO		Individual	I
	Jeff Leib	Licenced Venues	16.10.15	13.11.15	YES	YES	NO		Individual	I
	Sarah Turnbull	Pubic Health Funerals	16.10.15	13.11.15	YES	YES	NO		Individual	I
	Sarah Turnbull	Public Health Burials	28.10.15	25.11.15	YES	YES	NO		Individual	I
	Sarah Turnbull	Breeding Licence	30.10.15	27.11.15	YES	YES	NO	Melissa Cradock Melissa.Cradock@thekennelclub.org.uk	Organisation	O

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Community & Customer Services	Sarah Turnbull	Public Health Funerals	03.11.15	01.12.15	YES	YES	NO		Individual	I
	Jeff Leib	Licensed to promote lotteries	04.11.15	02.12.15	YES	YES	NO	Richard McBride partners@capen.co.uk	Organisation	O
	Sarah Turnbull	Pet Shops & Dog Breeders	09.11.15	07.12.15	YES	YES	NO		Individual	I
	Liam Fitzgerald	Public Spaces Protection Orders	10.11.15	08.12.15	YES	YES	NO	Josie Appleton josieappleton.manfesto@googlemail.com	Campaign Group	C
	Clifford Reade	Time spent handling DOI's	15.11.15	11.12.15	YES	YES	NO		Individual	I
	Sarah Turnbull	Puppy Trading	16.11.15	14.12.15	YES	YES	NO		Individual	I
	Daniel Hopwood	RE: 43 Pretoria Road	16.11.15	14.12.15	YES	YES	NO	Adrian Smith Adrian.Smith@arkrights.com	Organisation	O
	Sarah Turnbull	Public Health Funerals	16.11.15	14.12.15	YES	YES	NO		Individual	I
	Sarah Turnbull	Intestate Estates passed to Treasury Solicitors Department Bona Vacantia Division	20.11.15	18.12.15	YES	YES	NO		Individual	I
	Sarah Turnbull	Public Health Funerals	23.11.15	21.12.15	YES	YES	NO		Individual	I
	Richard Brown	Food Rating Scheme	26.11.15	24.12.15	YES	YES	NO		Individual	I
	Sarah Turnbull	Public Health Funerals	02.12.15	04.01.16	YES	YES	NO		Individual	I
	Simone Smith	RE: 32 Pretoria Road	04.12.15	06.01.16	YES	YES	NO	Lucy Fox Lucy.Fox@arkrights.com	Organisation	O
	Richard Brown	Pest Control Services	08.12.15	08.01.16	YES	YES	NO	Gareth Cleland gareth@bpca.org.uk	Organisation	O
	Perry Singh	Status of homeless individuals	08.12.15	08.01.16	Unable to Confirm	Unable to Confirm	Unable to Confirm	Lewis Norton Unknown	Unknown	

Freedom of Information Data

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Community & Customer Services	Sarah Turnbull	No next of kin	14.12.15	14.01.16	YES	YES	NO		Individual	I
	Richard Brown	Rogue Species in product	14.12.15	14.01.16	YES	YES	NO	Matthew Davis newsdesk@datanews.co.uk	Media	M
	Sarah Turnbull	Publis Health Funerals	15.12.15	15.01.16	YES	YES	NO	Ben Hardie BEN.HARDIE@ANGLIARESEARCH.CO.UK	Media	M
	Sarah Turnbull	Pubic Health Funerals	15.12.15	15.01.16	YES	YES	NO		Individual	I
	Danielle Negrello	Telephone Call Logs	17.12.15	19.01.16	YES	YES	NO		Individual	I
	Richard Brown	Air Quality Management	18.12.15	20.01.16	YES	YES	NO	Georgie Bevan georgie.bevan@bbc.co.uk	Media	M
	Manny Lewis/Alan Gough	Syrian refugees	29.12.15	27.01.16	NO	YES	NO		Individual	I
	Neil Walker	Fuel Poverty	05.01.16	02.02.16	YES	YES	NO		Individual	I
	Laura Payne	Social housing stock	05.01.16	02.02.16	YES	YES	NO		Individual	I
	Liam Fitzgerald	Public Spaces Protection Orders	05.01.16	02.02.16	YES	YES	NO	Chaminda Jayanetti foichaminda@gmail.com	Media	M
	Sarah Turnbull	Zoo Licensing	06.01.16	03.02.16	YES	YES	NO	Richard Garnett rgarnett@barrowbc.go.vuk	Organisation	O
	Sarah Turnbull	Public Health Funerals	08.01.16	05.02.16	YES	YES	NO		Individual	I
	Jhini Mukherjee	Taxi Licensing Questionnaire	11.01.16	08.02.16	YES	YES	NO	Alex Hughes Ahughes@centralcabcare.co.uk	Organisation	O
	Richard Brown	Public Register of Food Premises	11.01.16	08.02.16	YES	YES	NO		Individual	I
	Clifford Reade	Sharia Law (referred to HCC)	14.01.16	11.02.16	YES	NO	YES		Individual	I
	Liam Fitzgerald	Public Spaces Protection Orders	15.01.15	12.02.16	YES	YES	NO		Individual	I

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Community & Customer Services	Sarah Turnbull	Public Health Funerals	19.01.16	16.02.16	YES	YES	NO		Individual	I
	Perry Singh	No of people accepted as homeless that have committed suicide in last 5 years	19.01.16	16.02.16	Unable to Confirm	Unable to Confirm	Unable to Confirm		Individual	I
	Liam Fitzgerald	Public Spaces Protection Orders	21.01.15	18.02.16	YES	YES	NO		Individual	I
	Clifford Reade	Social Care Packages - Referred to HCC	21.01.16	18.02.16	YES	NO	YES		Individual	I
	Justine Hoy	Accident at Halsey Masonic Hall	22.01.16	19.02.16	YES	YES	NO		Individual	I
	Clifford Reade	Local Authority Dwellings info referred to WCHT	27.01.16	24.02.16	YES	NO	YES		Individual	I
	Sarah Turnbull	Public Health Funerals	27.01.16	24.02.16	YES	YES	NO		Individual	I
	Sarah Turnbull	Public Health Funerals	27.01.16	24.02.16	YES	YES	NO		Individual	I
	Perry Singh	Policy towards housing ex-servicemen	27.01.16	24.02.16	Unable to Confirm	Unable to Confirm	Unable to Confirm		Individual	I
	Richard Brown	Inspection of 18 Bowling Court WD18 7EH	01.02.16	29.02.16	YES	YES	NO		Individual	I
	Justine Hoy	Litter fines	02.02.16	01.03.16	YES	YES	NO		Individual	I
	Perry Singh	Amount of social housing properties that have been empty	04.02.16	03.03.16	Unable to Confirm	Unable to Confirm	Unable to Confirm		Individual	I
	Barbara Farry	Traffic Light Systems referred to HCC	08.02.16	07.03.16	YES	NO	YES	Sarah Wenham sarah.wenham@confused.com	Organisation	O
	Barbara Farry	Right to Buy Payments referred to WCHT	08.02.16	07.03.16	YES	NO	YES		Individual	I
	Sarah Turnbull	Public Health Funerals	17.02.16	16.03.16	YES	YES	NO		Individual	I
	Sarah Turnbull	Public Health Funerals	22.02.16	21.03.16	YES	YES	NO		Individual	I

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Community & Customer Services	Sarah Turnbull	Pet Shop Licensing	12.2.16	11.03.16	YES	YES	NO	Gaby Solano gaby@ornamentalfish.org	Organisation	O
	Barbara Farry	Schools Catchment areas referred to HCC	24.02.16	23.03.16	YES	NO	YES	Benedicte Earl benedicte.earl@sunday-times.co.uk	Media	M
	Sarah Turnbull	Stray Dog Statistics 2015	24.2.16	23.03.16	NO	YES	NO	Alex Spurgeon a.spurgeon@nawt.org.uk	Organisation	O
	Sarah Turnbull	EH - Public Health Funerals	02.03.16	01.04.16	YES	YES	NO		Individual	I
	Laura Payne	List of contractors for DFG installations	03.03.16	04.04.16	YES	YES	NO		Individual	I
	Barbara Farry	Contact INFO only on Council Services	03.03.16	04.04.16	YES	YES	NO		Individual	I
	Sarah Turnbull	Public Health Funerals	06.03.16	05.04.16	YES	YES	NO		Individual	I
	Richard Brown	Food Safety Inspection report	07.03.16	06.04.16	YES	YES	NO	Matthew Davis newsdesk@datanews.co.uk	Media	M
	Laura Payne	How many occasions a housing assoc has refused to house a person/household and reason why	08.03.16	07.04.16	Unable to Confirm	Unable to Confirm	Unable to Confirm	Sophie Barnes Unknown	Unknown	
	Sarah Turnbull	Premises Licenced under the Pet Animals Act 1951	09.03.16	08.04.16	YES	YES	NO	Born Freen Foundation BornFreeFoundation@sut5.co.uk	Organisation	O
	Richard Brown	Animal Licensing and Dog Warden Services	09.03.16	08.04.16	YES	YES	NO	Blue Cross publicaffairs@bluecross.org.uk	Organisation	O
	Sarah Turnbull	Public Health Funerals	10.03.16	11.04.16	YES	YES	NO	Ben Hardie ben.hardie@angliaresearch.co.uk	Media	M
	Sarah Turnbull	Public Health Funerals	18.03.16	19.04.16	YES	YES	NO		Individual	I

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Community & Customer Services	Austen Young	Knowledge test	18.03.16	19.04.16	YES	YES	NO		Individual	I
	Sarah Turnbull	Public Health Funerals	18.03.16	19.04.16	YES	YES	NO	Georgie Keate georgie.keate@thetimes.co.uk	Media	M
	Coleen Hoare	Disabled Facilities Grants	18.03.16	19.04.16	NO	YES	NO	Emily Unia emily.unia@bbc.co.uk	Media	M
	Perry Singh	Social housing places the LA intends to build	18.03.16	19.04.16	Unable to Confirm	Unable to Confirm	Unable to Confirm		Individual	I
	Liam Fitzgerald	Public Spaces Protection Orders	18.03.16	19.04.16	YES	YES	NO	Melissa Cradock Melissa.Cradock@thekennelclub.org.uk	Organisation	O
	Sarah Turnbull	Primate Licensing 2016	21.03.16	20.04.16	YES	YES	NO		Individual	I
	Austen Young	Private Hire Vehicle Policy	22.03.16	21.04.16	YES	YES	NO		Individual	I
	Richard Brown	Part 2A & Hazardous Substance Consent	23.03.16	22.04.16	YES	YES	NO	Future Climate admin@futureclimateinfo.com	Organisation	O
	Perry Singh	No. of women living in council hsg have requested change of tenancy due to violence	23.03.16	22.04.16	YES	YES	NO		Individual	I
	Barbara Farry	Speed Cameras referred to HCC	24.03.16	25.04.16	YES	NO	YES	Ben Lazarus ben.lazarus@the-sun.co.uk	Media	M
	Sarah Turnbull	No next of kin	24.03.16	25.04.16	YES	YES	NO	Yashvi khatri yashvikhatri@fraserandfraser.co.uk	Organisation	O
	Richard Brown	Pest Control Services	24.03.16	25.04.16	YES	YES	NO		Individual	I
	Barbara Farry	Children in Care Referred to HCC	24.03.16	25.04.16	YES	NO	YES	Claire Jones Claire.Jones03@bbc.co.uk	Media	M
	Barbara Farry	Health & Social Care Contract referred to HCC	24.03.16	25.04.16	YES	NO	YES		Individual	I
	Barbara Farry	Care Homes referred to HCC	25.03.16	25.04.16	YES	NO	YES	Paul Bentley paul.bentley@dailymail.co.uk	Media	M
	Barbara Farry	Shared Space Correspondance Referred to HCC	28.03.16	25.04.16	YES	NO	YES		Individual	I
	Barbara Farry	Westfield Community College Referred to HCC	29.03.16	26.04.16	YES	NO	YES	Mica Gallacher officeadmin@designbuilduk.net	Organisation	O



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Community & Customer Services	Laura Payne	Temporary accommodation costs	30.03.16	27.04.16	Unable to Confirm	Unable to Confirm	Unable to Confirm		Individual	I
	Ayaz Maqsood	Syrian refugees	31.03.16	28.04.16	YES	YES	NO		Individual	I

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Corporate & Client Services (9)	Pauline Nembhard	Web stats	07.10.15	04.11.15	YES	YES	NO		Individual	I
	Chris Fennell	Leisure facilities	08.10.15	05.11.15	YES	YES	NO	Lyndsey/Neil Richardson Info@totalswimming.co.uk	organisation	O
	Paul Rabbitts	Grounds Maintenance contract	22.10.15	19.11.15	NO	YES	NO		Individual	I
	Liz Aelberry / Rona Clayton-Robb	IT Communications and Marketing	17.12.15	18.01.16	NO	YES	NO		Individual	I
	Jamie Sells	Fly tipped Xmas trees and cost of other flytipping	05.01.16	02.02.16	YES	YES	NO	Emily Cadman emily.cadman@ft.com	Media	M
	Liz Aelberry / Rona Clayton-Robb	Spending on online advertising	08.01.16	05.02.16	YES	YES	NO		Individual	I
	Paul Rabbitts	Contracts for grounds maint/arboriculture/ streets	22.02.16	21.03.16	NO	NO	NO	Sophie Noonan sophie.noonan@continental-landscapes.co.uk	Organisation	O
	Jamie Sells	Waste bin specs & collection	24.02.16	23.03.16	NO	YES	NO		Individual	I
	Jamie Sells	Frequency of waste collections	08.03.16	07.04.16	Unable to Confirm	Unable to Confirm	Unable to Confirm		Individual	I

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<b>Democracy &amp; Governance (17)</b>	Howard Hughes	Contracts and suppliers	13.10.15	10.11.15	YES	YES	NO	Peter Lineen Peter.Lineen@instinctif.com	Organisation	O
	Howard Hughes	Contracts	14.10.15	11.11.15	YES	YES	NO	Charles Winn Unknown	Unknown	
	Howard Hughes	Contractors, suppliers involved in Design Viability Studies	16.10.15	13.11.15	YES	YES	NO	Christina Watson christina@designandbuilduk.net	Organisation	O
	Jason McKenzie	Photos from a site visit	22.10.15	19.11.15	YES	YES	NO		Individual	I
	Michelle Savino	Legal Team structure chart	27.11.15	29.12.15	YES	YES	NO	Bakti Bhurohit nbpurohit@venngroup.com	Organisation	O
	Howard Hughes	Procurement	4.12.15	06.01.16	YES	YES	NO		Individual	I
	Howard Hughes	Enforcement Agents info	29.12.15	27.01.16	YES	YES	NO		Individual	I
	Howard Hughes	Limited Companies	25.01.16	22.02.16	YES	YES	NO		Individual	I
	Carol Chen	Surveillance by an external organisation	08.02.16	07.03.16	YES	NO	NO	Jenna Corderoy jenna.corderoy@vice.com	Media	M
	Ian Browne/Clive Goodchild	Cleaning contract	11.02.16	10.03.16	YES	YES	NO	Mr H Singh hsingh@teepol.co.uk	Organisation	O
	Howard Hughes	Procurement questions	25.02.16	24.03.16	YES	YES	NO	Sarah Greateorex contact@secgroup.org.uk	Organisation	O
	Howard Hughes	Social values and tender questions	29.02.16	21.03.16	YES	YES	NO	James Butler james.butler@socialenterprise.org.uk	Organisation	O
	Carol Chen	Drones	01.03.16	31.03.16	YES	NO	NO	Ryan Their Ryan.Their@libdems.org.uk	Organisation	O
	Ian Browne	Electrical questions	07.03.16	06.04.16	YES	YES	NO	Lewis Wood esrfoi@napit.org.uk	Organisation	O
	Howard Hughes	Procurement value	08.03.16	07.04.16	YES	NO	NO	Hannah Wilkinson hannah.wilkinson@businessadvice.co.uk	Media	M

## Freedom of Information Data

SERVICE & No.OF REQUESTS RECEIVED	HANDLING OFFICER	REASON FOR REQUEST	DATE RECEIVED	DUE DATE	RESPONDED WITHIN TIMESCALE? (Y/N)	INFORMATION PROVIDED? (Y/N)	CUSTOMER ADVISED ON ALTERNATIVE LOCATION OF INFORMATION (Y/N)	REQUESTOR	Individual or Organisation	CAT
Democracy & Governance	Ian Browne	Public toilets	10.03.16	11.04.16	YES	YES	NO	Katie Langton Katie.Langton@bbc.co.uk	Media	M
	Ian Browne	Public toilets	29.03.16	26.04.16	YES	YES	NO		Individual	I

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Finance (5)	Bryan Collett	Festive injuries on Council Property	08.10.14	05.11.15	YES	YES	NO	Jade Brodie Unknown	Unknown	
	Bryan Collett	How many injury claims have been made in total at NHS hospitals, bodies, trusts, opticians, pharmacies and surgeries (including GP) since September 2009 and how many of those were successful?	08.10.14	05.11.15	NO	YES	NO	Jade Brodie Unknown	Unknown	
	Bryan Collett	Spending information on Consultants, Agency Staff, Street Cleaning, Children's Services and Child Protection	09.11.14	07.12.15	YES	YES	NO	Emma Sinclair Unknown	Unknown	
	Bryan Collett	Draft & Audited Statements of Accounts. 2008-09 to 2014-15	04.12.2015	12.01.16	NO	YES - In Part.	NO	Unknown	Unknown	
	Laura Renner	Insurance Terrorism	14.12.2015	14.01.16	YES	YES	NO	Rebecca Perring Rebecca.Perring@Express.co.uk	Media	M

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HR (9)	Brian Kane	Information relating to first aid training	27.10.15	24.11.15	YES	YES	NO	Paddy O'Rourke paddy@wyefirstaid.co.uk	Organisation	O
	Brian Kane	Unison Local Authority pay query 2015	19.11.15	17.12.15	NO	YES	NO	Heather Wakefield FOIpayspine2015@unison.co.uk	Organisation	O
	Brian Kane	ICT Apprenticeships	09.12.15	11.01.16	YES	YES	NO		Individual	I
	Brian Kane	Information on compromise agreements	24.12.15	26.01.16	YES	YES	NO	Ben Robinson compromiseagreements@outlook.com	Organisation	O
	Brian Kane	Disciplinaries	05.01.16	02.02.16	YES	YES	NO		Individual	I
	Brian Kane	Headcount	19.01.16	16.02.16	YES	YES	NO	Michael Nash publiclicsectorsales@digitalid.co.uk	Organisation	O
	Brian Kane	Applicant tracking system	05.02.16	04.03.16	YES	YES	NO		Individual	I
	Brian Kane	Pay - gender equality	25.02.16	24.03.16	YES	YES	NO	Kirsty Hickey Kirsty.Hickey@sky.uk	Media	M
	Brian Kane	Housing structure	09.03.16	08.04.16	YES	YES	NO	Bethan Hall bethan.hall@sellickpartnership.co.uk	Organisation	O

Freedom of Information Data

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IT										

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Multiple (22)	Michelle Carty	Govmetric information	09.10.15	24.11.15	YES	YES	YES	Oscar Vickerman b@heard.uk	Organisation	O
	Clifford Reade	MIPIIM property festival in cannes	30.10.15	27.11.15	YES	YES	YES		Individual	I
	Justine Hoy	Compliants against relating to agricultural lagoons	03.12.15	05.01.16	YES	YES	YES		Individual	I
	Howard Hughes	Contract/Procurement and Geneology info	04.12.15	06.01.16	YES	YES	YES		Individual	I
	Howard Hughes / Rona Clayton-Robb	IT Communications and Marketing	17.12.15	19.01.16	NO	YES	YES		Individual	I
	Howard Hughes	Enforcement Agents	29.12.15	27.01.16	YES	YES	YES		Individual	I
	Liam Fitzgerald / Perry Singh	Housing/Public Space Protection Orders	30.12.15	28.01.16	NO	YES	YES	Chaminda Jayanetti foichaminda@gmail.com	Media	M
	Regeneration & Development / Brian Kane	Planning Applications and Staff Information	06.01.16	03.02.16	YES	YES	YES	Andrew Ellson andrew.ellson@the-times.co.uk	Media	M
	Howard Hughes	Sports Leisure Contract	8.01.16	05.02.16	YES	YES	YES		Individual	I
	Laura Payne / Karen Barnes	Temporary Accomodation/Planning	10.01.16	05.02.16	NO	YES	YES	Symeon Brown SYMEON.BROWN@ITN.CO.UK	Media	M
	Clifford Reade	External Lighting Design	11.01.16	08.02.06	YES	YES	YES	A. Wishart wisharta@sky.com	Media	M
	Clifford Reade	Financial Management/ERP system	13.01.16	10.02.16	NO	YES	YES		Individual	I
	Lorraine Cudjoe / Kathryn Robson	Funding	22.01.16	19.02.16	NO	YES	YES		Individual	I
	Clifford Reade / Barbara Staples	Planning Staff info/Highways referred to HCC	28.01.16	25.02.16	YES	YES - In Part.	YES - In Part.		Individual	I



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Multiple	Brian Kane / IT	Employee Dismissals/ blocked websites	05.02.16	04.03.16	NO - no response from IT	NO	NO	Sian Grzeszczyk sian.grzeszczyk@bbc.co.uk	Media	M
	Alan Gough	Domestic Homicide Reviews	11.02.16	10.03.16	NO	YES	NO	Roishe Milne roishe.milne@suzylamplugh.org	Organisation	O
	Helen Smith / Bryan Collett	Filming costs	13.02.16	11.03.16	YES	YES	NO		Individual	I
	Martin Jones / Bryan Collett	Purchases to Land/Property/Building	15.02.16	14.03.16	YES	YES	NO		Individual	I
	Howard Hughes	ICT software Building Control and Development control	19.02.16	18.03.16	NO	YES	NO	Jamie Hughes Jamie.hughes@terraquest.co.uk	Organisation	O
	Liam Fitzgerald / Bryan Collett	extremism referrals / under 18s / Prevent	01.03.16	31.03.16	YES	YES	NO	Rebecca Ratcliffe rebecca.ratcliffe@theguardian.com	Media	M
	Brian Kane / Helen Smith / Rona Clayton-Robb	Housing register info / Cost of Translators	03.03.16	04.04.16	YES	YES	NO	Rachel Lucas rachellucas@itn.co.uk	Media	M
	Martin Jones/Ian Browne	Marketing/Construction/Swimming Pools	13.03.16	12.04.16	NO	YES	NO	Graeme Dixon graeme@banburyinnovations.co.uk	Organisation	O

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Regeneration & Development (30)	Andy Smith	Electric Vehicles	08.10.15	05.11.15	YES	YES	NO	Lucy Burman Letter	Via Unknown	
	Semeta Bloomfield	S106 Monies refunded	29.10.15	26.11.15	YES	YES	NO		Individual	I
	Andy Smith	Bollards in High St	31.10.15	27.11.15	NO	YES	NO		Individual Watford Resident	IWB
	Liam Hornsby	Debt collectors for PCN	3.11.15	01.12.15	YES	YES	NO	Alex Constantine alexconstantine@outlook.com	Media	M
	Karen Barnes	Housing Numbers	9.11.15	07.12.15	NO	YES	NO	Ritchie Carruthers Ritchie.Carruthers@affinitywater.co.uk	Organisation	O
	Justin Bloomfield	Complaint of harassment	20.11.15	18.12.15	YES	YES	NO		Individual Watford Resident	IWB
	Sharon Hayes	3 Cassiobury Park Ave	23.11.15	21.12.15	YES	YES	NO		Individual Watford Resident	IWB
	Semeta Bloomfield	Affordable Housing	25.11.15	23.12.15	YES	YES	NO	Alex Pearce Alex.Peace@estatesgazette.com	Media	M
	Andy Smith	Complaint of harassment	25.11.15	23.12.15	YES	YES	NO		Individual Watford Resident	IWB
	Liam Hornsby	PCN's issued	25.11.15	23.12.15	YES	YES	NO	Lee Ashley Via letter	Unknown	
	Paul Baxter	MOA Rollout	27.11.15	29.12.15	YES	YES	NO	Aaron Thomas ALRT_AARON@AOL.CO.UK	Organisation	O
	David O'Neil	How many empty buildings for the homeless	27.11.15	29.12.15	YES	YES	NO	Unknown Hell.field@btinternet.com	Organisation	O
	Hannah Heineman	Market stalls outside premises	27.11.15	29.12.15	YES	YES	NO		Individual Watford Resident	IWB
	Tim Woolridge	CCTV information	07.12.15	07.01.16	YES	YES	NO		Individual Watford Resident	IWB
	Liam Hornsby	Parking Services	11.12.15	13.01.16	YES	YES	NO		Individual	I
Liam Hornsby	Parking Services	29.12.15	27.01.16	YES	YES	NO	Afzal Ahmed reacherstraining@yahoo.com	Organisation	O	

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	Angela Fuller	Garage Vacancy rates	02.01.16	29.01.16	YES	YES	NO	Patrick Wray buyyourgarage@yahoo.co.uk	Organisation	O
<b>Regeneration &amp; Development</b>	Tamsin Chambers	Third Avenue 2 storey extensions	10.01.16	05.02.16	YES	YES	NO		Individual Watford Resident	IWB
	Liam Hornsby	FOI Request	12.01.16	09.02.16	YES	YES	NO	Jozef Paseciak letter Via	Unknown	
	Tamsin Chambers	Planning applications received	12.01.16	09.02.16	YES	YES	NO	Andrew Ellson andrew.ellson@the-times.co.uk	Media	M
	Tim Woolridge	Is it possible bus obstructing phone box view by camera 9?	14.01.16	11.02.16	YES	YES	NO		Individual Watford Resident	IWB
	Tamsin Chambers	Number of religious buildings	01.02.16	29.02.16	YES	YES	NO	Kaya burgess 'kaya.burgess@thetimes.co.uk'	Media	M
	Tim Woolridge	CCTV	08.02.16	07.03.16	YES	YES	NO	Simon Rasing 'Simon.Rasing@shine.tv'	Media	M
	Adrien Waite	CIL	12.02.16	11.02.16	YES	YES	NO	Richard Cowling Unknown	Unknown	
	Brian Scott	CONTROLLED PARKING ZONE MN - OPERATING HOURS	24.02.16	23.03.16	YES	YES	NO	Liza Tsukalas Unknown	Unknown	
	Tim Woolridge	CCTV & WI-FI	28.02.16	29.03.16	YES	YES	NO		Individual	I
	Adrien Waite	31 Nascot Road	11.03.16	12.04.16	YES	YES	NO	R. Barker 'RBarker@Sovereign-plc.co.uk'	Organisation	O
	Adrien Waite	Sun Clock Tower	14.03.16	13.04.16	YES	YES	NO		Individual	I
	Semeta Bloomfield	CIL	19.03.16	19.04.16	YES	YES	NO	John Powell 'john.powell@epds-consultants.co.uk'	Organisation	O
	Howard Hughes	ICT programmes	19.03.16	19.04.16	YES	YES	NO	Jamie Hughes Jamie.hughes@terraquest.co.uk	Organisation	O

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Revenues & Benefits (56)	Nick Smith	NDR Minimum RV / credits	02.10.15	30.10.15	YES	YES	NO	Unknown beth@bwb.co.uk	Organisation	O
	Nick Smith	Mand & Disc Relief	05.10.15	02.11.15	YES	YES	NO	Adele Farrell Adele.Farrell@colliers.com	Organisation	O
	Nick Smith	NDR local discount scheme	05.10.15	02.11.15	YES	YES	NO	Stephen Mitchell Stephen.Mitchell@colliers.com	Organisation	O
	Nick Smith	Numerous NDR	06.10.15	03.11.15	YES	YES	NO		Individual	I
	Nick Smith	NDR numerous	06.10.15	03.11.15	YES	YES	NO		Individual	I
	Nick Smith	NDR credits	07.10.15	04.11.15	YES	YES	NO	T Parker T.PARKER@EXACTA.CO.UK	Organisation	O
	Nick Smith	NDR credits / write backs	08.10.15	05.11.15	YES	YES	NO	Unknown foi@psmssoftware.co.uk	Organisation	O
	Nick Smith	NDR credits numerous	09.10.15	06.11.15	YES	YES	NO	Stephen Mitchell Stephen.Mitchell@colliers.com	Organisation	O
	Nick Smith	Ctax numerous re Recovery	12.10.15	09.11.15	YES	YES	NO	Unknown ctfoia@gmail.com	Unknown	
	Nick Smith	NDR numerous	14.10.15	11.11.15	YES	YES	NO		Individual	I
	Nick Smith	NDR Occupancy	16.10.15	13.11.15	YES	YES	NO		Individual	I
	Nick Smith	NDR liable dates	04.11.15	02.12.15	NO	YES	NO	unknown clarkeyn58@outlook.com	Unknown	
	Nick Smith	NDR Credits	04.11.15	02.12.15	NO	YES	NO	Mike Kwiatowski mike.kwiatowski@altusgroup.com	Organisation	O
	Nick Smith	NDR Reliefs	04.11.15	02.11.15	NO	YES	NO	Unknown ts@marstonassoc.com	Organisation	O
	Nick Smith	Cash systems	07.11.15	04.12.15	Unable to Confirm	Unable to Confirm	Unable to Confirm	R.Hallewell r.hallewell@cprax.co.uk	Organisation	O

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Revenues & Benefits	Nick Smith	NDR numerous	12.11.15	10.12.15	YES	YES	NO	Unknown foi@lhpa.co.uk	Organisation	O
	Nick Smith	NDR numerous	12.11.15	10.12.15	YES	YES	NO	Unknown foi@leaprecovery.com	Organisation	O
	Nick Smith	NDR numerous	17.11.15	15.12.15	YES	YES	NO	Unknown SSK@GMX.CO.UK	Organisation	O
	Nick Smith	NDR numerous	18.11.15	16.12.15	YES	YES	NO		Individual	I
	Nick Smith	Ctax credits	21.11.15	18.12.15	YES	YES	NO	Unknown stevmart4@gmail.com	Unknown	
	Nick Smith	Ctax Recovery	25.11.15	23.12.15	YES	YES	NO	Lee Ashley Unknown	Unknown	
	Nick Smith	NDR numerous	02.12.15	05.01.16	YES	YES	NO		Individual	I
	Nick Smith	NDR numerous	02.12.15	05.01.16	YES	YES	NO		Individual	I
	Nick Smith	NDR numerous	04.12.15	06.01.16	YES	YES	NO	unknown Rating Legislation Ltd	Organisation	O
	Nick Smith	NDR liable dates	16.12.15	18.01.16	YES	YES	NO		Individual	I
	Nick Smith	Numerous NDR	18.12.15	20.01.16	YES	YES	NO		Individual	I
	Nick Smith	Software	24.12.15	26.01.16	YES	YES	NO	Aaron McLeod Aaron.Mcleod@dunlopheywood.com	Organisation	O

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Revenues & Benefits	Nick Smith	NDR numerous	12.01.16	09.02.16	YES	YES	NO	Unknown cw@dwllp.com	Organisation	O
	Nick Smith	NDR numerous	13.01.16	10.02.16	YES	YES	NO	F.Cushion f.cushion@exacta.co.uk	Organisation	O
	Nick Smith	NDR numerous	13.01.16	10.02.16	YES	YES	NO	Unknown request-310518-45b4709a@whatdotheyknow.com	Individual	I
	Nick Smith	NDR numerous	15.01.16	12.02.16	YES	YES	NO	Unknown foi@propertycheckpro.co.uk	Organisation	O
	Nick Smith	NDR credits	18.01.16	15.02.16	YES	YES	NO	Unknown CheltenhamRating@dtz.com	Organisation	O
	Nick Smith	NDR liable period	18.01.16	15.02.16	YES	YES	NO		Individual	I
	Nick Smith	Ctax Charging Orders	18.01.16	15.02.16	YES	YES	NO	Chris Harris Chris.Harris@practicalvision.co.uk	Organisation	O
	Nick Smith	Ctax / CTS numerous	20.01.16	17.02.16	YES	YES	NO	Chaminda Jayanetti cjayanetti@gmail.com	Media	M
	Nick Smith	NDR occ dates	04.02.16	03.03.16	YES	YES	NO		Individual	I
	Nick Smith	NDR full list	15.02.16	14.03.16	YES	YES	NO		Individual	I
	Nick Smith	NDR Charities	17.02.16	16.03.16	YES	YES	NO		Individual	I
	Nick Smith	NDR numerous	22.02.16	21.03.16	YES	YES	NO	Mike Kwiatowski mike.kwiatowski@altusgroup.com	Organisation	O
	Nick Smith	NDR numerous	22.02.16	21.03.16	YES	YES	NO	Unknown ross@bwb.co.uk	Organisation	O
	Nick Smith	NDR numerous	25.02.16	24.03.16	YES	YES	NO		Individual	I
	Nick Smith	NDR TFL credit	25.02.16	24.03.16	Unable to Confirm	Unable to Confirm	Unable to Confirm	Unknown UzomahA@tfl.gov.uk	Organisation	O

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Revenues & Benefits	Nick Smith	NDR full list inc Occ etc	25.02.16	24.03.16	YES	YES	NO		Individual	I
	Nick Smith	Ctax empty homes	25.02.16	24.03.16	YES	YES	NO	Unknown johns@rla.org.uk	Organisation	O
	Nick Smith	NDR	26.02.16	29.03.16	Unable to Confirm	Unable to Confirm	Unable to Confirm	Rob Madden Rob.Madden@dunlophewood.com	Organisation	O
	Nick Smith	NDR numerous	29.02.16	30.03.16	YES	YES	NO		Individual	I
	Nick Smith	NDR Accounts	01.03.16	31.03.16	YES	YES	NO	Aaron McLeod Aaron.Mcleod@dunlophewood.com	Organisation	O
	Nick Smith	NDR numerous	01.03.16	31.03.16	YES	YES	NO	Unknown yendle34@gmail.com	Unknown	
	Nick Smith	NDR numerous	01.03.16	31.03.16	Unable to Confirm	Unable to Confirm	Unable to Confirm	Unknown listening@fylde.gov.uk	Organisation	O
	Nick Smith	NDR numerous	04.03.16	05.04.16	YES	YES	NO		Individual	I
	Nick Smith	NDR / Ctax credits	04.03.16	05.04.16	YES	YES	NO	Stephen Mitchell Stephen.Mitchell@colliers.com	Organisation	O
	Nick Smith	Ctax empty props	11.03.16	12.04.16	Unable to Confirm	Unable to Confirm	Unable to Confirm		Individual	I
	Nick Smith	NDR 80% Mand Schls	14.03.16	13.04.16	YES	YES	NO		Individual	I
	Nick Smith	NDR numerous	18.03.16	19.04.16	Unable to Confirm	Unable to Confirm	Unable to Confirm		Individual	I
	Nick Smith	NDR dates	21.03.16	20.04.16	Unable to Confirm	Unable to Confirm	Unable to Confirm		Individual	I
	Nick Smith	NDR numerous	24.03.16	25.04.16	Unable to Confirm	Unable to Confirm	Unable to Confirm	Unknown richard@rjwfoodservices.co.uk	Organisation	O





## PART A

**Report to:** Audit Committee  
**Date of meeting:** 27 June 2016  
**Report of:** Fraud Manager  
**Title:** Fraud Annual Report

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### 1.0 **SUMMARY**

1.1 This report informs members of the work of the Fraud Section for the financial year 2015/2016 and provides updates on progress and developments for the current financial year.

### 2.0 **RECOMMENDATIONS**

2.1 To note the contents of this report.

#### **Contact Officer:**

For further information on this report please contact: Garry Turner, Fraud Manager  
telephone extension:727190 email: [garry.turner@threerivers.gov.uk](mailto:garry.turner@threerivers.gov.uk)

**Report approved by:** Bob Watson, Head of Finance (Shared Services)

### 3.0 **DETAILED PROPOSAL**

3.1 Fraud is a crime that affects all citizens including our tax payers and service users. The latest 2016 Fraud and Corruption Strategy from CIPFA quotes fraud losses in local government of more than £2.1 billion a year. The harm caused by fraud is not just financial: it damages local communities. It is vital therefore that we have a strong anti-fraud culture underpinned with effective counter-fraud policies and good practice procedures.

The CIPFA report can be downloaded from:

<http://www.cipfa.org/services/counter-fraud-centre/fighting-fraud-and-corruption-locally>

3.2 The Council has a responsibility to protect the public purse through proper administration and control of public funds. It is recognised we must have effective core arrangements in order for us to be effective. These include prevention and deterrence, investigation and detection, recovery and redress and openness and transparency. The Team provides support, advice and assistance on all matters of fraud risks.

3.3 The Council is committed therefore to providing a proportionate and efficient value for money anti-fraud service which understands and acknowledges our fraud risks. We must have efficient policies that are reviewed, have sanctions in place for those that offend and that reflect legislative changes and continually strengthen existing and new partnerships. Countering Fraud is the responsibility of everyone.

3.4 The Fraud Section is part of the Finance Shared Service with Watford. The details below apply to both councils unless otherwise stated.

#### **Council Tax Reduction and Housing Benefit**

3.5 In respect of Housing Benefit and the Council Tax Reduction Scheme, a complex legal framework is in place to define who is entitled to benefit and to reduce fraud from entering the system at inception. It is an integral part of the administration that everyone is aware and vigilant of the risks. Unfortunately, however good the

administration of benefits is, it is always likely fraud will enter the system by deliberate acts

- 3.6 From December 2015 the investigation of Housing Benefit only transferred to the Department for Work and Pensions (DWP) in accordance with the Single Fraud Investigation Service (SFIS)
- 3.7 The fraud team is co-located in Three Rivers House and in the Watford Town Hall.
- 3.8 During 2015/16 the Fraud Section issued the following sanctions in respect of the more serious fraudulent claims;

Action	Three Rivers DC	Watford BC	Total
Administrative Penalties	14	1	15
Formal Cautions	0	5	5
Successful Prosecutions	9	8	17
Total	23	14	37

- 3.9 In 2015/16 a total of 262 investigations were completed.
- 3.10 Of these investigations where a customer is suspected of committing an offence they are interviewed under caution by officers. These interviews are digitally recorded interviews in accordance with the Police and Criminal Evidence Act 1984. The majority take place in the Council offices with many conducted in Police stations or other organisations with which we collaborate. Generally, those conducted in a Police station are after the customer has been arrested and a search of their premises has been conducted.
- 3.11 In 2015/16, a total of 318 referrals for investigation were made. Of these, 122 were rejected as they failed their risk assessment. Failing a risk assessment can occur for a variety of reasons including something as simple as the person the allegation is made against not being in receipt of benefit. A referral breakdown of the major contributors is shown is shown below;

Information Source	
Internal Council Departments	66
External sources including Police	62
National Fraud Initiative	18
Housing Benefit Matching Service (HBMS) and RTI Real	29

Time Information	
Fraud Hotline and anonymous letters	105
Department for Works and Pensions (DWP)	3
Website referral	12
Housing Providers	23

3.12 The service continues to take part in various data-matching exercises. These include the National Fraud Initiative (NFI) which is now run by the Cabinet office. It is a mandatory exercise that matches data within the councils and between participating bodies to prevent and detect fraud. The key strength of the NFI is that it brings together a wide range of organisations, working together to tackle fraud. Participants of the NFI include 1300 organisations that include for instance other local authorities, police authorities, NHS bodies etc. These matches are not just confined to benefit fraud. Examples of some matches are shown below.

Data Match	Possible fraud/ error
Housing benefit payments to payroll records	Claiming housing benefit by failing to disclose an income
Payroll records to records of failed asylum seekers and records of expired visas	Obtaining employment while not entitled to work in the UK
Council Tax records to electoral register	A council tax payer gets single person's discount and has not declared other persons living in the property
Payroll records to other payroll records	An employee is working for TRDC/WBC but has employment elsewhere that is not declared.

3.13 The Fraud Section continues to work collaboratively with many organisations including the DWP, the Police, Immigrations and Border agencies and other local authorities. It is vital in terms of being efficient to work jointly with other organisations and not in silos.

### **Tenancy Fraud**

3.14 Tenancy Fraud is continuing to be identified as an emerging risk and is reported to be a major category of fraud loss by value in local government. It was estimated that tenancy fraud losses amounted to £845m. Housing is an essential commodity and demand far exceeds supply. This figure included those properties owned and

managed by Social Landlord providers. Making best use of available housing stock is paramount. Furthermore, the social value of housing to communities is considerable as families in temporary accommodation can often lead more transient lives which can lead to families unable to integrate into communities easily and can lead to less stable educational environments for their children. This has implications for social cohesion. It is estimated in our geographical location that a conservative estimate of 2% of properties are occupied illegally. This equates to 300 properties.

- 3.15 The tenancy fraud sponsored project recovered 18 properties for providers in 2015/16 and in 2014/15 recovered 17 properties that have been occupied illegally.
- 3.16 The National Fraud Authority previously calculated the average cost of placing a family in temporary accommodation amounted to £18,000.
- 3.17 As well as identifying properties occupied illegally, we developed strategies and training that will hopefully provide a legacy of good practice for this initiative.
- 3.18 Tenancy Fraud workshops were provided to registered housing providers. At these workshops specialist advice and case support was given to relevant front-line staff and neighbourhood officers.
- 3.19 Specialist tenancy fraud training was also provided to housing providers.
- 3.20 Desktop intelligence checks were conducted when there was a request for any change in tenancy, for example, right to buy applications, mutual exchanges and joint to sole tenancy applications. These desk-top checks utilise the range of information and intelligence to which we have legal access. This follows the introduction of the Prevention of Social Housing Fraud Act 2013. This legislation provides local authorities only with specific powers to investigate and prosecute tenancy fraud.

### **Other Fraud**

- 3.21 Blue Badge Fraud exercises continue to be held. Proactive exercises are normally conducted on a weekend, generally around Watford town centre which is identified as being the most affected. The exercises are conducted jointly with Hertfordshire Police. The latest statistical information from protecting the Public Purse 2015 estimates that 20% of badges issued are misused. Whilst the loss in parking revenue

may be assessed as quite small, the individual harm caused is significant. Fraudulent use of Blue Badges causes inconvenience and direct detriment by depriving an individual in genuine need and entitlement to disabled parking facilities. It may also have a reputational damage to the Council. The penalty if prosecuted for blue badge abuse generally is a level 3 fine for which the maximum penalty is £1,000. On each occasion this exercise has been conducted, blue badge misuse has been identified. Some drivers are cautioned and some badges seized. Only the most serious cases are prosecuted. For the period 2015-16 a total of 8 cases received a sanction of which 7 were prosecuted in the magistrate's court and 1 receiving a caution. The publicity and comments in the press demonstrates the value of this work. The articles can be viewed at ;

[http://www.watfordobserver.co.uk/news/14021698.Motorists\\_fined\\_for\\_blue\\_badge\\_fraud\\_in\\_council\\_crackdown/#comments-anchor](http://www.watfordobserver.co.uk/news/14021698.Motorists_fined_for_blue_badge_fraud_in_council_crackdown/#comments-anchor)

- 3.22 In 2013 as previously reported the enhanced vetting scheme was introduced. The scheme introduced a more stringent vetting process for all new staff. As a local authority with a large number of employees, we have a responsibility to prevent and eliminate fraud within the Council. One of the ways we can achieve this is by undertaking a more robust vetting of direct recruits and agency staff before they are appointed. In order for the Council to successfully prevent fraud, we must have effective policies and procedures that minimise the risk of appointing individuals with unsuitable backgrounds.
- 3.23 We work with all departments in both Councils to enhance their capability to carry out thorough intelligence checks when investigating areas of regulatory functions and assist in intelligence gathering and ID verification through the use of ID scan, a device which identifies fraudulent documents.
- 3.24 The section continues to investigate other matters including money laundering allegations primarily to do with council tax payments. We facilitate the lawful obtaining of communications data under the Regulatory Powers Act 2000 (Ripa). We have also conducted a variety of enquiries and provide advice on evidence gathering. We have conducted various enquiries/investigations internally.

## **Action to Date**

- 3.25 In December 2015 following consultation 18 housing benefit cases were transferred to the DWP in accordance with the requirements of the SFIS.
- 3.26 Two vacant posts were also deleted from the establishment list creating further efficiency savings.
- 3.27 Funding for the fraud tenancy officer ceased on 1/4/16. We are continuing to discuss and work with providers but a designated post is not now being provided.
- 3.28 We are currently running an exercise to match data sources against Single Persons Discounts claims and exemptions by using technology more effectively and collaboratively.

## **4.0 IMPLICATIONS**

### **4.1 Financial**

- 4.1.1 The Head of Finance comments that there are no financial implications in this report as expenditure is contained within existing budgets.

### **4.2 Legal Issues (Monitoring Officer)**

- 4.2.1 The Head of Democracy and Governance comments that there are no specific legal issues contained in this report.

### **4.3 Equalities**

- 4.3.1 This is not a new policy.

### **4.4 Potential Risks**

- 4.4.1 There are no risks associated with Members noting this report

### **4.5 Staffing**

- 4.5.1 No Implications

### **4.6 Accommodation**

- 4.6.1 No Implications

4.7 **Community Safety**

4.7.1 No Implications

4.8 **Sustainability**

4.8.1 No Implications

Appendices

None

Background Papers

The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report.”

2016-19 Fighting Fraud Locally.

File Reference

None



**Report to:** Audit Committee

**Date of meeting:** 27 June 2016

**Report of:** Bob Watson – Head of Finance (shared services)

**Title:** **External Audit Progress report**

**1.0 SUMMARY**

1.1 To receive the External Audit Progress report prepared by EY, the Council's appointed external auditors.

**2.0 RECOMMENDATIONS**

2.1 That members note the contents of the External Audit Progress report.

**Contact Officer:**

For further information on this report please contact: -  
Bob Watson, Head of Finance (shared services)  
telephone extension: 7188  
email: bob.watson@threerivers.gov.uk

**Report approved by:** Bob Watson, Head of Finance

### 3.0 **DETAILS**

3.1 Attached at Appendix 1 is the External Audit Progress Report for the last financial year (2015/16). The Audit Plan covers:-

- Planned work
- Financial statement risk
- Timetable

3.2 A representative from EY will be at the meeting to present the plan and answer questions.

### 4.0 **IMPLICATIONS**

#### 4.1 **Financial**

4.1.1 The recommendations in this report are within the Council's agreed policy and budgets.

#### 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      Watford Borough Council – EY External Audit progress report for year ended 31 March 2016

# Watford Borough Council

Year ending 31 March 2016

Audit Progress Report

27 June 2016

Ernst & Young LLP



Building a better  
working world

Audit Committee  
Watford Borough Council  
Hempstead Road,  
Town Hall,  
Watford,  
Hertfordshire  
WD17 3EX

27 June 2016

Dear Members

## **Audit Progress Report – 2015/16**

We are pleased to attach our Audit Progress Report. The purpose of this report is to provide the Audit Committee with an overview of the stage we have reached in your 2015/16 audit and to ensure our audit is aligned with the Committee's expectations.

Our audit is undertaken in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

We welcome the opportunity to discuss this report with you as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Andrew Brittain  
Executive Director

*For and behalf of Ernst & Young LLP*  
*Enc*

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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued ‘Statement of responsibilities of auditors and audited bodies 2015-16’. It is available from the Chief Executive of each audited body and via the [PSAA website](http://www.psa.co.uk) (www.psa.co.uk)

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The ‘Terms of Appointment from 1 April 2015’ issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Plan is prepared in the context of the Statement of responsibilities. It is addressed to the Audit Committee, and is prepared for the sole use of the audited body. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

# 1. Planned Work

## Meetings

We continue regular meetings with key officers as part of our ongoing audit process including:

- ▶ Our weekly meetings with key finance staff during our audit visits to discuss significant risks around the accounts and updates on our work; and
- ▶ Our quarterly updates with the Chief Executive and Senior Finance Officers to discuss the significant risks and other issues faced by the Council, our approach and progress with the audit.

## Walk-throughs and tests of control

We have completed the majority of our walk-throughs of key financial systems and controls testing during March and April 2016.

## Internal Audit

Internal Audit is a key part of the Council's internal control environment that we review during our assessment process. This process helps us to assess the level of risk of material errors occurring in the financial statements and informs the level of testing that we are required to complete in support of the audit opinion. We consider Internal Audit's progress with their annual audit plan and the results of their testing of financial systems and, where it is complete and appropriate to do so, we can undertake procedures to enable us to place reliance on that work. For the 15/16 audit we will not be placing direct reliance on the work of Internal Audit.

## Journal testing

We identified a number of manual journals that were both prepared and authorised by the same person, the majority of these did not have any supporting documentation. This is a control weakness as we would expect there to be a separation of duties over preparation and authorisation of journals and has led to the need for additional testing.

## IT reliance

We carried out testing of IT General Controls (ITGC) as if we can place reliance on these controls it potentially reduces the amount of substantive testing we are required to do at the year end. However during our walkthrough we found exceptions relating to the design of the controls over system access, without any mitigating evidence. Therefore we are not able to place reliance on ITGCs this year. We have summarised our observations including applicable recommended improvements to officers so we can look to place reliance on ITGCs next year.

## Post statements visit

We have now finalised the exact dates for our audit visit, and have had early discussions on the working papers required in support of the audit.

Our detailed audit plan, setting out the risks we have identified and the work we will undertake in response, was presented to the Committee in March 2016.

We will continue to use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular payroll and journal entries.

We will also review and report to the National Audit Office, to the extent and in the form required by them, on your whole of government accounts return.

## 2. Financial statement risks

As part of our planning procedures, we assess the financial statement risks facing the Council. With the adoption of IFRS13 into the Code we have identified a risk of misstatement in property valuation, so we are raising this as an additional significant risk (as shown below) and we plan to focus some additional attention in this area during the audit.

At our meeting, we will seek to validate these with you.

Significant risks (including fraud risks)	Our audit approach
<b>Risk of error in Property Valuations</b>	
<p>Auditing standards (ISA 620) require us to gain particular assurances when an expert has been engaged by an audited body and where this influences material figures in the financial statements. The Authority engages a professional valuer to provide it with asset valuations. These assets represent a material figure in the Authority's Accounts.</p> <p>From 2015/16, the Code of Practice on Local Authority Accounting in the United Kingdom adopted IFRS 13 for assets and liabilities included in the financial statements that either permit or require measurement at fair value.</p> <p>The 2014/15 balance showed a balance of £120 million for Investment Property, and therefore this change in approach will impact on material disclosures in the financial statements.</p> <p>As this is an initial audit engagement for us, we will also review the classification of assets in the balance sheet to gain assurance that Investment Property and other fixed assets are appropriately classified and valued.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> <li>▶ Reviewing management's assumptions and source data concerning asset classification</li> <li>▶ Assessing the competency and objectivity of management's valuer</li> <li>▶ Assessing whether the scope of work undertaken by the valuer is sufficient</li> <li>▶ Reviewing how the Authority satisfies itself that the valuations given provide it with the level of information it needs to provide reliable data and appropriate disclosures for the statement of accounts</li> <li>▶ Reviewing the asset valuations, their valuation basis, and the assumptions behind them</li> <li>▶ Evaluating whether the substance of the expert's findings is appropriately reflected in the financial statements</li> <li>▶ Consideration of the accuracy and completeness of the source documents used by the valuer</li> </ul>

We reported the other financial statements risks identified during our planning in our audit plan which came to the March Audit Committee.

### Value for money

We carried out our initial risk assessment. We can confirm that at this stage we have not identified a significant risk in respect of value for money. Our assessment will continue throughout the audit cycle and we will update the Committee should anything change in respect of our assessment of this key area.

### Claims and returns certification 2015/16

We have been unable to start work on the certification of your 2015/16 claims and returns as your housing benefit subsidy claim has not yet been submitted (deadline for submission to PSAA 30<sup>th</sup> April 2016). This is due to integrity errors that are preventing the claim from balancing and system downtime.

### 3. Timetable

We have set out below a timetable showing the key stages of the audit, including the value for money work and the Whole of Government Accounts. The timetable includes the deliverables we have agreed to provide to the Council through the Audit Committee's cycle in 2015/16. These dates are determined to ensure our alignment with PSAA's rolling calendar of deadlines.

From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Chair as appropriate.

Following the conclusion of our audit we will prepare an Annual Audit Letter to communicate the key issues arising from our work to the Council and external stakeholders, including members of the public.

<b>Audit phase</b>	<b>Timetable</b>	<b>Audit Committee timetable</b>	<b>Deliverables</b>
High level planning	<b>January 2016</b>	<b>14 March 2016</b>	Audit Fee Letter Progress Report
Risk assessment and setting of scopes	<b>January 2016</b>	<b>14 March 2016</b>	Audit Plan
Testing routine processes and controls	<b>February 2016</b>	<b>27 June 2016</b>	Progress Report
Year-end audit	<b>July &amp; August 2016</b>		
Completion of audit	<b>August 2016</b>	<b>29 September 2016</b>	Report to those charged with governance via the Audit Results Report Audit report including our opinion on the financial statements and overall value for money conclusion. Audit completion certificate Reporting to the NAO on the Whole of Government Accounts return.
Conclusion of reporting	<b>November 2016</b>	<b>7 December 2016</b>	Annual Audit Letter

In addition to our formal reporting and deliverables we provide practical business insights and updates on regulatory matters through our Local Government Audit Committee Briefings, which we will continue to share with you at future Committee meetings.



## Appendix A Audit Progress

Progress against key deliverables

<b>Key deliverables</b>	<b>Timetable in plan</b>	<b>Status</b>	<b>Comments</b>
Audit Fee Letter	March 2016	Completed	Reported to Those Charged with Governance March 2016
Audit Plan	March 2016	Completed	Reported to Those Charged with Governance March 2016
Progress Report	June 2016	Completed	Reported to Those Charged with Governance June 2016
Report to those charged with governance	September 2016	Not due	
Audit report (including opinion and VFM conclusion)	September 2016	Not due	
Audit Completion Certificate	September 2016	Not due	
WGA certificate	September 2016	Not due	
Annual Audit Letter	December 2016	Not due	
Report on the Audit of Grant Claims	March 2017	Not due	

EY | Assurance | Tax | Transactions | Advisory

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**Report to:** Audit Committee

**Date of meeting:** 27 June 2016

**Report of:** Bob Watson - Head of Finance (shared services)

**Title:** Internal Audit Annual Report 2015/2016

## 1.0 SUMMARY

1.1 This report gives details of the activities of Internal Audit during 2015/2016 and provides an opinion on the adequacy and effectiveness of the Council's internal control environment.

## 2.0 RECOMMENDATIONS

2.1 That the Committee notes the contents of the annual internal audit report and the annual assurance statement.

2.2 That the Committee acknowledges the assurance from management that the scope and resources for internal audit were subject to no inappropriate limitations in 2015/16.

2.3 Note the results of the self-assessment as required by both the Public Sector Internal Audit Standards and the Quality Assurance and Improvement Programme.

2.4 Accept the SIAS Audit Charter

### **Contact Officer:**

For further information on this report please contact: -  
Bob Watson, Head of Finance (shared services)  
telephone extension: 7188  
email: bob.watson@threerivers.gov.uk.gov.uk

**Report approved by:** Bob Watson, Head of Finance

### 3.0 **DETAILS**

- 3.1 Attached at Appendix 1 to this report are the 2015/16 Annual Assurance Statement and Internal Audit Annual Report.
- 3.2 The Head of Assurance for Internal Audit has provided an opinion on the adequacy and effectiveness of the Council's control environment, broken down between financial and non-financial systems. There are no qualifications to this assurance.
- 3.3 Under Public Sector Internal Audit Standards, it is the role of the Audit Committee to seek assurance that there are no inappropriate limitations on the scope or resources of internal audit. Paragraph 2.4 of the Annual Report gives this assurance from an internal audit viewpoint and this is confirmed as being the case by the Council's Section 151 Officer (the Director of Finance) on behalf of management.

### 4.0 **IMPLICATIONS**

#### 4.1 **Financial**

- 4.1.1 There are no budget implications associated with this report. The work of internal audit contributes to the Council's corporate governance.

#### 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 2015/16 Annual Assurance Statement and Internal Audit Annual Report.



**Watford Borough Council**  
**2015/16 Annual Assurance Statement**  
**and**  
**Internal Audit Annual Report**  
**27 June 2016**

**Recommendations**

Members are recommended to:

Note the Annual Assurance Statement and Internal Audit Annual Report

Note the results of the self-assessment as required by both the Public Sector Internal Audit Standards and the Quality Assurance and Improvement Programme

Accept the SIAS Audit Charter 2016/17

Seek assurance from management that the scope and resources for internal audit were subject to no inappropriate limitations in 2015/16

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3. Overview of Internal Audit Activity in 2015/16
4. Performance of the Internal Audit Service in 2015/16
5. Compliance with the Public Sector Internal Audit Standards and Quality Assurance Improvement Programme
6. Audit Charter 2016/17

## Appendices

- A Final position of the 2015/16 Audit Plan
- B Definitions of Assurance Levels and Priority of Recommendations
- C Progress against Public Sector Internal Audit Standards as at May 2016
- D Internal Audit Charter 2016/17

## 1. Purpose and Background

### Purpose of Report

1.1 The purpose of this report is to:

- Document and communicate internal audit's overall opinion on the adequacy and effectiveness of the Council's control environment, commenting on significant matters and key themes
- Summarise the audit work from which the opinion is derived
- Summarise the performance of the Shared Internal Audit Service (SIAS) in respect of audit work delivered for the Council
- Show the outcomes of the self-assessment against the Public Sector Internal Audit Standards (PSIAS) incorporating the requirements of the Quality Assurance and Improvement Programme (QAIP)
- Present the Audit Charter for 2016/17.

### Background

1.2 The provision to the Council of an annual opinion on internal control is a key duty of the Head of Assurance. It is timed to support the production of the Council's Annual Governance Statement.

1.3 Reporting the work of SIAS to Audit Committee Members 'charged with governance' provides them with an opportunity to review and monitor the outputs of internal audit activity and gain assurance that the Council's internal audit function is fulfilling its statutory obligations. This process is an integral component of corporate governance.

1.4 The Head of Assurance's opinion is based on internal audit work undertaken during the 2015/16 financial year. SIAS is grateful for the co-operation and support it has received from all those who have engaged with the audit process during the period.

## 2. Annual Assurance Statement 2015/16

### Context

#### 2.1 *Scope of responsibility*

The management of the Council is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

The management of the Council is also responsible for ensuring that there is a sound system of internal control, which includes arrangements for managing risk.

#### 2.2 *Control environment*

The Council's control environment comprises three key areas: internal control, governance, and risk management arrangements. Together these areas are designed to manage risk to a reasonable level rather than eliminate risk completely.

The purpose of these arrangements is to help ensure that the Council's policies, priorities and objectives are achieved.

#### 2.3 *Review of effectiveness*

The Head of Assurance is required to confirm the fitness for purpose of internal audit to carry out work that informs the assurance opinion.

A self-assessment exercise, thus satisfying PSIAS requirements 1311 and 1312 for periodic self-assessments as part of a Quality Assurance and Improvement Programme was conducted against the PSAIS requirements and its results allow SIAS to evidence that effective arrangements are in place and internal audit standards are in line with good practice.

As a result, the Head of Assurance is able to report a substantial level of conformance with the Public Sector Internal Audit Standards and considers the internal audit service to be effective.

The exercise did not identify any significant deviations from Standards which warrant inclusion in the Council's Annual Governance Statement. Appendix C of this report contains a table setting out areas where further action is needed in order to ensure conformance and discloses areas of intentional non-conformance.

Further, an independent review of internal audit has taken place and the effectiveness of the service has been confirmed as a result. Detail of the key findings and recommendations of the independent review is shown in Section 4 of this report.



**2.4** *Confirmation of independence of internal audit and assurance on limitations*

The Head of Assurance confirms that during the year there have been no matters arising which have threatened the independence of the internal audit function. The Head of Assurance also confirms that there have been no inappropriate scope or resource limitations on the internal audit function during the year.

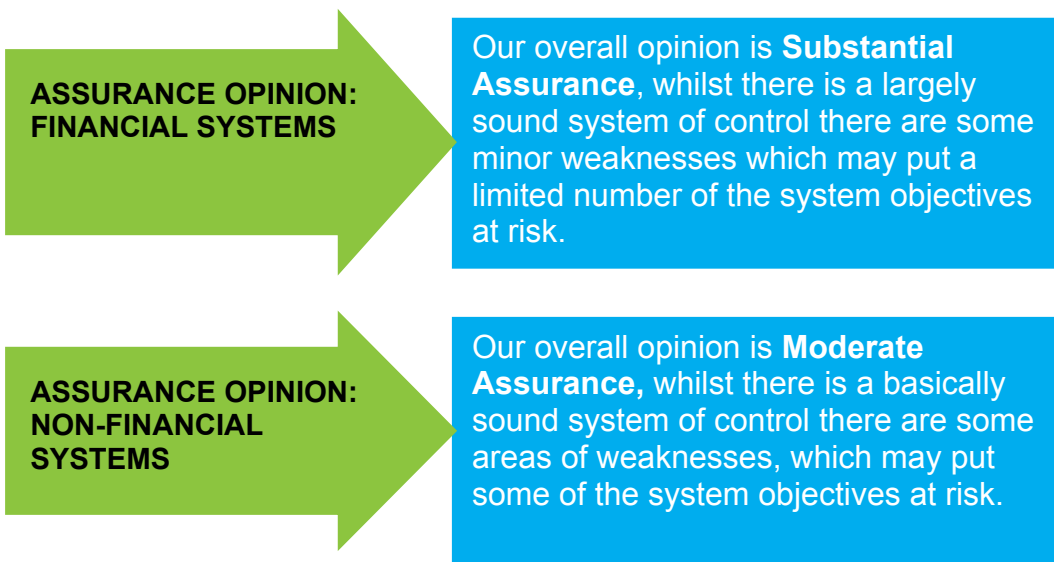
**2.5** *Basis of assurance opinion*

Our assurance opinion is based on the work carried out by SIAS during 2015/16 which has been planned in order to give sufficient assurance on the management of key risks within the organisation.

Annual Assurance Statement for 2015/16

2.6 *Assurance opinion on internal control*

From the internal audit work undertaken in 2015/16 we can provide the following opinion on the adequacy and effectiveness of the Council's control environment, broken down between financial and non-financial systems. There are no qualifications to this assurance.



2.7 *Assurance opinion on Corporate Governance and Risk Management*

In our opinion the corporate governance and risk management framework substantially complies with the best practice guidance on corporate governance issued by CIPFA/SOLACE. This conclusion is based on the work undertaken by the Council and reported in its Annual Governance Statement for 2015/16.

**Head of Assurance for the Shared Internal Audit Service  
June 2016**

### 3. Overview of Internal Audit Activity in 2015/16

## Annual Assurance Statement and Internal Audit Annual Report Watford Borough Council

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- 3.1 This section of the report summarises the work of the audit service during the year, highlighting matters of significance in respect of the internal control environment and opportunities for improvement.
- 3.2 Appendix A lists the audit work that was completed in the year and the final position on the agreed audit plan, including the assurance level provided and number of recommendations made. The levels of assurance and priority of recommendations are summarised in the tables below, and include a comparison against 2014/15.

<b>Assurance Level</b>	<b>Number of reports 2015/16 (2014/15 data in brackets)</b>	<b>Percentage of reports 2015/16 (2014/15 data in brackets)</b>
Full	6 (10)	26% (37%)
Substantial	12 (8)	52% (29%)
Moderate	2 (4)	9% (15%)
Limited	0 (1)	0% (4%)
No	0 (0)	0% (0%)
Not Assessed	3 (4)	13% (15%)
<b>Total</b>	<b>23 (27)</b>	<b>100% (100%)</b>

<b>Recommendation Priority Level</b>	<b>Number of recommendations 2015/16 (2014/15 data in brackets)</b>	<b>Percentage of recommendations made 2015/16 (2014/15 data in brackets)</b>
High	0 (8)	0% (14%)
Medium	32 (25)	71% (44%)
Merits Attention	13 (24)	29% (42%)
<b>Total</b>	<b>45 (57)</b>	<b>100% (100%)</b>

- 3.3 The substantial assurance opinion overall on financial systems (same as 2014/15) has been concluded from the nine financial systems audits where an opinion has been given. Two received full assurance and seven received substantial assurance. No high priority recommendations were made in these audits.
- 3.4 Eleven non-financial systems audits were completed in 2015/16, where an assurance opinion was provided. Four received full assurance, five substantial assurance and two moderate assurance. The moderate assurance opinions were provided in both the Safeguarding and Cemeteries audits. There was a reduction in the number of audits given limited or moderate assurance, as well as an overall reduction in the number of recommendations made in 2015/16, especially at the high priority level with none being made. Based on the audits completed, bearing in mind that the non-financial systems audits within the Annual

## **Annual Assurance Statement and Internal Audit Annual Report Watford Borough Council**

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Audit Plan vary from one year to the next, this represents a much improved position.

- 3.5 We have nonetheless provided a moderate assurance opinion overall on non-financial systems (same as 2014/15) on the following basis:
- a) The original audit plan included three IT audits (IT Managed Service Delivery, IT Contract Management and IT Disaster Recovery Extended Follow Up) however none were completed in view of the status of the Capita contract and the need to focus resources on maintaining the Council's IT infrastructure to support service delivery.
  - b) Four high priority recommendations relating to disaster recovery and Capita contract performance have been included again as significant governance issues in the draft 2015/16 Annual Governance statement. These are due to be reviewed in light of the Council's decision to terminate the Capita contract.
  - c) During 2015/16, the Council carried a total of 16 outstanding IT audit recommendations. None of these were implemented for the reasons noted at paragraph 3.5a).
  - d) Our assurance opinion reflects the status of IT operations during 2015/16. We are hopeful that the significant efforts being made by Council officers to resolve all IT contract, infrastructure and service delivery matters will be reflected in the IT audits scheduled in the 2016/17 Audit Plan and subsequently in the 2016/17 non-financial systems assurance opinion.

## 4. Performance of the Internal Audit Service in 2015/16

### Performance indicators

- 4.1 The table below compares the performance in 2015/16 of SIAS at Three Rivers District Council against targets set by the Board of the Shared Internal Audit Service.

<b>Indicator</b>	<b>Target for 2015/16</b>	<b>Actual to 31 March 2016</b>
<b>1 SIAS Planned Days</b> – percentage of actual billable days delivered against planned billable days	<b>95%</b>	<b>97%*</b>
<b>2 SIAS Planned Projects</b> – actual completed projects to draft report stage against planned completed projects	<b>95%</b>	<b>100%</b>
<b>3 External Auditors' Satisfaction</b> – 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	<b>Formal Reliance</b>	<b>Achieved</b>
<b>4 SIAS Annual Plan</b> – 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 financial year	<b>Deadline met</b>	<b>Achieved</b>
<b>5 Client Satisfaction</b> - client satisfaction questionnaires returned at 'satisfactory overall' level (minimum of 39/65 overall)	<b>100%</b>	<b>100%</b>
<b>6 Head of Assurance's Annual Report</b> – prepared in time to present to the first meeting of each Audit Committee in the financial year	<b>Deadline met</b>	<b>Achieved</b>

## Annual Assurance Statement and Internal Audit Annual Report Watford Borough Council

<b>7 Number of High Priority Audit Recommendations agreed</b>	<b>95%</b>	<b>None made in 15/16</b>
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\* Figure calculated as follows:

Original WBC and Shared Plan days 2015/16	291
Less unused contingency days	18
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Total deliverable days available	273
Billed days for 2015/16	265.5

Billed days as a percentage of total deliverable days available =  $265.5/273 = 97\%$

The remaining 7.5 days (273 – 265.5) represents work to be completed in 2016/17.

Completion of 265.5 actual billable days in the year provides for an adequate level of assurance.

### Developments in the year

4.2 During 2015/16 a number of service development activities took place within SIAS, designed to continually enhance the service offering:

- Shared Learning – a joint review took place to compare Risk Management processes across the partnership; further, quarterly shared learning updates are published.
- Procurement of external partner – SIAS worked in conjunction with the new external partner (BDO) for year one of a three year contract.
- Methodology review – a project to review the means by which audit fieldwork is documented by SIAS auditors.
- External Peer Review – see sections 4.3 to 4.9 below.

### Review of Effectiveness

4.3 The PSIAS state that an external review of the effectiveness of Internal Audit should be undertaken at least every five years (date of first review 2011/12). SIAS elected to join a peer review group which also comprises the South West Audit Partnership, the Devon Audit Partnership and Veritau Ltd. The latest external review conducted in January 2016 was undertaken by Veritau Ltd (a local authority controlled company which provides internal audit, counter fraud and other governance services).

4.4 The objectives of the review were:

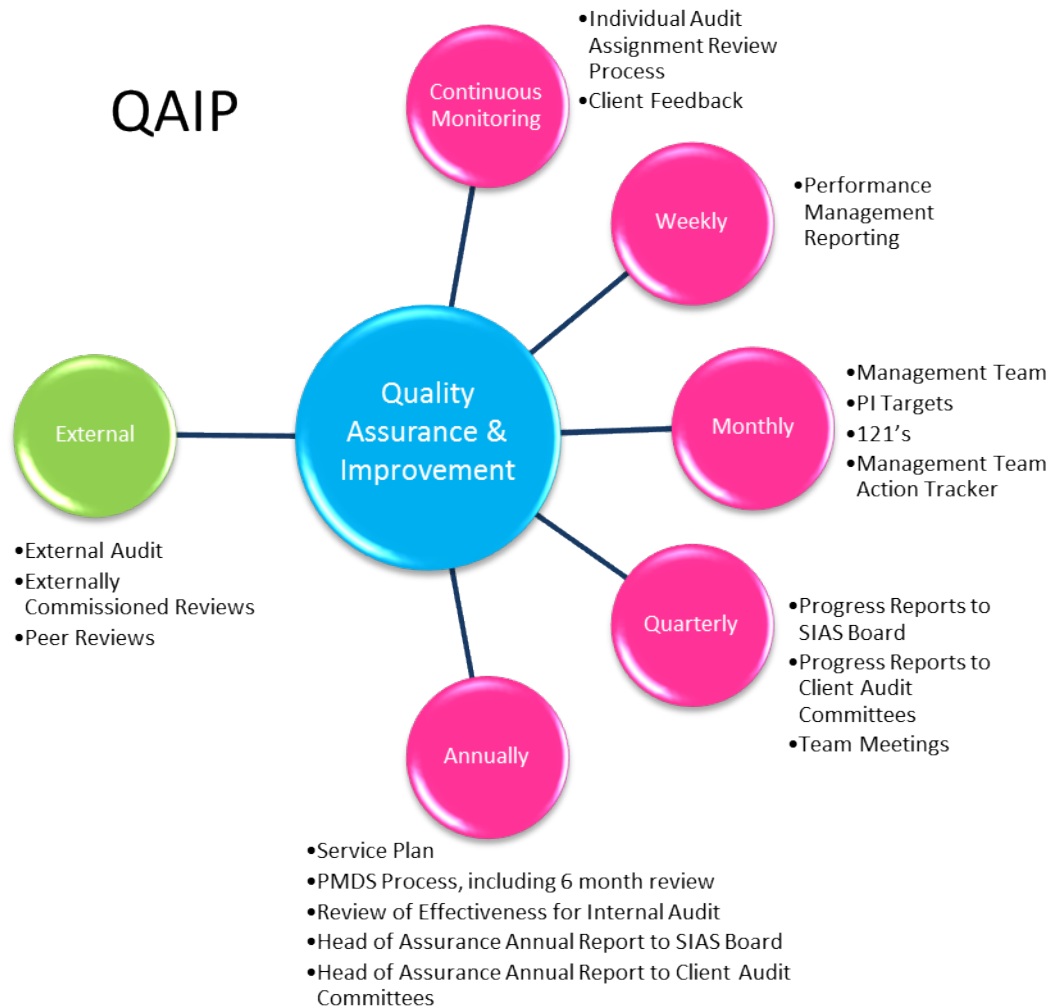
- To assess the effectiveness of the SIAS Partnership for key stakeholders
- To meet the PSIAS requirement for an annual review of effectiveness for internal audit
- To make recommendations to help improve the effectiveness of SIAS.

- 4.5 The assessors reviewed an evidence pack submitted by the Head of Assurance and interviewed various stakeholder groups representing: senior leaders; auditees; employees of SIAS and the SIAS management team.
- 4.6 The review concluded that SIAS 'generally conforms' to the PSIAS, including the Definitions of Internal Auditing, the Code of Ethics and the Standards. 'Generally conforms' is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards.
- 4.7 The assessors' identified the following areas of good practice:
- a) The partnership is now well established and has gained an extremely good reputation with its member councils, both from officers and audit committee members
  - b) The service has credibility and its recommendations and advice are valued by management
  - c) The auditors conduct themselves in a professional manner, display knowledge of the areas they are auditing, adopt a flexible approach and are seen to be responsive to the needs of the client.
  - d) The audit team is well resourced and the auditors take pride in the work they do.
  - e) Time management is excellent and there is a real emphasis on efficient working, assignment planning, review and control
  - f) The partnership has achieved its original objectives in terms of greater resilience, improved capacity, more efficient working and enhanced professionalism
  - g) The service is endeavouring to develop a number of areas to help support its future work, including use of computer assisted audit techniques and assurance mapping.
- 4.8 The assessors identified the following areas which merit further attention:
- a) The self-assessment questionnaire would benefit from more detailed commentary
  - b) The Audit Charter should be updated
  - c) Consideration should be given to including a disclaimer on the Terms of Reference and template report format
  - e) Measures should be taken to increase staff engagement in 'shared learning' across the member councils
  - f) Steps should be taken to promote the availability of SIAS as a source of strategic advice and support
  - g) Consideration should be given to formalising the existing follow up arrangements so that there is greater consistency in practice across the client councils.
- 4.9 These areas will be addressed as part of the 2016/17 SIAS Service Plan as approved by the SIAS Board.

## **5. Compliance with the Public Sector Internal Audit Standards and Quality Assurance and Improvement Programme**

- 5.1 The Public Sector Internal Audit Standards are based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF). They promote the professionalism, quality, consistency and effectiveness of internal audit across the public sector. They highlight the importance of robust, independent and objective internal audit arrangements to provide senior management with the key assurances they need to support them both in managing the organisation and in producing the Annual Governance Statement.
- 5.2 A review of SIAS's conformance with the PSIAS standards was carried out as part of an external peer review (please see 4.3 above).
- 5.3 The previous self-assessment carried out in May 2015 identified three areas of part-conformance. Progress against these areas has been re-assessed and now considered to be in conformance. Details are shown in Appendix C, Section C.
- 5.4 In relation to areas of intentional non-conformance these are set out in Appendix C, Section B and cover the requirement for the chief executive sign off for the Head of Assurance Appraisal. The Head of Assurance Appraisal includes an opportunity for Chief Financial Officers across the SIAS partnership to input views. It is considered that this is appropriate given the shared nature of the service and no further action is currently proposed.
- 5.5 One of the main elements of the PSIAS is the requirement to define a Quality Assurance and Improvement Programme (QAIP) for SIAS. This work has been duly undertaken.
- 5.6 The SIAS QAIP includes both internal and external monitoring and reporting to assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement. The diagram below details the methods used to monitor and report on quality and performance. Detailed information outlining activity in each area is contained in the SIAS Audit Manual.





5.7 During the year SIAS has operated according to its QAIP. Evidence is available within the service to support the achievement of each of the QAIP elements.

5.8 An externally commissioned review of the service's conformance with PSIAS standards has to be undertaken at least once every five years. A review was undertaken by Veritau in 2015/16 (see sections 4.3 to 4.9).

## 6. Audit Charter

- 6.1 The Public Sector Internal Audit Standards require that a local authority formally adopts an Audit Charter covering the authority and responsibility for its internal audit function.
- 6.2 The SIAS Audit Charter sets out the framework within which it discharges its internal audit responsibilities to those charged with governance in the Council. It also details the permanent arrangements for the internal audit and key governance roles and responsibilities to ensure the effectiveness of internal audit provision.
- 6.3 An annual review of the Audit Charter is undertaken as part of the SIAS Service Plan activity. The review for 2016/17 did not result in any fundamental changes to the document, although a number of minor amendments have taken place. The Charter for 2016/17 is attached at Appendix D.

## APPENDIX A - FINAL POSITION FOR THE 2015/16 AUDIT PLAN

### 2015/16 Watford Borough Council Audit Plan

	Level of Assurance	Recommendations			Plan Days	Audit progress /Status
		H	M	MA		
<b>Key Financial Systems</b>						
Benefits (shared plan)	Substantial	0	0	1	14	Final report issued
Budget Monitoring (shared plan)	Full	0	0	0	8	Final report issued
Council Tax (shared plan)	Substantial	0	4	3	11	Final report issued
Creditors (shared plan)	Substantial	0	0	1	9	Final report issued
Debtors (shared plan)	Substantial	0	1	1	10	Final report issued
Main Accounting (shared plan)	Substantial	0	0	0	10	Final report issued
NDR (shared plan)	Substantial	0	5	0	11	Final report issued
Payroll (shared plan)	Full	0	0	0	15	Final report issued
Treasury Management (shared plan)	Substantial	0	0	0	8	Final report issued
<b>Operational Audits</b>						
Asset Management	Full	0	0	0	10	Final report issued
Building Control	Substantial	0	0	1	7	Final report issued

## APPENDIX A - FINAL POSITION FOR THE 2015/16 AUDIT PLAN

	Level of Assurance	Recommendations			Plan Days	Audit progress /Status
		H	M	MA		
Business Continuity & Emergency Planning	Full	0	0	0	12	Final report issued
Data Protection	Substantial	0	2	0	6	Final report issued
Development Management	Substantial	0	2	2	6	Final report issued
Homelessness					0	Cancelled
Recruitment (shared plan)	Full	0	0	0	10	Final report issued
Safeguarding	Moderate	0	8	1	14	Final report issued
Social Media	Full	0	0	1	6	Final report issued
<b>Procurement</b>						
Contract Management	Substantial	0	3	0	10	Final report issued
Capital Projects and Project Management	Substantial	0	1	1	12	Final report issued
Cemeteries	Moderate	0	6	1	10	Final report issued
<b>Counter Fraud</b>						
Review of Counter-Fraud Arrangements (shared plan)					0	Cancelled

## APPENDIX A - FINAL POSITION FOR THE 2015/16 AUDIT PLAN

	Level of Assurance	Recommendations			Plan Days	Audit progress /Status
		H	M	MA		
<b>Risk Management &amp; Governance</b>						
No audits in 2015/16					0	
<b>IT Audits</b>						
IT Managed Service Delivery (shared plan)					0.5	Cancelled
IT Contract Management (shared plan)					10	Cancelled
IT Disaster Recovery Extended Follow-Up (shared plan)					0.5	Cancelled
<b>SIAS Joint Work</b>						
Shared Learning Newsletters and Summary Themed Reports	N/A				2	Complete
Audit Committee Workshop	N/A				1	Complete
Risk Management Benchmarking Workshop	N/A				2	Complete
<b>Ad Hoc Advice</b>						
Ad Hoc Advice					3	Complete
<b>Contingency</b>						
Unused Contingency (shared plan)					18	

**APPENDIX A - FINAL POSITION FOR THE 2015/16 AUDIT PLAN**

	Level of Assurance	Recommendations			Plan Days	Audit progress /Status
		H	M	MA		
<b>Follow-Up Audits</b>						
Follow up of outstanding audit recommendations					10	Complete
<b>Strategic Support</b>						
Head of Internal Audit Opinion 2014/15					2	Complete
External Audit Liaison					1	Complete
Audit Committee					10	Complete
Monitoring and Client Liaison					12	Complete
2016/17 Audit Planning					8	Complete
SIAS Development					3	Complete
<b>2014/15 Projects Requiring Completion</b>						
2014/15 Projects Requiring Completion (5 days shared plan; 4 days WBC)	-	-	-	-	9	Complete
<b>Recommendations</b>		<b>0</b>	<b>32</b>	<b>13</b>		
<b>WBC TOTAL</b>					<b>151</b>	
<b>SHARED SERVICES TOTAL</b>					<b>140</b>	
<b>TOTAL</b>					<b>291</b>	

**APPENDIX A - FINAL POSITION FOR THE 2015/16 AUDIT PLAN**

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Key to Assurance Level and Recommendation Priority Levels:

N/A = Not Applicable

H = High priority recommendations; M = Medium priority recommendations; MA = Merits Attention priority recommendations

## APPENDIX B - DEFINITIONS OF ASSURANCE LEVELS AND PRIORITY OF RECOMMENDATIONS

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

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



**Section A: Conformance**

During 2015/16 all areas apart from those identified in Section B below are conforming.

**Section B: Intentional Non-Conformance**

Ref	Area of Non-Conformance with the Standard	Commentary	
3.1a	<p><b>Purpose, Authority and Responsibility</b></p> <p>Does the board (defined as the Audit Committee) approve decisions relating to the appointment and removal of the Chief Audit Executive (CAE) (Head of Assurance)</p>	<p>The Director of Resources, Hertfordshire County Council (HCC), in consultation with the Board of the Shared Internal Audit Services approves decisions relating to the appointment and removal of the CAE.</p> <p>This is as provided for in the governance of the Shared Internal Audit Service.</p>	<p><b>Non-conformance</b></p> <p>No further action proposed. The current arrangements are considered effective given the shared nature of SIAS.</p>

**APPENDIX C – PROGRESS AGAINST PUBLIC SECTOR INTERNAL AUDIT STANDARDS AT MAY 2016 – ACTION PLAN**

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<b>3.1c</b>	<b>Purpose, Authority and Responsibility</b>  Does the chief executive or equivalent undertake, countersign, contribute feedback to or review the performance appraisal of the CAE?	The performance appraisal is carried out by the Director of Resources (HCC).	<b>Non-conformance</b>  No further action proposed. The appraisal process was carried out by the Director of Resources (HCC) with input from all partner chief finance officers. The current arrangements are considered effective given the shared nature of SIAS.
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**Section C: Previous Part Conformance – now Conformance**

Ref	Area of Non-Conformance with the Standard	Position as at May 2015
3.3	<p><b>Proficiency and Due Professional Care</b></p> <p><b>Do internal auditors have sufficient knowledge of the appropriate computer-assisted audit techniques that are available to them to perform their work, including data analysis techniques?</b></p>	<p><b>Conformance</b></p> <p>Team members have appropriate knowledge and a strategy for computer assisted audit techniques now in place.</p>

<b>4.5</b>	<b>Communicating results</b>  <b>Does the Annual Report incorporate the results of the QAIP and any associated improvement actions</b>	<b>Conformance</b>  QAIP in place and results reported annually.  Process improvements implemented in 2015/16. These include Head of Assurance review of a sample of completed files (to cover quality of work, compliance with standards, challenge to assurance opinions) and regular QAIP meetings (involving The Management Team and Principal Auditors) to consider review and monitoring activities within SIAS.
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<b>4.5</b>	<b>Communicating results</b>  <b>The results of the QAIP?</b> <b>Progress against any improvement plans resulting from the QAIP?</b>	<b>Conformance</b>  QAIP in place and results reported annually.  Process improvements implemented in 2015/16. These include Head of Assurance review of a sample of completed files (to cover quality of work, compliance with standards, challenge to assurance opinions) and regular QAIP meetings (involving The Management Team and Principal Auditors) to consider review and monitoring activities within SIAS.
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## Internal Audit Charter

### 1. Introduction and Purpose

- 1.1. Internal auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the Council. It assists the Council in accomplishing its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness and efficiency of the Council's risk management, control, and governance processes.

### 2. Scope

- 2.1. This Internal Audit Charter is applicable to all clients of Hertfordshire's Shared Internal Audit Service (SIAS) during 2016/17. These clients are:

- East Hertfordshire Council
- Hertfordshire County Council
- Hertsmere Borough Council
- North Hertfordshire District Council
- Stevenage Borough Council
- Three Rivers District Council
- Watford Borough Council
- Welwyn Hatfield Borough Council
- Welwyn Hatfield Community Housing Trust

### 3. Statutory Basis of Internal Audit

- 3.1. Within local government there is a statutory requirement for an internal audit function. The Accounts and Audit Regulations 2015 require that 'a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.

- 3.2. In addition, a council's Chief Finance Officer has a statutory duty under Section 151 of the Local Government Act 1972 to establish a clear framework for the proper administration of the authority's financial affairs. The S151 officer relies, amongst other sources, upon the work of internal audit in reviewing the operation of systems of internal control and financial management.

#### **4. Role**

- 4.1. Internal audit activity provided by SIAS is overseen by the Audit Committee. The responsibilities of SIAS are defined by the Audit Committee, via this Charter, as part of its oversight role.
- 4.2. SIAS may undertake consultancy activity (additional activity requested by management) where it has the necessary skills and resources to do this. Such activity will be determined by the Head of Assurance on a case by case basis and significant additional consulting activities will not be carried out without prior consultation of the SIAS Board.

#### **5. Professionalism**

- 5.1. SIAS governs itself by adherence to the Public Sector Internal Audit Standards (PSIAS). These mandatory public sector specific standards were introduced on 1 April 2013, through a joint venture between the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (IIA).
- 5.2. This mandatory guidance includes the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing ('the Standards') and sets out the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of an internal audit function's performance.
- 5.3. The IIA's Practice Advisories, Practice Guides, and Position Papers are adhered to as applicable to guide operations. In addition, SIAS adheres to the council's relevant policies and procedures, including compliance with the Bribery Act 2010 and other relevant legislation. These are included in SIAS's standard operating procedures manual, which is subject to regular review.
- 5.4. In the event of non-conformance with the Standards, the Head of Assurance will investigate and disclose, in advance if possible, the exact nature of the non-conformance, the reasons for it, and, if applicable, the impact on any specific engagement or engagement result.

#### **6. Authority and Confidentiality**

- 6.1. With strict accountability for confidentiality and safeguarding records and information, SIAS is authorised full, free, and unrestricted access to any and all of

a client's records, physical properties, and personnel pertinent to carrying out an engagement.

- 6.2. Internal Auditors must only use this information for carrying out the audit, and must ensure that it is not used in any manner that would be contrary to the law, for personal gain, or detrimental to the legitimate and ethical objectives of the client organisation(s). However, disclosure must be made of all material facts known to Internal Auditors which, if not disclosed, could distort their reports or conceal unlawful practice.
- 6.3. All employees are requested to assist SIAS in fulfilling its roles and responsibilities. SIAS also has free and unrestricted access to the Audit Committee and Senior Management.

## **7. Organisation**

- 7.1. SIAS has direct access to Senior Management, the Audit Committee, the Chief Executive and the Chair of the Audit Committee. The Section 151 Officer and the Audit Committee will jointly agree the level of internal audit resource to be deployed. The Head of Assurance will communicate and interact directly with Senior Management, the Audit Committee, and the nominated external audit representative in executive sessions and between meetings as appropriate. Outside formal Senior Management and Audit Committee meetings, the Head of Assurance will have unrestricted access to the Chief Executive and the Chair of the Audit Committee.
- 7.2. For line management purposes, the Head of Assurance reports to the post of Director of Resources at Hertfordshire County Council (HCC), who approves all decisions regarding the performance evaluation, appointment, or removal of the Head of Assurance, in consultation with the SIAS Board. Feedback is also sought from the Audit Committee chairs of the SIAS partners.

## **8. Stakeholders**

- 8.1. The following groups are defined as stakeholders of SIAS:
- 8.2. The Head of Assurance, who must be suitably experienced and qualified (CCAB and / or CMIIA), is responsible for hiring, appraising and developing appropriate Internal Audit staff in accordance with the HR guidance of the hosting Authority and the job descriptions which are kept up-to-date and reflect the roles, responsibilities, skills, qualifications, and attributes required of Internal Auditors. Together, the Internal Audit staff will possess or obtain the skills, knowledge and other competencies (including ethical practice) required to perform SIAS engagements.
- 8.3. The Audit Committee fulfils the role of 'board' in the majority of instances, and is responsible for overseeing the effectiveness of SIAS and holding the Head of Assurance to account for delivery, through the setting of performance targets and



receipt of regular updates and reports. The Audit Committee is responsible for the effectiveness of the governance, risk and control environment within the Council, holding managers to account for delivery. The Chair of the Audit Committee will also be asked to contribute to the annual appraisal of the Head of Assurance.

- 8.4. Senior Management, defined as the Head of Paid Service, Chief Officers, and their direct reports, are responsible for helping shape the programme of assurance work through an analysis and review of key risks to achieving the Council's objectives and priorities. Senior management provides leadership and direction for the Council.
- 8.5. The SIAS Board is the governance group charged with monitoring and reviewing the overall operation of SIAS, including:
  - resourcing and financial performance,
  - performance indicators measuring operational effectiveness, and
  - the overall strategic direction of the shared service.

### 9. Independence and Objectivity

- 9.1. SIAS will remain free from interference by any element in the organisation in matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.
- 9.2. As well as having an impartial, unbiased attitude, Internal Auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair an internal auditor's judgment.
- 9.3. The Head of Assurance will confirm to the Audit Committee, at least annually, the organisational independence of SIAS.

### 10. Conflicts of Interest

- 10.1. Internal auditors must exhibit the highest level of professional objectivity when gathering, evaluating, and communicating information about the activity or process being examined.
- 10.2. In addition to ensuring that any information accessed as part of the audit process is not used for personal gain, Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.
- 10.3. Each auditor is required, in addition to the ethical requirements of the various professional bodies, to proactively declare any potential conflict of interest,

whether actual or apparent, prior to the commencement of each audit assignment.

- 10.4. All auditors are required to sign an annual declaration of interest to ensure that the allocation of audit work avoids conflict of interest. Auditors who undertake any consultancy work or are new to the team will be prohibited from auditing in those areas where they have worked in the past year. Audits are rotated within the team to avoid over-familiarity and complacency.
- 10.5. SIAS has procured an arrangement with an external audit partner to provide additional internal audit days on request. The external partner will be used for the internal audit of any functions directed by the Head of Assurance and to provide competent advice and assistance to the Head of Assurance in the event that the skills, knowledge, and other competencies are lacked by SIAS staff.
- 10.6. In the event of a real or apparent impairment of independence or objectivity, including acceptance of gifts, hospitality, inducements or other benefits, investigation and declaration, in advance if possible, to appropriate parties will be carried out by the Head of Assurance.

## **11. Responsibility and Scope**

11.1. The scope of SIAS encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management, and internal control processes in relation to the organisation's defined goals and objectives. Internal control and risk management objectives considered by internal audit extend to the entire control and risk management environment of the organisation and include:

- consistency of operations or programs with established objectives and goals, and effective performance;
- effectiveness and efficiency of governance, operations and employment of resources;
- compliance with significant policies, plans, procedures, laws, and regulations;
- design, reliability and integrity of management and financial information processes, including the means to identify, measure, classify, and report such information; and
- safeguarding of assets.

11.2. SIAS is responsible for evaluating all processes of the organisation including governance processes and risk management processes and promoting appropriate ethics and values within the organisation. It also assists the Audit Committee in evaluating the quality of performance of external auditors and ensuring a proper degree of coordination is maintained.

- 11.3. Due to its detailed knowledge and understanding of risks and controls, SIAS is well placed to provide advice and support on emerging risks and issues. As a result, it may perform consulting and advisory services as appropriate for the organisation. It may also evaluate specific operations at the request of the Audit Committee and senior management, as appropriate.
- 11.4. Based on its activity, SIAS is responsible for reporting significant risk exposures and control issues identified to the Audit Committee and to senior management, including fraud risks, governance issues, and other matters needed or requested by these bodies. This ensures SIAS plays a key role in providing assurance to the Audit Committee and senior management on the effectiveness of the entire control environment.
- 11.5. Each engagement will be allocated to (an) Internal Auditor(s) with the appropriate skills, experience and competence, who is then responsible for carrying out the work in accordance with the SIAS Audit Manual, and considering, as well as the relevant elements of internal control outlined above, the needs and expectations of clients, the extent of work required to meet the engagement's objectives, its cost effectiveness, and the probability of significant error or non-compliance.

## 12. Role in Anti-Fraud

- 12.1. The work programme of SIAS is designed, in part, to help deter fraud and corruption. With this in view, SIAS bases its planning on regular risk assessment, and works with Chief Financial Officers, the Shared Anti-Fraud Service, other senior managers and the Audit Committee in determining its programme of work.
- 12.2. SIAS also shares information with relevant partners, including with government via the National Fraud Initiative and the Shared Anti-Fraud Service, to increase the likelihood of detecting fraudulent activity and reducing the risk of fraud to all.
- 12.3. The Head of Assurance should be notified of all suspected or detected fraud, corruption or impropriety so that the impact upon control arrangements can be evaluated.

## 13. Internal Audit Plan

- 13.1. At least annually, the Head of Assurance will submit to the Audit Committee for review and approval a risk-based plan which sets out in priority order the audit and other work to be carried out and demonstrates SIAS' priorities (e.g. the need to produce an annual internal audit opinion) and those of the organisation and sector, including any relevant declarations of interest.
- 13.2. The plan will include the risk assessment approach used and reference to the organisation's assurance framework, as well as timing, budget and resource requirements (including specialist input) for the next financial year. These requirements will include a contingency for new or changed risks, time for planning and reporting, and a contribution to the development of SIAS. The Head

of Assurance will communicate the impact of resource limitations and significant interim changes of senior management to the Audit Committee, who should seek similar reassurance from management.

13.3. Prior to submission to the Audit Committee for approval, the plan is discussed with appropriate senior management. The plan will be subject to regular review in year, and may be modified in response to changes in the organisation's business, risks, operations, programmes, systems and controls. However, any significant deviation from the approved internal audit plan will be communicated through the periodic activity reporting process.

### 14. Reporting and Monitoring

14.1. The Head of Assurance will, following discussion if necessary, arrange for a written Terms of Reference to be prepared and issued to appropriate personnel at the start of the engagement, outlining the intended objectives, scope, and reporting. This may be subject to review in consultation with the client during the course of the engagement.

14.2. At the conclusion of an engagement, an internal audit report will be issued, including a reasoned opinion, along with the framework, time period and scope within which it was prepared and management's response and corrective action taken or to be taken in response to the specific risk prioritised findings and recommendations. Management's response will include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

14.3. SIAS will be responsible for appropriate follow-up on findings and recommendations and will use this work to inform the risk-based planning of future audit work. SIAS will also report to the Audit Committee on the results of this activity, and may, if necessary, consider revising the internal audit opinion on the basis of this follow-up. Should the follow-up bring to light any significant error or omission, the Head of Assurance will ensure that it is communicated to all relevant parties.

14.4. The Head of Assurance will consider on a risk-basis any request from external stakeholders for reports on the results of internal audit activity, in consultation with senior management

14.5. The Head of Assurance will arrange for quarterly update reports to the Audit Committee to advise on the results of each engagement, including significant risk exposures and control issues, and provide an annual report to the Audit Committee. The annual report will include an opinion on the overall control, governance, and risk management environment (and any other issues judged relevant to the preparation of the Annual Governance Statement), and a summary of the work that supports the opinion including a comparison with the plan, a statement of conformance with PSIAS, and the nature and reasons for any impairments, qualifications or restrictions in scope.

**15. Periodic Assessment**

- 15.1. In accordance with the PSIAS the Head of Assurance and the SIAS Board will make arrangements for the conduct by a suitably knowledgeable, qualified and competent individual or organisation of an independent review of the effectiveness of internal audit.
- 15.2. The Head of Assurance will ensure that continuous efforts are made to improve the efficiency, effectiveness, and quality of SIAS. This will be carried out formally through the Quality Assurance and Improvement Programme, client feedback, appraisals, and shared learning with the external audit partner, and informally through coaching, supervision, and documented review.
- 15.3. The work will be conducted on the basis of one review of SIAS providing assurance for all SIAS partner members. The results of the review will be included in the Annual Report.

**16. Review of the Audit Charter**

- 16.1. This charter will be subject to annual review by the Head of Assurance and any changes presented to Audit Committee for approval at the first audit committee meeting in each financial year.
- 16.2. The Audit Charter was last reviewed by Terry Barnett, Head of Assurance in May 2016. The date of the next review will be May 2017.

**Note:**

For readability, in this Charter the term 'internal audit activity' as used in the PSIAS guidance has been replaced with 'SIAS'.



**Report to:** Audit Committee

**Date of meeting:** 27 June 2016

**Report of:** Bob Watson - Head of Finance (shared services)

**Title:** Internal Audit Progress report 2015/2016

## 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 2015/16 Audit Plan (now complete)
- 2.2 Approve amendments to the Audit Plan as at June 2016
- 2.3 Agree removal of implemented recommendations (see Appendix 4)
- 2.4 Agree the changes to the implementation date for 32 recommendations (paragraph 2.5) for the reasons set out in Appendix 4.

### **Contact Officer:**

For further information on this report please contact: -  
Bob Watson, Head of Finance (shared services)  
telephone extension: 7188  
email: [bob.watson@threerivers.gov.uk](mailto:bob.watson@threerivers.gov.uk)

**Report approved by:** Bob Watson, Head 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 2015/16 are attached at Appendix 2. Appendix 3 shows the proposed start dates of the 2016/17 audit plan.

3.3 Appendix 4 provides information on recommendations which remain outstanding from audits carried out in 2010/11, 2011/12, 2012/13, 2013/14, 2014/15 and 2015/16 and details 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 The table below summarises progress in implementation of the recommendations:

Year	Recom- mendations made (no.)	Implemented	Not yet due	Outstanding & request made for extended time	Percentage impleme nted %
2010/1 1	213	212	0	1	99%
2011/1 2	114	111	0	3	97%
2012/1 3	49	48	0	1	98%
2013/1 4	93	91	0	2	98%
2014/1 5	57	43	0	14	75%
2015/1 6	45	31	3	11	69%

3.5 ICT recommendations. At the previous Audit Committee meeting, the Head of Finance was tasked with reviewing the list of outstanding ICT recommendations and the progress to date in conjunction with SIAS. This was in the light of the pending contractor change and the restructure of the ICT service due from 1 July 2016. The review concluded that the history of management comments and actions to date should be removed from Appendices to the Committee report for the following audits:

- a) Network Infrastructure (2009/10)



- b) IT Remote Working (2010/11)
- c) IT Project Management (2011/12)
- d) IT Back-up and Disaster Recovery (2011/12)
- e) Server Virtualisation (2012/13)
- f) Cyber Risk (2013/14)

Given the period of time that has elapsed since the reports were originally published, the changing status of IT service delivery at the Council and the constantly evolving digital landscape, we have determined that many of the previous comments and actions, while sound in principle, are now largely out of date and /or no longer relevant. Their removal also facilitates improved readability and conciseness of the Committee report and assists with the administration of the follow-up process.

The recommendations themselves will continue to form part of the Committee reports so that the record thereof is visible to the Committee and the history of comments and management actions are of course retained through previous Committee reports.

The recommendations will be used as part of an IT audit risk / needs assessment, and subsequent test programme once the restructure and contract handover is complete, i.e. the recommendations would all be tested during the first IT audit to see if they have been addressed. If they are found to be still extant, then they will be restated as at the new audit date with a new action plan developed to address them. At this point the existing recommendations (dating back from 2009/10) will be classed as complete and removed from the list of outstanding recommendations.

IT audit recommendations made from 2014/15 onwards, i.e. IT Change Management, Disaster Recovery and IT Operations and Contract Management, have been retained in full, especially as four high priority recommendations have been raised as significant governance issues in the Annual Governance Statement.

## 4.0 **IMPLICATIONS**

### 4.1 **Financial**

4.1.1 There are no budget implications associated with this report. The work of internal audit contributes to the Council's corporate governance..

### 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 – SIAS Progress Report

Appendix 2 – detailed progress against 2016/17 audit plan

Appendix 3 – 2016/17 Audit Plan projected start dates

Appendix 4 – Summary of outstanding recommendations



## Watford Borough Council Audit Committee Progress Report 27 June 2016

### Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 10 June 2016
- Approve amendments to the Audit Plan as at 10 June 2016
- Agree removal of implemented recommendations (see Appendix C)
- Agree changes to the implementation dates for 16 recommendations (paragraph 2.5.1) for the reasons set out in Appendix C
- Note the status of the 16 IT audit recommendations (paragraph 2.5.2)

# Contents

## 1 Introduction and Background

1.1 Purpose

1.2 Background

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2.1 Delivery of Audit Plan and Key Audit Findings

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## Appendices

A Progress against the 2016/17 Audit Plan

B 2016/17 Audit Plan Projected Start Dates

C 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 2016/17 as at 10 June 2016.
  - b) Proposed amendments to the approved 2016/17 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 10 June 2016.

## 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 2016/17 Annual Audit Plan was approved by Audit Committee on 14 March 2016.
- 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 14 March 2016.

## 2. Audit Plan Update

### Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 10 June 2016, 13% of the 2016/17 Audit Plan days had been delivered for the combined WBC and Shared Services plans (calculation excludes contingency). Appendix A provides a status update on each individual deliverable within the audit plan.
- 2.2 Eleven 2015/16 audits providing assurance to the Audit Committee have been finalised since the papers were filed for the March meeting of this Committee. This represents closure of the 2015/16 Audit Plan. All final audit reports are available to Members on request.

<b>Audit Title</b>	<b>Date of Issue</b>	<b>Assurance Level</b>	<b>Number and Priority of Recommendations</b>
Main Accounting (CRSA)	Feb '16	Substantial	None
Recruitment	Mar '16	Full	None
NDR	Mar '16	Substantial	Five medium
Debtors	Mar '16	Substantial	One medium One merits attention
Budget Monitoring	Mar '16	Full	None
Creditors	Mar '16	Substantial	One merits attention
Payroll	Apr '16	Full	None
Social Media	Apr '16	Full	One merits attention
Benefits	May '16	Substantial	One merits attention
Contract Management	May '16	Substantial	Three medium
Cemeteries	May '16	Moderate	Six medium One merits attention

No 2016/17 audits have yet been finalised (see Appendix A for details of the status of 2016/17 audits).

## Status of Audit Recommendations

2.3 Members will be aware that a Final Audit Report is issued when it has been agreed by management and includes an agreement to implement the recommendations made. It is SIAS's responsibility to bring to Members' attention the implementation status of all audit recommendations. It is the responsibility of officers to implement recommendations by the agreed date.

2.4 The table below summarises progress in implementation of all outstanding internal audit recommendations at June 2016, with full details given in Appendix C:

Year	Recommendations made No.	Implemented	Not yet due	Outstanding & request made for extended time	Percentage implemented %
2010/11	213	212	0	1	99%
2011/12	114	111	0	3	97%
2012/13	49	48	0	1	98%
2013/14	93	91	0	2	98%
2014/15	57	43	0	14	75%
2015/16	45	31	3	11	69%

2.5 The 32 recommendations in the 'outstanding and request made for extended time' column fall into 3 categories as per sections 2.5.1 and 2.5.2 below.

2.5.1 Since March 2016 Audit Committee, extension to implementation dates have been requested for 16 recommendations as follows:

- a) Two from the 2014/15 Debtors audit,
- b) One from the 2014/15 NDR audit,
- c) Two from the 2014/15 Benefits audit,
- d) Two from the 2015/16 Development Management audit,
- e) Four from the 2015/16 Safeguarding audit,
- f) One from the 2015/16 Council Tax audit,
- g) One from the 2015/16 Building Control audit,
- h) One for the 2015/16 Project Management and Capital Projects audit, and

i) Two from the 2015/16 Debtors audit.

2.5.2 For the 16 outstanding IT audit recommendations, a separate report will be brought to this committee by the Head of Finance and no specific updates are included for these recommendations.

### Proposed Audit Plan Amendments

2.6 The following amendments to the 2016/17 Audit Plans for WBC and Shared Services have been agreed with officers of the Council and are detailed below for Audit Committee approval:

#### Deletions / Additions

- Homelessness and Housing Allocations – both audits cancelled from the 2016/17 Audit Plan in view of the Housing Service Peer Review which is scheduled to take place in Q3. The scope of the Peer Review is similar to the planned audits and following discussion with management it has been agreed that the audits will not add further value at this time. A total of 19 days returned to contingency in the shared audit plan. A short piece (4 days from contingency) has been agreed to look at the outcomes from the Peer Review. During planning for 2017/18, consideration will be given to including an audit of the Action Plan arising from the Peer Review.

Management are currently considering options for the time returned to contingency and any new audits will be brought before the next meeting of this committee.

#### Changes

- Scope of the Officer Expenses audit, originally in the Three Rivers Audit Plan only, has been extended to include Watford and therefore moved into the shared services plan. An additional two days has been taken from contingency to cover the extra testing required.



## Performance Management

### Reporting of Audit Plan Delivery Progress

- 2.7 To help the Committee assess the current situation in terms of progress against the projects in the 2016/17 Audit Plan, we have provided an analysis of agreed start dates at Appendix B. These dates have been agreed with management and resources allocated accordingly. This is designed to facilitate smoother delivery of the audit plan through the year.
- 2.8 Annual performance indicators and associated targets were approved by the SIAS Board in March 2016. Actual performance for Watford Borough Council against the targets that can be monitored for 2016/17 is shown in the table below.

<b>Performance Indicator</b>	<b>Annual Target</b>	<b>Profiled Target to 10 June 2016</b>	<b>Actual to 10 June 2016</b>
<b>1. Planned Days</b> – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	15%	13%
<b>2. Planned Projects</b> – percentage of actual completed projects to draft report stage against planned completed projects (excludes 2014/15 completion and ‘on-going’ pieces)	95%	4% (1 out of 24 projects to draft)	4% (1 out of 24 projects to draft)
<b>3. Client Satisfaction</b> – percentage of client satisfaction questionnaires returned at ‘satisfactory’ level	100%	100%	None yet received
<b>4. Number of High</b>	95%	95%	N/A

<b>Priority Audit Recommendations agreed</b>			(none yet made in 2016/17)
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2.9 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2016/17 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.

**APPENDIX A PROGRESS AGAINST THE 2016/17 AUDIT PLAN AT 10 JUNE 2016**

**2016/17 SIAS Audit Plan**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
<b>Key Financial Systems</b>								
Benefits (shared plan)					14	Yes	2	Parameter testing complete – remainder of audit due Q3
Council Tax (shared plan)					11	No	0	
Creditors (shared plan)					9	No	0	
Debtors (shared plan)					10	No	0	
Main Accounting (shared plan)					12	No	0	
NDR (shared plan)					12	Yes	1	Parameter testing complete – remainder of audit due Q3
Payroll (shared plan)					12	No	0	
Treasury Management (shared plan)					10	No	0	
Budget Monitoring (shared plan)					8	No	0	
<b>Operational Audits</b>								
Commercialisation					12	No	0	
Freedom of Information					6	Yes	5	In quality review
Homelessness					1		1	Cancelled

**APPENDIX A PROGRESS AGAINST THE 2016/17 AUDIT PLAN AT 10 JUNE 2016**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Housing Allocations							Cancelled	
Housing Service - Peer Review Outcomes				4	No	0		
HR Starters & Leavers (shared plan)				8	No	0		
Museum Exhibits				12	Yes	3	In fieldwork	
Revenues & Benefits Service – Bailiff Contract (shared plan)				10	No	0		
Section 106 Agreements				8	No	0		
Tree Surveying				8	No	0		
Officer Expenses (shared plan)				12	Yes	2	In planning	
<b>Procurement</b>								
Contract Management				12	No	0		
Veolia Contract Management				8	Yes	1	In planning	
<b>Counter Fraud</b>								
Review of counter-fraud arrangements (shared plan)				5	No	0		
<b>Risk Management and Governance</b>								
No audits planned in 2016/17								
<b>IT Audits</b>								

**APPENDIX A PROGRESS AGAINST THE 2016/17 AUDIT PLAN AT 10 JUNE 2016**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
IT Audits – detail to be determined (shared plan)					20	No	0	
<b>SIAS Joint Work</b>								
Shared Learning Newsletters and Summary Themed Reports					2	N/A	0.5	Ongoing
Audit Committee Workshop					1	N/A	0	
Joint Review - Benchmarking Workshop					2	N/A	0	
Joint Reviews					5	N/A	0	
<b>Ad Hoc Advice</b>								
Ad Hoc Advice					3	N/A	1	On-going
<b>Contingency</b>								
Unused Contingency (shared plan)					17	N/A	0	
<b>Strategic Support</b>								
Head of Internal Audit Opinion 2015/16					2	N/A	2	Complete
External Audit Liaison					1	N/A	0.5	Ongoing
Audit Committee					10	N/A	2.5	Ongoing

**APPENDIX A PROGRESS AGAINST THE 2016/17 AUDIT PLAN AT 10 JUNE 2016**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Monitoring & Client Liaison					12	N/A	3	Ongoing
2017/18 Audit Planning					8	N/A	0	
SIAS Development					3	N/A	3	Complete
Follow-up of recommendations					10	N/A	2.5	On-going
<b>Completion of 2015/16 audits</b>								
Time required to complete work commenced in 2015/16 (5 days shared; 5 days WBC)					10	N/A	10	
<b>WBC TOTAL</b>					<b>135</b>		<b>29</b>	
<b>SHARED SERVICES TOTAL</b>					<b>175</b>		<b>10</b>	
<b>COMBINED TOTAL</b>					<b>310</b>		<b>39</b>	

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Key to recommendation priority levels:

H = High

M = Medium

MA = Merits attention

N/A = Not applicable

## APPENDIX B 2016/17 AUDIT PLAN PROJECTED START DATES

Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Revenues & Benefits System Parameter Testing (shared plan)* <b>Complete</b>	Museum Exhibits <b>In fieldwork</b>	Veolia Contract Mgmt <b>In planning</b>	Revs & Bens Bailiff Contract (shared plan)	Commercial -isation	Contract Mgmt	Council Tax (shared plan)	NDR (shared plan)	Treasury Mgmt (shared plan)	Creditors (shared plan)	Budget Monitoring (shared plan)	
Page 103	Officer Expenses (shared plan) <b>In fieldwork</b>	FOI <b>In quality review</b>	Section 106 Agreements	HR Starters & Leavers (shared plan)*		Debtors (shared plan)	Benefits (shared plan)	IT Audits (shared plan)	Main Accounting (shared plan)		
						Housing Service – Peer Review Outcomes	Payroll (shared plan)	Review of Counter-Fraud Arrangements (shared plan)	Tree Surveying		

### \*Notes:

- Revenues & Benefits System Parameter Testing work completed in May – remainder of Benefits, NDR and Council Tax due Q3.





Audit Plan 2010/11

IT Remote Working 2010/11 Final report issued January 2012							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
09	<p>Management should ensure that security settings on mobile device handsets such as iPhones enforce the following settings:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• Devices should be set to 'Non-discoverable' or 'Hidden' to help prevent information disclosure by short distance data transfer; and</li> <li>• Users should be restricted from reconfiguring the security settings on devices.</li> </ul> <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</p>	Important	<p><b>Position – June 2016</b>  <b>History of comments removed - please see separate report by the Head of Finance.</b></p>	ICT Client Section Head	March 2013	*	<p>31 March 2014</p> <p>31 Dec 2015</p> <p>N/A</p>

IT Remote Working 2010/11 Final report issued January 2012							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	sensitive data held on mobile device handsets such as iPhones is adequately encrypted according to the sensitivity of the data						

**WBC Internal Audit Recommendations Follow Up – June 2016**  
**Audit Plan 2011/12**

**APPENDIX C**

<b>IT Project Management 2011/12</b>							
<b>Final report issued November 2011</b>							
<b>Ref No.</b>	<b>Recommendation</b>	<b>Priority</b>	<b>Action to Date</b>	<b>Responsibility</b>	<b>Deadline</b>	<b>Resolved * or ✓</b>	<b>Revised Deadline</b>
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	<b>Position – June 2016</b> <b>History of comments removed - please see separate report by the Head of Finance.</b>	ICT Client Section Head	October 2012	*	Mar 2013 May 2013 Sept 2013 May 2014 Sept 2014 Feb 2015 June 2015 Dec 2015 N/A

<b>IT Back up and Disaster Recovery 2011/12</b>							
<b>Final report issued December 2012</b>							
<b>Ref No.</b>	<b>Recommendation</b>	<b>Priority</b>	<b>Action to Date</b>	<b>Responsibility</b>	<b>Deadline</b>	<b>Resolved * or ✓</b>	<b>Revised Deadline</b>
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	Essential	<b>Position – June 2016</b> <b>History of comments removed - please see separate report by the Head of Finance.</b>	ICT Client Section Head	May 2013	*  (In progress)	Dec 2013 May 2014 Sept 2014 Oct 2014

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
	ensure that any potential issues that could be faced are documented with appropriate counter measures put in place.						Feb 2015 TBC N/A
04	The Shared Service should test its DR arrangements on an annual basis at both Adam Continuity and ICM. Testing should follow a detailed test plan and test results should be reported to management following the test period. We also recommend that where appropriate, ad hoc tests of tape restores are performed when not otherwise tested.	Essential	<b>Position – June 2016</b> <b>History of comments removed - please see separate report by the Head of Finance.</b>	ICT Client Section Head	March 2013	* (part resolved)	Dec 2013 Apr 2014 June 2014 Dec 2014 Feb 2015 TBC N/A

**WBC Internal Audit Recommendations Follow Up – June 2016  
Audit Plan 2012/13**

**APPENDIX C**

<b>IT Server Virtualisation (ICT) 2012/13</b>							
<b>Final report issued December 2012</b>							
<b>Ref No.</b>	<b>Recommendation</b>	<b>Priority</b>	<b>Action to Date</b>	<b>Responsibility</b>	<b>Deadline</b>	<b>Resolved * or ✓</b>	<b>Revised Deadline</b>
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	<b>Position – June 2016</b> <b>History of comments removed - please see separate report by the Head of Finance.</b>	ICT Client Section Head	November 2013	* (part resolved)	Dec 2013 May 2014 Sept 2014 Nov 2014 Feb 2015 TBC N/A

**WBC Internal Audit Recommendations Follow Up – June 2016**  
**Audit Plan 2013/14**

**APPENDIX C**

<b>Housing Redesign 2013/14</b>							
<b>Final report issued December 2013</b>							
<b>Ref No.</b>	<b>Recommendation</b>	<b>Priority</b>	<b>Action to Date</b>	<b>Responsibility</b>	<b>Deadline</b>	<b>Resolved * or ✓</b>	<b>Revised Deadline</b>
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 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>Housing Supply Manager</p> <p>Interim Housing Section Head</p>	31 March 2014	✓	<p>28 July 2014</p> <p>31 December 2014</p> <p>31 December 2015</p> <p>29 February 2016</p>

Housing Redesign 2013/14 Final report issued December 2013							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>Position – February 2015 No update received.</p> <p>Position – May 2015 No update received.</p> <p>Position – August 2015 A small number of associations are carrying out their own short-listing. However, the decision has now been taken to end this.</p> <p>This decision was taken at a Herts Choice Homes (HCH) meeting recently where an options paper was discussed. The unanimous decision was that Associations should not be able to short-list themselves. The Council will provide the nomination and the HA would be given greater access to the system in terms of viewing rights only, with regard to the nominated tenant. HA concerns around void turnaround times would be dealt with through an SLA.</p> <p>The process of actually bringing this about lies with the HCH Co-ordinator, based in Three Rivers DC.</p> <p>Position – November 2015 A revised Service Level Agreement will need to be signed by all partners. The HCH Board in November 2015 agreed the wording of the revised SLA and charging methodology. Software changes will be raised with the software provider – Locata.</p> <p>Position – February 2016 No update received – latest target date not yet</p>				

Housing Redesign 2013/14 Final report issued December 2013							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			reached.  <b>Position – June 2016 Recommendation no longer relevant.</b>				
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>Position – February 2015 Not yet due</p> <p>Position – May 2015 No update received.</p> <p>Position – August 2015 The new Nominations Policy is going live at the moment. Training notes have been written. It is in the Action Plan to fully document the process.</p>	<p>Housing Supply Manager</p> <p>Housing Demand Manager</p> <p>Interim Housing Section Head</p>	31 March 2014	✓	<p>November 2014</p> <p>April 2015</p> <p>31 December 2015</p>



**WBC Internal Audit Recommendations Follow Up – June 2016**

**APPENDIX C**

<b>Housing Redesign 2013/14</b>							
Final report issued December 2013							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			Position – November 2015 The new nominations system is in the go-live phase, and will be complete in early December. The process of documenting the system is ongoing.  Position – February 2016 No update received – target date has passed.  <b>Position – June 2016                      Complete</b>				

<b>Cyber Risk 2013/14</b>							
Final report issued June 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
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.	High	<b>Position – June 2016</b> <b>History of comments removed - please see separate report by the Head of Finance.</b>	IT Client Section Head	30 June 2015	*	TBC  N/A
09	There should be formal, scheduled review and testing of the Disaster Recovery Plan on a periodic basis.	Medium	<b>Position – June 2016</b> <b>History of comments removed - please see separate report by the Head of Finance.</b>	ICT Client Section Head	31 December 2014	*	Feb 2015  June 2015  TBC

<b>Cyber Risk 2013/14</b> Final report issued June 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
							N/A

**WBC Internal Audit Recommendations Follow Up – June 2016  
Audit Plan 2014/15**

**APPENDIX C**

<b>Debtors 2014/15</b>							
<b>Final report issued December 2014</b>							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>The Council should explore the possibility of developing an authorisation function within e-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>	Medium	<p>Head of Service and Revenues Manager are currently looking at staffing structure to streamline processes.</p> <p>Position – February 2015 Ongoing</p> <p>Position – May 2015 Ongoing</p> <p>Position – August 2015 Restructure will now not take place until January, 2016.</p> <p>Position – November 2015 Restructure will now not take place until early 2016 and with another member of staff due to return from maternity.</p> <p>Position – February 2016 Still to be implemented – ongoing.</p> <p><b>Position – June 2016 Still to be implemented – ongoing.</b></p>	Revenues Manager	31 March 2015	*	<p>31 May 2015</p> <p>30 Sep 2015</p> <p>31 January 2016</p> <p>29 February 2016</p> <p><b>31 October 2016</b></p>
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</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	*	<p>31 May 2015</p> <p>30 Sep 2015</p> <p>30</p>

Debtors 2014/15							
Final report issued December 2014							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	not limited to, weekly rental amounts, hourly rates for hire or one off costs relating to services provided.		Position – May 2015 Ongoing  Position – August 2015 Ongoing  Position – November 2015 Restructure will now not take place until early 2016 and with another member of staff due to return from maternity.  Position – February 2016 Still to be implemented – ongoing  <b>Position – June 2016</b> <b>Still to be implemented – ongoing.</b>				November 2015  29 February 2016  <b>31 October 2016</b>

IT Change Management 2014/15							
Final report issued January 2015							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	(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  Position – May 2015 New date  Position – August 2015 See section 2.5.2 of the main SIAS Update	ICT Client Section Head & Capita Account Director	30 June 2015	*	30 Sep 15  N/A

IT Change Management 2014/15							
Final report issued January 2015							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>Report.</p> <p>Position – November 2015 See comment in section 2.5.2 of the main SIAS Update Report.</p> <p>Position – February 2016 See comment in section 2.5.2 of the main SIAS Update Report.</p> <p><b>Position – June 2016</b> <b>History of comments removed - please see separate report by the Head of Finance.</b></p>				
02	(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	<p>Accepted</p> <p>Position – February 2015 Not due</p> <p>Position – May 2015 New date</p> <p>Position – August 2015 See section 2.5.2 of the main SIAS Update Report.</p> <p>Position – November 2015 See comment in section 2.5.2 of the main SIAS Update Report.</p> <p>Position – February 2016 See comment in section 2.5.2 of the main SIAS Update Report.</p> <p><b>Position – June 2016</b> <b>History of comments removed - please see separate report by the Head of Finance.</b></p>	ICT Client Section Head & Capita Account Director	30 June 2015	*	30 Sep 15  N/A

IT Change Management 2014/15							
Final report issued January 2015							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
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  Position – May 2015 New date  Position – August 2015 See section 2.5.2 of the main SIAS Update Report.  Position – November 2015 See comment in section 2.5.2 of the main SIAS Update Report.  Position – February 2016 See comment in section 2.5.2 of the main SIAS Update Report.  <b>Position – June 2016</b> <b>History of comments removed - please see separate report by the Head of Finance.</b>	ICT Client Section Head & Capita Account Director	30 June 2015	*	30 Sep 15  N/A

NDR 2014/15							
Final report issued January 2015							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
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> <p>Position – May 2015 Not yet due</p> <p>Position – August 2015 Migration has still not taken place.</p> <p>Position – November 2015 Due to ongoing IT upgrades this has slipped further down list given major configuration within Academy and yet to decide on either tablet / iPad.</p> <p>Position – February 2016 Still to be implemented – ongoing.</p> <p><b>Position – June 2016 Still to be implemented – ongoing.</b></p>	Revenues Manager	31 July 2015	*	<p>30 November 2015</p> <p>31 March 2016</p> <p><b>31 March 2017</b></p>

Benefits 2014/15							
Final report issued April 2015							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>The declaration of interest form should be reviewed to ensure it provides adequate protection to the respective Councils.</p> <p>Completed forms should be checked to ensure all staff who have (and need) access to the Academy system have returned a conflicts of interest form. This should be extended to staff outside of the Revenues and Benefits service, for example Customer Service Centre staff.</p> <p>Access to declared accounts should be restricted.</p>	Merits Attention	<p>We will cross check against the establishment list and determine who stills needs to sign a declaration for 2014/15 to get the outstanding ones completed.</p> <p>Position - May 2015 Now we are into a new financial year I will organise the re-signing for all staff in Revs and Bens.</p> <p>Position – August 2015 We are currently going through major upgrades of our systems and my focus at the moment is getting a stable system. I will re-visit the declaration of interest document in October.</p> <p>Position – November 2015 Now that the migration to new servers and upgrades to processing systems have just about completed we will visit annual declarations by the end of November 2015.</p> <p>Position – February 2016 No update received – target date has passed.</p> <p><b>Position – June 2016 In progress.</b></p>	Benefits Manager	31 May 2015	*	<p>30 June 2015</p> <p>31 October 2015</p> <p>30 November 2015</p> <p><b>30 June 2016</b></p>
06	<p>In order to ensure compliance with the Data Protection Act (DPA), the Council should ensure that as a matter of urgency, the historical data stored within Anite is cleared.</p> <p>Going forward, the Council should ensure that there are arrangements in</p>	Medium	<p>Awaiting Anite upgrade.</p> <p>Position - May 2015 Not yet due</p> <p>Position – August 2015 The Anite upgrade that will allow archiving of old data was scheduled for 1/8. Although</p>	Benefits Manager	30 June 2015	*	<p>31 December 2015</p> <p><b>30 Sept 2016</b></p>



Benefits 2014/15							
Final report issued April 2015							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
	place to clear old data on an annual basis to ensure ongoing compliance with the DPA.		<p>Northgate have completed their work, Capita have not linked Anite to Office of Outlook so we cannot go live on 1/8. This has been moved from 8/8 to 12/9. If this is successful, it will take a further 8-10 weeks to restructure the database and then archiving can happen.</p> <p>Position – November 2015 Now that the Information@work system has been migrated to a new server and upgraded we are ready to install the retention and destruction module which will archive documents. We are currently in the process of agreeing dates for the module to be installed and training to be given. Review at the end of December 2015.</p> <p>Position – February 2016 No update received – target date has passed.</p> <p><b>Position – June 2016</b> <b>With regard to the Retention and Destruction module for Anite, we are currently in the process of getting installation dates agreed. Due to consultancy availability it's not likely to be in place and working before 30.09.16.</b></p>				

Disaster Recovery 2014/15							
Final report issued June 2015							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<ul style="list-style-type: none"> <li>The Councils should take priority to ensure the kit lists for both the Councils are updated and fit for purpose, this is to be shared with Capita who are responsible for handling the 3<sup>rd</sup> party contracts for Disaster Recovery.</li> <li>During the review it was mentioned that the Councils have been shown the Essex Councils comprehensive Disaster Recovery Plan as a template. Although this DRP is not part of this review and we can therefore not pass comment on its adequacy, it can form the basis for W3R.</li> <li>Ensure procedure documents are kept up to date incorporating current technological environment so that the process steps covers all the detail recovery procedures in the event of disaster.</li> <li>IT disaster recovery and business continuity plans should be reviewed at least once a year, or if any material changes occur within the IT environment, to ensure its continuing suitability, adequacy, and effectiveness.</li> </ul>	High	<p>Recommendation accepted.</p> <p>Position - August 2015 See section 2.5.2 of the main SIAS Update Report.</p> <p>Position – November 2015 See comment in section 2.5.2 of the main SIAS Update Report.</p> <p>Position – February 2016 See comment in section 2.5.2 of the main SIAS Update Report.</p> <p><b>Position – June 2016</b> <b>History of comments removed - please see separate report by the Head of Finance.</b></p>	Capita Account Director	31 August 2015	*	N/A

<b>Disaster Recovery 2014/15</b> Final report issued June 2015							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
02	<ul style="list-style-type: none"> <li>Once these kit lists have been reviewed and approved, Capita should liaise with the two contractors responsible for Disaster Recovery to initiate Disaster Recovery Tests on Critical systems and their key dependencies.</li> <li>A complete DR scenario test on all applications and systems should ideally take place to provide assurance that recovery could happen within an acceptable time frame.</li> <li>Document and retain test results and evidence for review by information owners. Initiate corrective actions based upon test results.</li> <li>There should be Councils management oversight of the testing schedule to ensure that all disaster recovery plans are tested for adequacy and that they meet the Councils business needs.</li> <li>IT Disaster Recover and Business Continuity plans should be reviewed at least once a year or if any material changes occur within the IT environment to ensure its continuing suitability, adequacy, and effectiveness.</li> </ul>	High	Recommendation accepted.  Position - August 2015 See section 2.5.2 of the main SIAS Update Report.  Position – November 2015 See comment in section 2.5.2 of the main SIAS Update Report.  Position – February 2016 See comment in section 2.5.2 of the main SIAS Update Report.  <b>Position – June 2016</b> <b>History of comments removed - please see separate report by the Head of Finance.</b>	Capita Account Director / ICT Client Section Head	31 August 2015	*	N/A

<b>Disaster Recovery 2014/15</b> Final report issued June 2015							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
03	<ul style="list-style-type: none"> <li>• Talks surrounding the use of a data centre should be progressed.</li> <li>• The problem with keeping the Councils data locally is that, should a disaster occur unexpectedly be it natural or man-made, all or part of the data could be lost – including backups.</li> <li>• An offsite data centre solution should be considered if effective disaster recovery is a requirement at the Councils.</li> </ul>	Medium	Recommendation accepted.  Position - August 2015 See section 2.5.2 of the main SIAS Update Report.  Position – November 2015 See comment in section 2.5.2 of the main SIAS Update Report.  Position – February 2016 See comment in section 2.5.2 of the main SIAS Update Report.  <b>Position – June 2016</b> <b>History of comments removed - please see separate report by the Head of Finance.</b>	Capita Account Director	31 August 2015	*	N/A

<b>IT Operations &amp; Contract Management 2014/15</b> Final report issued June 2015							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<ul style="list-style-type: none"> <li>• The CSIS Account Director should agree a clear, formal process for the completion and closure of incidents, within their team and gain formal approval of this process from the Councils. Open / Outstanding actions should be assigned to the individual employees responsible and not to a default employee.</li> </ul>	High	Recommendation accepted.  Position - August 2015 See section 2.5.2 of the main SIAS Update Report.  Position – November 2015 See comment in section 2.5.2 of the main SIAS Update Report.	Capita Account Director	30 September 2015	*	N/A

IT Operations & Contract Management 2014/15							
Final report issued June 2015							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	<p>Turnaround targets should be set and managed by CSIS formally on an on-going basis. This should be included in the progress report to the Councils.</p> <ul style="list-style-type: none"> <li>• There should be an additional status indicator for closed and completed tickets. A ticket may be complete but not closed until they have gathered all the necessary evidence for the relevant incidents. This would clear up incidents being marked as closed without the supporting evidence.</li> <li>• Where appropriate, these processes should be written into formal documentation to be shared and agreed across the CSIS teams and the Councils.</li> <li>• The processes should be reviewed at least once a year or if any material changes occur within the IT environment to ensure its continuing suitability, adequacy and effectiveness.</li> </ul>		<p>Position – February 2016 See comment in section 2.5.2 of the main SIAS Update Report.</p> <p><b>Position – June 2016</b> <b>History of comments removed - please see separate report by the Head of Finance.</b></p>				
02	<ul style="list-style-type: none"> <li>• Discussions between the Council and CSIS should take place once improvements have been observed with the delivery of ICT Shared Services. This should encompass the current KPI definitions and how they are measured with associated</li> </ul>	High	<p>Recommendation accepted.</p> <p>Position - August 2015 See section 2.5.2 of the main SIAS Update Report.</p> <p>Position – November 2015</p>	ICT Client Section Head	31 August 2015	*	N/A

IT Operations & Contract Management 2014/15							
Final report issued June 2015							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	<p>targets. This would include the amount of physical evidence deemed appropriate and sufficient to support the closure of tickets.</p> <ul style="list-style-type: none"> <li>The Council should gain formal agreement on the amount of outstanding penalties due, and a strategy be put in place for CSIS to meet that penalty.</li> </ul>		<p>See comment in section 2.5.2 of the main SIAS Update Report.</p> <p>Position – February 2016 See comment in section 2.5.2 of the main SIAS Update Report.</p> <p><b>Position – June 2016</b> <b>History of comments removed - please see separate report by the Head of Finance.</b></p>				
03	<ul style="list-style-type: none"> <li>In-house knowledge sharing should be recommended for the on-site employees within CSIS. This would help grow the teams' knowledge growth and eventually improve the efficiency of the team which may impact positively on their Service Level Agreements (SLA's).</li> <li>The CSIS Account Director should put a formal plan in place to ensure knowledge sharing between team members.</li> </ul> <p>Responsibilities should be assigned within CSIS. We suggest creating sub-team leaders to relieve these duties from the Account Director so he can focus on areas where his role will be more effective for the recovery plan. This should include weekly and perhaps daily catch ups to discuss any outstanding issues and progress made on historical incidents.</p>	Medium	<p>Recommendation accepted.</p> <p>Position - August 2015 See section 2.5.2 of the main SIAS Update Report.</p> <p>Position – November 2015 See comment in section 2.5.2 of the main SIAS Update Report.</p> <p>Position – February 2016 See comment in section 2.5.2 of the main SIAS Update Report.</p> <p><b>Position – June 2016</b> <b>History of comments removed - please see separate report by the Head of Finance.</b></p>	Capita Account Director	31 December 2015	*	N/A

## Audit Plan 2015/16

<b>Data Protection 2015/16</b>							
<b>Final report issued October 2015</b>							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	We recommend that appropriate Data Protection training is offered to Members.	Medium	<p>We have all out elections next May and it would be sensible to include Data Protection Training in new member induction.</p> <p>Position – November 2015 Not yet due. Democratic services is currently working on member induction programme for May/June 2016.</p> <p>Position – February 2016 Not yet due.</p> <p><b>Position – June 2016 Not yet due.</b></p>	Head of Democracy and Governance	30 June 2016	*	
02	The Authority should also consider putting in place an overarching Data Sharing Protocol / Policy, which would provide a framework for the authority, helping them adopt good practices with regard to Data Sharing.	Medium	<p>Head of Democracy and Governance to develop a protocol.</p> <p>Position – November 2015 Not yet due</p> <p>Position – February 2016 Not started due to work commitments.</p> <p><b>Position – June 2016 Not yet due.</b></p>	Head of Democracy and Governance	31 January 2016	*	30 June 2016

Development Management 2015/16							
Final report issued November 2015							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>We recommend that all officers within the Planning Service complete a Declaration of Interest form on an annual basis.</p> <p>In addition, procedure notes should be produced documenting how the declaration of Interest will be enforced.</p> <p>We also recommend that the Head of Regeneration and Development request the Scheme of Delegation be amended so that where necessary, applications from the Council and from Councillors are referred to the Development Management Committee for decision.</p>	Merits Attention	<p>Agreed.</p> <p>We agree that all principal planners and their team leaders and section head should complete a declaration of Interest form. Normally these forms are held centrally.</p> <p>Agreed.</p> <p>Position – February 2016 Waiting for example of form from SIAS.</p> <p>Spoken with Head of Democracy and Governance. Annual reporting not necessarily sufficient as conflict of interest could occur at any time within the year. Current practice is via email to manager.</p> <p><b>Position – June 2016 Not implemented due to staff turnover. Revised deadline end of July 2016.</b></p>	Head of Regeneration & Development	<p>30 April 2016 (for the new Financial Year)</p> <p>31 May 2016</p>	*	<b>31 July 2016</b>
03	We recommend that pre-application fees are reviewed to ensure that they cover the current costs incurred by the service and are consistent with those charged by neighbouring Councils.	Medium	<p>Agreed.</p> <p>Pre-application charges are reviewed annually as part of the budget setting process. We have previously decided not to increase them as there's a balance between encouraging applicants to make pre-application advice requests and having a service that is so costly it deters people from using it.</p> <p>The pre-application process is currently being reviewed. Most major applications will have a planning performance agreement where an additional fee for pre-application and project management will be negotiated with the</p>	Interim Development Management Section Head	30 April 2016	✓	



Development Management 2015/16							
Final report issued November 2015							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			applicant.  Position – February 2016 Included within budget for 16-17.  <b>Position – June 2016                      Implemented</b>				
04	We recommend that checks are undertaken on a sample of pre-existing fields to ensure data submitted is accurate. If further differences are identified the scope should be extended to include all data-sets on the PS1 and PS2 returns.	Medium	Agreed.  The information provided in the PS1 and PS2 table for DCLG does not appear to allow interrogation so this has to be undertaken in a different format, which is time consuming.  The variation in the two data sets is minor but this does need investigating.  Further training is required in understanding the queries and how to find the raw data to review.  The timing of implementing this recommendation will coincide with the updates that will be introduced for the system.  Position – February 2016 Will be implemented as part of move to hosted service for Uniform planned for May 2016.  <b>Position – June 2016                      Still awaiting move to hosted service.</b>	Interim Development Management Section Head	29 February 2016	*	31 May 2016  <b>31 August 2016</b>

Safeguarding 2015/16							
Final report issued November 2015							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>We recommend that the next review be approved by Leadership Team and Members.</p> <p>We recommend that the policy and procedures be reviewed and amended to specifically reflect CSE.</p>	Medium	<p>Agreed, will take next review to Leadership Team and Cabinet.</p> <p>Position – February 2016 Leadership Team report re - scheduled for March 2016</p> <p><b>Position – June 2016</b> <b>Due to recent structure changes, a report to CABINET to be moved till the Autumn to allow time to have a review of Safeguarding roles and responsibilities. The current structure remains and CSE has been included in the policy and procedures.</b></p> <p>Agreed.</p> <p>Position – February 2016 Cabinet report re- scheduled for June or July 2016.</p> <p><b>Position – June 2016</b> <b>Due to recent structure changes, a report to CABINET to be moved till the Autumn to allow time to have a review of Safeguarding roles and responsibilities. The current structure remains and CSE has been included in the policy and procedures.</b></p>	Culture and Play Section Head	<p>31 January 2016 (Leadership Team)</p> <p>31 March 2016 (Cabinet)</p>	<p>*</p> <p>*</p>	<p>31 March 2016</p> <p><b>31 October 2016</b></p> <p>31 July 2016</p> <p><b>31 October 2016</b></p>
03	We recommend that a training process be created for relevant members as required due to the limited member role in licensing committee decision determination.	Medium	<p>General training to be included in Councillor licencing training.</p> <p>Bespoke training for members considering the fit and proper test to be developed and delivered as necessary prior to undertaking licensing decisions.</p>	Environmental Health and Licensing Section Head	31 May 2016	✓	

Safeguarding 2015/16							
Final report issued November 2015							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>Position – February 2016 As above. General training being sourced and designed for delivery post elections. All councillor training undertaken in relation to CSE Dec 15.</p> <p><b>Position – June 2016</b> <b>15/6/16 training for all committee members on general licensing matters being undertaken – members must undertake this to sit on committee. Any members sitting on sub committees that involve safeguarding will be required to attend bespoke training, delivered immediately, before the sub-committee. Contacts for delivery of such training have been made and expertise is being developed in house also.</b></p>				
05	We recommend that the date of the next scheduled review be indicated within the Convictions Policy.	Medium	<p>The policy will be reviewed no later than three years from last review. The document will be amended in line with the CSE review and then taken through the Licensing Committee.</p> <p>Position – February 2016 Policy currently under review. Due for consultation March 2016 and committee approval June 2016</p> <p><b>Position – June 2016</b> <b>Policy currently in consultation stage. Next Licensing committee is September 2016 where it will be submitted for consideration.</b></p>	Environmental Health and Licensing Section Head	31 March 2016	*	30 June 2016  <b>30 Sept 2016</b>

Safeguarding 2015/16							
Final report issued November 2015							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	<p>We recommend that the Convictions policy be reviewed to include a specific reference to CSE and indicators / patterns, at present there is an ability to consider information wider than just convictions but this needs to be explicit and clear.</p> <p>We recommend that the Enforcement policy be reviewed to include patterns of behaviour/reports alongside convictions. This will include trends of complaints and concerns for particular operators.</p>		<p>To be developed, consulted and approved by Licensing Committee.</p> <p>Position – February 2016 Policy currently under review. Due for consultation March 2016 and committee approval June 2016</p> <p><b>Position – June 2016 Policy currently in consultation stage. Next Licensing committee is September 2016 where it will be submitted for consideration.</b></p> <p>To be developed, consulted and approved by Licensing Committee.</p> <p>Position – February 2016 Policy under review, believed that the convictions Policy will enable this and the enforcement policy does not need amendment. Conclusion will be made by March 2016.</p> <p><b>Position – June 2016 Policy currently in consultation stage. Next Licensing committee is September 2016 where it will be submitted for consideration.</b></p>		<p>31 March 2016</p> <p>31 March 2016</p>	<p>*</p> <p>*</p>	<p>30 June 2016 <b>30 Sept 2016</b></p> <p>30 June 2016 <b>30 Sept 2016</b></p>
07	We recommend that documentation be reviewed to include a specific reference to CSE and to provide more substantial guidance around what is considered to be serious by the organisation.	Medium	<p>Agreed.</p> <p>Position – February 2016 As 05 above.</p> <p><b>Position – June 2016 Policy currently in consultation stage. Next</b></p>	Environmental Health and Licensing Section Head	31 March 2016	*	30 June 2016 <b>30 Sept 2016</b>

Safeguarding 2015/16							
Final report issued November 2015							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<b>Licensing committee is September 2016 where it will be submitted for consideration.</b>				
08	We recommend that the Council suggest greater scrutiny involvement to examine the organisations position in relation to safeguarding responsibilities.	Merits Attention	Agreed.  Position – February 2016 Not yet due  <b>Position – June 2016 Not yet due.</b>	Committee and Scrutiny Officer	30 June 2016	*	
09	We recommend that further discussions regarding this issue are raised through the police, obtaining clarity to ensure consistency around police notifiable occupations. This is an issue that is being discussed at a national level due to guidance issued by the National Police Chiefs' Council.	Medium	Agreed.  Position – February 2016 Discussions with the Police Community Safety Unit who are leading discussions across the county to improve communication underway. Introduction of a new system to check applicants history in place, protocols of use of this new procedure in development jointly with 3RDC. No current issues with notifications but any will be raised and followed up.  <b>Position – June 2016 Local arrangement for intelligence checking with the Police fully in place and working well, this is mitigating risks surrounding formal notifications to some degree. Formal notification and disclosure through the County Police unit still unresolved. Information received that clarifies the Police's position but remains unsatisfactory from WBC perspective. Request for further consideration sent to County unit and support of Watford Chief</b>	Environmental Health and Licensing Section Head	31 January 2016	*	31 March 2016  <b>30 November 2016</b>

<b>Safeguarding 2015/16</b>							
Final report issued November 2015							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<b>Inspector secured to champion this matter.</b>				

<b>Council Tax 2015/16</b>							
Final report issued February 2016							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>Revenues Officers should enter provisional end dates for Student Exemptions.</p> <p>Following the March 2015 review of existing Student Exemption cases, an exercise should be undertaken to cancel non-returns. This exercise should be performed annually.</p>	Medium	<p>Revenues Manager in sync with designated Billing Officers will be targeting quarterly 'Provisional End Dates' via reporting within Academy.</p> <p>Position – February 2016 Quarterly reviews and first one started January, 2016.</p> <p><b>Position – June 2016 Completed as now progress Surveys quarterly, about to undertake second survey of 2016/17.</b></p>	Revenues Manager	30 April 2016	✓	
02	<p>Management should consider the cessation of undertaking programmed visits to long-term empty properties and focus inspections on exemptions that reduce the potential for financial loss if incorrectly applied or generate revenue, e.g. NDR avoidance.</p>	Merits Attention	<p>Revenues Manager will be liaising with Inspectors quarterly with a view to focusing on NDR avoidance and empty properties.</p> <p>Position – February 2016 In progress</p> <p><b>Position – June 2016 Ongoing as will await new Head of Service for input / thoughts.</b></p>	Revenues Manager	30 June 2016	*	<b>31 October 2016</b>

<b>Building Control 2015/16</b> Final report issued February 2016							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	We recommend that all officers within the Building Control Service complete a Declaration of Interest form on an annual basis.	Merits Attention	The team will be asked to supply details of any private work they undertake and any other conflicts of interest. This will be logged on personal files. We have asked SIAS to provide an example of an annual declaration template as used elsewhere and will then introduce an annual review process.  <b>Position – June 2016 Not implemented due to staff turnover. Revised deadline end July 2016.</b>	Head of Regeneration & Development	30 April 2016	*	<b>31 July 2016</b>

<b>Capital Projects and Project Management 2015/16</b> Final report issued February 2016							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	We recommend that the Partnerships and Performance Section Head ensures that data included in the Framework is fully updated.  We recommend that any obsolete supporting information should be removed before publishing the information on the Council's new Intranet.	Merits Attention	The way the pages are set up on the Intranet, it is not always possible to change all information on them.  This was identified as a priority for the new PMO Coordinator post (starting in January 2016). All pages have been reviewed and changes have been identified.  Some updates will have to wait until the roll out of the new intranet site when decision will be made to see which elements of the methodology gets transferred.	Partnership and Performance Section Head	30 April 2016	* <b>Partial</b>	<b>31 August 2016</b>

<b>Capital Projects and Project Management 2015/16</b>							
Final report issued February 2016							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
			<p><b>Position – June 2016</b> The intranet is now scheduled for implementation by the end of July 2016 at which point the update to the framework can be implemented.</p>				
02	<p>We recommend that Project Managers follow the key steps as described within the Project Management framework.</p> <p>If prescribed steps are to be omitted, the officer should provide reasons.</p>	Medium	<p>A PMO Coordinator has been appointed to improve the governance of the projects and programmes by embedding consistency in the Project Management Process. In addition, the PMB looks at all major projects. PMB requires all major projects to be undertaken as per the project management framework including producing highlight reports and project closure document.</p> <p><b>Position – June 2016</b> The project management framework is being embedded across the organisation and tailored to suit the extent of the project.</p>	Partnership and Performance Section Head	30 April 2016	✓	

<b>NDR 2015/16</b>							
Final report issued March 2016							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
01	Business Rates Officers should be reminded of the need to record adequate notes and names / contact numbers of individual traders on account records to support actions and decisions taken.	Medium	<p>Reminded staff to notepad all actions taken.</p> <p><b>Position – June 2016</b> Implemented</p>	Revenues Manager	Immediate	✓	



NDR 2015/16 Final report issued March 2016							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
02	Business Rates Officers should be reminded that Empty Property Relief should not be applied retrospectively to accounts without documentation and supporting evidence.	Medium	Reminded staff to notepad all actions taken.  <b>Position – June 2016 Implemented</b>	Revenues Manager	Immediate	✓	
03	Management should undertake a review to identify any potential historic debts where recovery action has not been taken, including those where recovery action has been suppressed to ensure that cases approaching time barring are summonsed	Medium	Revenues Manager identified that the case was a shared services conversion error. A data cleansing exercise has been undertaken over the past 12 months by the NDR team to identify such cases, work is ongoing.  <b>Position – June 2016 Implemented</b>	Revenues Manager	Implemented	✓	
04	Where a company is awaiting strike-off, the debt should remain on the Academy system until confirmation is received that the Company has been dissolved, e.g. subject to evidence from Companies House.	Medium	Write-off procedures updated and implemented with effect from 1 December 2015 (Audit had sight of the procedures).  <b>Position – June 2016 Implemented</b>	Revenues Manager	Implemented	✓	
05	Authorisation records should be retained centrally and checked for completeness. Where possible evidence to support the authorisation of write-offs should be scanned against the relevant account.  The Revenues Manager or other senior officer should perform checks of write-offs to ensure that these have been approved appropriately.	Medium	As per 'point 5', write-off procedures now in place in order to stress no conflict of duties.  <b>Position – June 2016 Implemented</b>	Revenues Manager	Implemented	✓	

<b>Debtors 2015/16</b>							
Final report issued March 2016							
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-Financials that will not allow the releasing of a credit note without appropriate authorisation from a second officer. In the meantime, a manual authorisation process should be introduced requiring a second officer to authorise all credit notes raised.	Medium	To explore modules within e-Financials  <b>Position – June 2016</b> <b>Still to be implemented – ongoing.</b>	Revenues Manager	31 August 2016	*	<b>31 October 2016</b>
02	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.  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.	Merits Attention	To explore further, this being dependent on Service Area requirements.  <b>Position - June 2016</b> <b>Still to be implemented - ongoing.</b>	Revenues Manager	31 August 2016	*	<b>31 October 2016</b>

<b>Creditors 2015/16</b> Final report issued April 2016							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	Responsibility for periodic monitoring of this area (raising orders after invoices are processed or paid), should be assigned, with reviews on officer compliance undertaken at intervals to be determined by Management.	Merits Attention	The Senior Finance Officer will produce a report for The Head of Finance to present to the Shared Service Operational Board. Retrospectively for 2015/16 and quarterly thereafter.  <b>Position – June 2016</b> <b>This has been implemented and the 15/16 figures went to SSOB at its last meeting (19 May). It is now reported as one of the management stats at each meeting.</b>	Senior Finance Officer	30 April 2016	✓	

<b>Social Media 2015/16</b> Final report issued April 2016							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	We recommend that management regularly review the action plan to confirm all actions have been taken and, where required, the action plan is refreshed to reflect the current position and/or changes to priorities.	Merits Attention	There have been three heads of service in this post in a very short period of time. While I understand that this may have meant that the paper work has not been kept on top of, there are very robust processes to check and monitor that we continue to develop our social media presence. I have arranged to update the action plan with progress and re-establish revised dates for completion where required.  <b>Position – June 2016</b> <b>Complete</b>	Section Head of Communications and Engagement	30 April 2016	✓	



**Report to:** Audit Committee

**Date of meeting:** 27 June 2016

**Report of:** Bob Watson – Head of Finance (shared services)

**Title:** Annual Governance Statement (AGS) 2015/16

## 1.0 **SUMMARY**

1.1 This report enables the Committee to agree the Annual Governance Statement (AGS) for inclusion in the Draft Statement of Accounts.

## 2.0 **RECOMMENDATIONS**

2.1 That, the Committee considers and approves the Annual Governance Statement attached as Appendix 1.

2.2 That, subject to any changes required prior to their signing, the AGS be included in the Statement of Accounts for 2015/16.

### **Contact Officer:**

For further information on this report please contact: -

Bob Watson, Head of Finance, Shared Services

telephone extension: 7188

email: bob.watson@threerivers.gov.uk

**Report approved by:** Joanne Wagstaffe Director of Finance

### 3.0 DETAILS

- 3.1 *The Report of the Committee on the Financial Aspects of Corporate Governance* (the Cadbury Report 1992) identified three fundamental principles of corporate governance – openness, integrity and accountability.
- 3.2 The Committee on Standards in Public Life (the Nolan Committee 1995) stated that the principles of public life are selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
- 3.3 In 2001, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) published *Corporate Governance in Local Government – A Keystone for Community Governance: Framework*. This set out best practice for authorities to develop their own locally adopted codes.
- 3.4 In June 2007, CIPFA and SOLACE published *Delivering Good Governance in Local Government: Framework*. This recommended that a review of the effectiveness of the system of internal control should be reported in an AGS. The Framework informed authorities in England that its provisions were mandatory from 2007/08.
- 3.5 In March 2010, CIPFA published an Application Note to the Framework dealing with the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)*. This extended the contents of the AGS to include a specific statement on whether the authority's financial management arrangements conform to the governance requirements of the CIPFA Statement, and where they do not, to explain why and how they deliver the same impact.
- 3.6 Regulation 4 of *The Accounts and Audit (England) Regulations 2011* requires the Council to:-
- Ensure that it has a sound system of internal control;
  - Conduct a review at least once a year of the effectiveness of its system of internal control;
  - Consider the findings of the review (either at a committee meeting or at Council) and, following that consideration, approve an AGS prepared in accordance with proper practices, and,

Ensure that the AGS accompanies the Statement of Accounts (amending the need to produce a Statement on Internal Control),

- 3.7 The *Code of Practice on Local Authority Accounting in the United Kingdom 2015/16* (CIPFA/LASAAC) states that the preparation of an AGS fulfils the statutory requirement for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control, and that authorities should include an AGS reporting on the review in its Statement of Accounts. It also says that:-
- The AGS should relate to the governance system as it applied during the financial year for the accounts that it accompanies.
  - Significant events or developments relating to the governance system that occur between the year-end and the date on which the Statement of Accounts is signed by the responsible financial officer should be reported.
  - Where an authority undertakes significant activities through group relationships, the review of the effectiveness of internal control should include the group activities.
- 3.8 It is important that there is corporate involvement in, and ownership of, the process for preparing the AGS. Assurances have been sought from all service heads and other managers.
- 3.9 Each head of service assurance statement poses a number of questions concerning governance. The template is attached at Appendix 2. Heads of service were asked to indicate whether the matter has been fully addressed, partly addressed or not addressed at all. Heads of service and managers have indicated that every matter has been fully addressed.
- 3.10 The AGS also takes into account the matters identified in the Internal Audit Annual Report for 2015/16.
- 3.11 In the SIAS Annual Report for 2015/16 (elsewhere on this Agenda), The Head of Assurance has provided an assurance opinion on corporate governance and risk management. This states the Council's corporate governance and risk management framework substantially complies with the best practice guidance on corporate governance issued by CIPFA/SOLACE. This conclusion is based primarily on the work undertaken by the Council and reported in its Annual Governance Statement for 2015/16.
- 3.12 The Head of Assurance is able to report a substantial level of conformance with the Public Sector Internal Audit Standards and considers the internal audit service to be effective. The exercise did not identify any significant deviations from

Standards which warrant inclusion in the Council's Annual Governance Statement.

- 3.13 The proposed AGS for 2015/16 is attached at Appendix 1. It will need to include any significant events or developments relating to the governance system that occur between the year-end and the date on which the Statement of Accounts is signed. These will be agreed with the Committee at the time.

#### 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**

The ongoing review of the Governance Statement is designed to minimise the risk of over-looking important issues. Failure to do so could lead to problems for the council, including financial loss, reputational risk and adverse comment from the external auditor.

<b>Potential Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Overall score</b>
Failure to correctly identify key issues	2	4	8

#### **APPENDICES**

- 1 Annual Governance Statement 2015/16
- 2 Assurance Statement Template



## ANNUAL GOVERNANCE STATEMENT

### 1.0 Scope of Responsibility

- 1.1 Watford Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. The council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. A key aspect of this responsibility is the identification and management of risk.
- 1.2 Watford Borough Council has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/Solace Framework 'Delivering Good Governance in Local Government'. It is also in accordance with the requirements of the Accounts and Audit (England) Regulations 2015.
- 1.3 Underpinning the Governance Statement is a framework which ensures corporate ownership at the very highest levels of management and is dynamic in responding to all governance issues as they occur. A key component of the Governance framework is the underlying system of internal control which is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

### 2.0 Strategic Aims and Objectives

- 2.1 The governance framework enables the Council's key objectives to be met and these can be summarised as follows:-

**VISION:**

A successful town in which people are proud to live, work, study and visit.

**OUR OBJECTIVES:**

- ☑ Making Watford a better place to live in
- ☑ To provide the strategic lead for Watford's sustainable economic growth
- ☑ Promoting an active, cohesive and well informed town
- ☑ Operating the Council efficiently and effectively

- 2.2 Underpinning these over arching priorities are a series of measurable (SMART) objectives so that every member of staff and our community can feel fully engaged in the process. The council also plays a major role in the Local Strategic Partnership, One Watford, which is made up of key stakeholders such as Hertfordshire County Council, Herts Valleys Clinical Commissioning Group, the Watford BID, Watford and Three Rivers Trust, Watford Community Housing Trust, and Hertfordshire Constabulary.

### 3.0 Decision Making Structures

- 3.1 Watford Borough Council has a directly elected Mayor, which means that the community elect the person to lead the council at four yearly intervals. The Mayor is supported by a Cabinet that plays a key role in determining the overall budget and policy framework of the Council. Each member of the Cabinet has a portfolio for which they are responsible and can make decisions within their area of responsibility.

## ANNUAL GOVERNANCE STATEMENT

- 3.2 Watford Borough Council operates a Mayor and Cabinet model of governance under the Local Government Act 2000 this places total responsibility for those functions designated as Executive Functions into the hands of the directly elected Mayor. However full Council is responsible for setting the Council's budget and agreeing the key policy framework. The Council also has established an Overview and Scrutiny Committee, Budget Panel, Outsourced Services Scrutiny Panel and task groups to scrutinise the actions the Mayor and Cabinet and assist with policy development. In addition the Council has five further committees that cover non executive functions, these are Licensing, Development Management, Audit, Functions and Standards. It also has a number of advisory member groups such as Major Projects Board, Planning Advisory Group, Housing Advisory Group and the Market Working Group.
- 3.3 At an officer level, the senior management comprises the Managing Director and Heads of Service. Financial control will primarily be the responsibility of a shared Director of Finance with neighbouring Three Rivers District Council. This combined management comprises the Leadership Team who meet fortnightly to review and progress the key objectives of the council.
- 3.4 Overall financial control is monitored on a monthly basis by Leadership Team and the Budget Panel, and quarterly by Cabinet. Budget preparation is influenced by the Council's Medium Term Financial Strategy which forecasts budget pressures and available resources over a four year period. This MTFSS is reported quarterly to Cabinet and Budget Panel where variations to the strategy are approved. The Council has the ultimate responsibility for approving the annual budget. The final accounts at the end of a financial year are subject to formal approval by the Audit Committee (but is also reported to Cabinet and Budget Panel).

### **4.0 The Governance Framework**

- 4.1 The Council has a written constitution which identifies community focus, service delivery arrangements, structures and processes, risk management, internal control arrangements and standards of conduct. This sets out how the council takes decisions, roles and responsibilities of members and officers, codes of conduct and procedure rules and also sets out the rights of citizens.
- 4.2 Council, Cabinet and committee / scrutiny meetings are open to the public and written reports are available to the public through the council's website. Information is only treated as confidential when it is necessary to do so for legal / commercial reasons in accordance with the provisions of the Local Government Act 1972.
- 4.3 The Council publishes its Corporate Plan annually, which sets out key service improvement priorities for the medium term, with targets for performance and deadlines for achievement. This has been informed by public consultation on a range of topics, particularly around priority setting, and a detailed analysis of the Watford context based on information derived from sources such as Census 2011 and the Indices of Multiple Deprivation. Progress on the Plan is reported to the public through a quarterly magazine, About Watford, and includes an 'annual report' on the Council's achievements compared to its initial targets.
- 4.4 Councillors are assisted in their policy and decision-making roles by the advice of staff with suitable qualifications and experience, under the leadership of the Managing Director. All reports requiring a decision from members include comments on financial, legal, equalities, sustainability, community safety (as relevant) and other appropriate issues such as potential risks to non achievement, all of which ensures that comprehensive advice is provided prior to decisions being taken.

## ANNUAL GOVERNANCE STATEMENT

- 4.5 The scrutiny function within a local authority provides a necessary check upon the role of the Executive and is a key component of corporate governance. At Watford it is co-ordinated through the Overview and Scrutiny Committee, which can review Cabinet decisions and service performance, the Council has set up an Outsourced Services Scrutiny Panel as a standing scrutiny panel to scrutinise the activities of functions undertaken by external providers on the council's behalf. In addition the Standards Committee considers member conduct and the Budget Panel considers financial issues in a non political forum. Finally, the Audit Committee reviews the overall governance arrangements including the service related control and risk management environment. The Audit Committee also considers the response to Freedom of Information requests, the Ombudsman's annual report, risk management, Regulation of Investigatory Powers Act as well as annual accounts and treasury management (investment) policies.
- 4.6 The Council's protocols and procedures are reviewed and updated on a regular basis for standing orders, financial regulations, a scheme of delegation and supporting procedure notes/ manuals clearly defining how decisions are taken and the process and controls required to manage risks. Compliance with established policies, procedures, laws and regulations is achieved through a combination of training events, written policy and procedural documentation, authorisation procedures, managerial supervision, review by internal and external audit and use of the disciplinary procedure where appropriate.
- 4.7 Codes of Conduct defining the standards of behaviour for members, staff, our partners and the community have been developed and communicated and are available on the Council's website. These include:-
- ☒ Members Code of Conduct
  - ☒ Code of Conduct for staff
  - ☒ Anti fraud and corruption policy (including whistle blowing and anti bribery)
  - ☒ Money Laundering detection guidance
  - ☒ Members and officer protocols
  - ☒ Regular performance appraisals, linked to service and corporate objectives
  - ☒ Service standards that define the behaviour of officers
  - ☒ A Standards Committee which has a key role in promoting and maintaining high standards of conduct for members
  - ☒ Officers are subject to the standards of any professional bodies to which they belong
- 4.8 The Head of Democracy and Governance is the Council's Monitoring Officer and duties include: maintaining the council's Constitution; reporting on any potential or actual illegality or maladministration; and giving advice to the Mayor and councillors on the Constitution or issues of maladministration, financial impropriety or probity.
- 4.9 The Shared Director of Finance is the statutory Chief Finance Officer. Duties include: overall responsibility for financial administration; reporting on any actual or potential instances of illegality in expenditure, including unlawful loss or deficiency or illegal items of account; and giving advice to the council on financial planning.

### 5.0 Performance Management

5.1 Performance management follows very much a 'cascade' principle. The Council approves its Corporate Plan annually (although it covers a rolling four year perspective) and highlights key aspirations and targets including a series of objectives to be achieved in the year ahead. This Corporate Plan then cascades down to individual services delivery plans, which in turn translates into team and individual work plans. Performance is monitored regularly by Leadership Team and on a quarterly basis through Heads of Service, Cabinet Members, Overview and Scrutiny Committee and Outsourced Services Scrutiny Panel. Performance reviews also include consideration of complaints and progress against the Council's equalities agenda.

5.2 The Council keeps residents and stakeholders informed of its progress through a quarterly publication called '*About Watford*' which is delivered to every household and covers key issues, events and challenges. At the end of every financial year the Council also produce an Annual Report which informs the community of progress in the achievement of the Corporate Plan.

### 6.0 Data Quality and Risk Management

6.1 The need to develop policies and guidance on data quality and assurance is essential in order to promote consistency and awareness across the organisation. To that end, the Council has a senior member of staff who acts as the Senior Information Risk Officer. Guidance documents include a Data Quality Policy; an Information Security Policy; a Data Asset Register: and management training modules all of which are on the intranet.

6.2 The governance framework is dependent upon the underlying system of internal control which is designed to manage risk to a reasonable level. The Council's approach to risk management is governed by its Risk Management Strategy which is updated annually and approved by Leadership Team and the Audit Committee. This Strategy underpins the Strategic Risk Register which was updated and approved by the Audit Committee in March 2015 and covers major issues that will affect the achievement of the council's key objectives. This Risk Register is at a strategic/high level and is complemented by detailed project and service area registers. This Strategic Risk Register is reviewed by the Risk Management and Business Continuity Steering Group which meets bi-monthly and ensures a consistent approach to risk management across the Council.

6.3 Business continuity and emergency planning are other key aspects within the corporate governance framework and again falls within the remit of the Risk Management corporate group.

6.4 The risk management section within the Partnership Framework has been revised and all committee reports contain a 'risk implications' section as an aid to decision taking. There is however a need to ensure an effective risk identification process occurs where the Council has outsourced the provision of services to a private sector partner.

### 7.0 Shared Services with Three Rivers District Council

7.1 Watford Borough Council has been a leading authority in developing a shared service for revenues, benefits, ICT, financial services, and human resources with Three Rivers District Council. Both councils also share the statutory post of Chief Financial Officer - the Shared Director of Finance.

7.2 From April 2014, the Governance arrangements for shared services changed to a lead authority model. Watford Borough Council are responsible for providing the services of ICT and human resources whilst Three Rivers District Council are responsible for providing financial services and revenues & benefits. An executive board of senior management from both councils are responsible for these services. The role of the Board covers:-

- ☐ Monitoring performance and dealing with complaints from either authority
- ☐ Resolving conflicts between competing interests amongst the authorities
- ☐ Reviewing the governance arrangements
- ☐ Dealing with matters referred up to it by the Operations Board
- ☐ Having overall supervision of the Shared Service
- ☐ Receiving annual reports on each service within the shared service.

### **8.0 Community Engagement**

8.1 Corporate governance includes informing our community of the plans and aspirations of the council and is primarily communicated through its published Corporate Plan and the regular editions of 'About Watford'. The directly elected Mayor, Baroness Dorothy Thornhill MBE, takes the lead in ensuring there is open and effective community leadership and provides a focal point for individuals, communities, business and voluntary organisations to engage with the Council. The Mayor is also the Chair of the borough's Local Strategic Partnership, One Watford, which continues to lead on the successful delivery of the overall vision and objectives for the town and on effectively integrating partnership working and delivery.

8.2 The Council has established twelve neighbourhood forums, which mirror the borough's ward boundaries and each have a devolved budget of £2,500. These are organised and managed by the relevant local councillors as part of their commitment to community leadership and engagement.

8.3 The Council has established clear channels of communication with all sections of the community and other stakeholders. It provides citizens and business with information about the council and its spending through a leaflet that is distributed with council tax and business rate bills and the publication of a summary of its key financial information through the Council magazine 'About Watford'.

8.4 A range of consultation and engagement projects are undertaken annually. This includes a regular 'Community Survey' with the borough's Citizens' Panel and wider community, which covers a range of areas relating to the Council's services and activities, including how it spends its money and prioritises areas for focus and improvement. The Citizens Panel is refreshed regularly to ensure it is representative of the Watford community. Local residents are also invited to attend the Mayor's regular information seminars, which help build understanding across a range of areas including Council finances and the implications for future service delivery. The Watford Compact provides an agreement between the statutory and voluntary sectors in Watford to clarify and strengthen their relationship and to achieve better outcomes for individuals and for the Watford community.

### 9.0 The Role of Audit and the Audit Committee

- 9.1 The governance framework and its compliance mechanisms must be distinguished from the role of audit which is to review the effectiveness of the compliance framework, not be a substitute for it.
- 9.2 The internal audit function is carried out, by the Shared Internal Audit Service (SIAS), a local internal audit partnership hosted by Hertfordshire County Council. This provides greater independence and resilience and a positive step in improving governance. Internal Audit carry out a programme of reviews during the year which are based upon a risk assessment including fraud risk. As part of these audits, any failures to comply with legislation, council policy and practice or best practice guidance issued by a relevant body is identified and reported. Circulation of reports to senior officers, reports to the Audit Committee and follow-up procedures ensure action is taken on priority improvements. Progress on implementing internal audit recommendations is reported in quarterly reviews to Audit Committee and to the Leadership Team.
- 9.3 External auditors, Ernst & Young, appointed by the Audit Commission, provide an external review function through the audit of the annual accounts, assessment of value for money, certification of grant claims and the periodic inspection of services such as revenues and benefits. The Annual Audit and Inspection Letter is circulated to all Members and formally reported to Cabinet and the Audit Committee.
- 9.4 The Audit Committee's terms of reference are consistent with best practice. The Committee approves the annual plan of internal audit, and receives the quarterly and annual reports of the Head of the Shared Internal Audit Service. It approves the Statement of Accounts, the annual governance statement and the review of the effectiveness of the internal audit system. It receives reports on risk management and reviews the operation of treasury management. It also received the annual letter from the Ombudsman and considers regular reports upon Freedom of Information requests, risk management and the Regulation of Investigatory Powers Act.

### 10.0 Review of Effectiveness

- 10.1 In accordance with recent external audit guidance, the review of the effectiveness of the governance framework will focus upon significant weaknesses and the 'big picture'. If issues have not been highlighted then that is because current governance arrangements have proved fit for purpose.
- 10.2 The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Shared Internal Audit Services annual report and also by comments made by the external auditors and other review agencies and inspectorates. The Mayor and Portfolio Holders maintain a continuous review of the Council's policies, activities and performance of officers both through quarterly reviews and on a day to day basis.
- 10.3 The Annual Report of the Head of Assurance for the Shared Internal Audit Services has been reported to the Audit Committee at its meeting on 27 June 2016 and included the following statement . . . "In our opinion the corporate governance and risk management framework substantially complies with the best practice guidance on corporate governance issued by CIPFA/SOLACE. This conclusion is based primarily on the work undertaken by the Council and reported in its Annual Governance Statement for 2015/16.
- The SIAS Annual Report provides a substantial assurance opinion on the adequacy and effectiveness of financial systems and a moderate assurance opinion on the adequacy and effectiveness of non financial systems in the internal control environment for the year ended 31 March 2016. There are no qualifications to this assurance.

### 11.0 Significant Governance Issues

The 'normal' running of Council business has and can be controlled through the governance framework detailed at sections 4 to 9 of this report. There were no specific issues identified within the 2015/16 Governance Statement.

**12.0 Statement from the Elected Mayor and the Managing Director**

12.1 We propose over the coming year to keep a close focus upon the key governance issues. We will monitor the implementation of any audit recommendations that arise during the course of the year.

Signed .....  
Mayor

Date: XX September 2016

Date: XX September 2016

Signed .....  
Managing Director



**Senior Management Assurance Statement**

It is essential that there is an effective framework in place to give sufficient and reliable assurance on the Council’s stewardship and the management of the major risks to deliver an improved, cost-effective public service.

This statement is given in respect of the Council’s Statement of Accounts for 2015/16.

I acknowledge my responsibility in maintaining and operating my Service in accordance with the Council’s procedures and practices that uphold the internal control and assurance framework. The information provided in this statement is given to the best of my knowledge in connection with the functions for which I have been responsible during the financial year 2015/16, in respect of the internal control environment:

		Yes	No	Partly
<b>1</b>	The areas for which I am responsible make every effort to contribute to the mitigating actions contained within the Corporate Risk Register			
If Partly or No, <b>please comment</b>				

<b>2</b>	I am satisfied with the risk management arrangements within my Service in that risks have been identified, assessed and the controls in place to manage the risks have been operating effectively throughout the period under review.			
If Partly or No, <b>please comment</b>				

<b>3</b>	Staff within my Service involved with financial matters and contracts are familiar with and comply with Financial Procedure Rules and Contract Procedure Rules Management are fully aware of their responsibilities when authorising transactions and will be held accountable for their actions.			
If Partly or No, <b>please comment</b>				

		Yes	No	Partly
4	The operations of the key controls within my Service are monitored on a regular basis to ensure risk is mitigated where possible and key controls within core business are maintained.			
If Partly or No, <b>please comment</b>				

5	Any new system developments take account of the associated risks and internal controls as a key element of the implementation of the new system.			
If Partly or No, <b>please comment</b>				

6	I maintain adequate and up to date processes for staff to follow within my Service and staff are aware of Health & Safety policies, HR polices and the Local Code of Corporate Governance.			
If Partly or No, <b>please comment</b>				

7	All Audit Reports received from External and Internal Audit are considered in a timely manner. Management actively monitors and ensures action is taken to implement agreed recommendations to enhance the internal control environment.			
If Partly or No, <b>please comment</b>				

		Yes	No	Partly
<b>8</b>	Due consideration has been given to the risks and the need to protect basic financial controls when proposing savings and any consequential restructuring.			
If Partly or No, <b>please comment</b>				

<b>9</b>	All suspected cases of fraud or financial impropriety are referred promptly to the Fraud Manager. Investigations are undertaken in a robust manner, with sanctions consistently applied, that recognise the seriousness of the matter under investigation. All staff are aware of the Council's whistle blowing policy.			
If Partly or No, <b>please comment</b>				

<b>10</b>	Appropriate consideration of the risks associated with any partnership or collaborative activity have been determined before any agreement has been entered into by the Council.			
If Partly or No, <b>please comment</b>				

<b>11</b>	All projects follow the Council's Project Management Framework process, reducing the Council's risk profile by having a clear scope, delivering within the constraints of time, cost and quality, enabling proactive assessment and management of risk.			
If Partly or No, <b>please comment</b>				

**Significant Issues**

The following are recognized as significant issues which have occurred in 2015/16 and which may be considered appropriate for inclusion in the Council’s Annual Governance Statement 2015/16.

Significant Issue	Action implemented/Proposed

*Alternatively,*

<b>No significant issues identified</b>	Please tick if appropriate
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With the exception of the above, I am satisfied that the system of internal control in place within my Service is sufficient to manage the identified risks to an acceptable level.

<b>Signed by</b>	
<b>Position</b>	
<b>Date</b>	

**Report to:** Audit Committee

**Date of meeting:** 27 June 2016

**Report of:** Bob Watson - Head of Finance (shared services)

**Title:** Draft Annual Statement of Accounts 2015/2016

1.0 **SUMMARY**

1.1 This report allows the Committee to review the draft Statement of Accounts for 2015/16 in advance of official sign-off of the audited version at Audit Committee in September.

2.0 **RECOMMENDATIONS**

2.1 That the Committee seeks any clarification it needs concerning the draft Statement of Accounts for 2015/16, concerning the content and the processes followed in the compilation of the statement.

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

**Contact Officer:**

For further information on this report please contact: -

Bob Watson, Head of Finance (shared services)

telephone extension: 7188

email: [bob.watson@threerivers.gov.uk](mailto:bob.watson@threerivers.gov.uk)

**Report approved by:** Bob Watson, Head of Finance

### 3.0 **DETAILS**

- 3.1 The Accounts and Audit (England) Regulations 2011 introduced a more sensible approach to the auditing and approving of the annual statement of accounts. Audit Committee no longer has a responsibility for approving the pre-audit Statement before 30 June each year; this responsibility is now that of the senior financial officer in the council, being the Director of Finance. Audit Committee must still receive the audited Statement of Accounts and the auditor's report before the end of September. The regulations now state that whilst the accounts still have to be completed by 30 June, they are not approved by members before they have been audited. This allows amendments to be made and the auditor's report to be taken into account before final sign-off and approval.
- 3.2 The Auditor's 'Report to those charged with Governance' will be considered by the Committee on 29 September 2016.
- 3.3 The Council's draft Statement of Accounts for 2015/2016 will be circulated separately.
- 3.4 The purpose of the Statement of Accounts is to give interested parties an understanding of the Council's financial position. It also provides an opportunity to compare how the Council performed financially against its original plan published when setting the budgets in January 2015. Members are referred to the Narrative Statement in the Accounts. Please note that scrutiny of the outturn position is the responsibility of the Budget Panel and not this committee. This committee is charged with the governance around the compilation and completeness of the accounting statements.
- 3.5 The financial statements have been prepared under International Financial Reporting Standards (IFRS), a statutory accounting framework adopted by all local government authorities. The Chartered Institute of Public Finance and Accountancy (CIPFA) produces a Code of Practice on Local Authority Accounting which reflects the statutory requirements and any specific requirements pertinent to local authorities and this has been followed in preparing the financial statements.
- 3.6 A draft Annual Governance Statement (AGS) is considered elsewhere on this agenda and will be incorporated into the Statement for final approval. This Committee also monitors progress on the system of internal control and the action plans deriving from the AGS.
- 3.7 The accounting statements summarise the cost of providing services during the year and the balances held by the Council at the 31 March 2016. Supporting information is provided in Notes to the Statements. To assist the scrutiny function of the Statement of Accounts, Members are referred to the Narrative Statement which reports the statutory accounting statements in a format that Members will be familiar with from monthly management reporting during the year.
- 3.8 This recommendation allows the Committee to ask questions about the draft Statement of Accounts for 2015/16 prior to their final approval in September.

## 4.0 **IMPLICATIONS**

### 4.1 **Financial**

4.1.1 The recommendations in this report are within the Council's agreed policy and budgets.

### 4.2 **Legal Issues** (Monitoring Officer)

4.2.1 The Accounts and Audit Regulations 2011 state the responsible financial officer of a larger relevant body must, no later than 30th June immediately following the end of a year, sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the body at the end of the year to which it relates and of that body's income and expenditure for that year.

### 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      Draft Statement of Accounts 2015/16 (circulated separately)





## PART A

**Report to:** Audit Committee

**Date of meeting:** 27 June 2016

**Report of:** Head of Finance (Shared Services)

**Title:** Committee 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: -  
Bob Watson, Head of Finance (Shared Services)  
Telephone extension: 7188  
email: bob.watson@threerivers.gov.uk

**Report approved by:** Joanne Wagstaffe, Director of Finance

### 3.0 DETAILS

3.1 The work programme is presented at each meeting of the Committee to enable any changes to be made and to provide Members with updated information on future meetings. The provisional programme of reports scheduled to be presented to this Committee in financial year 2016/17 are shown below;

Date	Reports
27 June 2016	<ul style="list-style-type: none"> <li>▪ Request made Under FOI Act 2000</li> <li>▪ Audit Committee Effectiveness</li> <li>▪ SIAS Internal Audit Annual Report 2015/16</li> <li>▪ Fraud Annual Report 2015/16</li> <li>▪ Annual Governance Statement 2015/16</li> <li>▪ Draft Statement of Accounts 2015/16</li> <li>▪ Treasury Management Annual Report 2015/16</li> <li>▪ Standing items</li> </ul>
29 September 2016	<ul style="list-style-type: none"> <li>▪ External Auditors Report and Approval of the 2015/16 Statement of Accounts</li> <li>▪ SIAS Board Annual Report 2015/16</li> <li>▪ Ombudsman's Annual Letter 2016</li> <li>▪ Standing items</li> </ul>
7 December 2016	<ul style="list-style-type: none"> <li>▪ Request made Under FOI Act 2000</li> <li>▪ External Auditors Annual Audit Letter 2015/16</li> <li>▪ Annual Governance Statement – Action Plan Update</li> <li>▪ Treasury Management Mid Year Report 2016/17</li> <li>▪ Risk Management Strategy</li> <li>▪ Review of Work Programme</li> <li>▪ Standing items</li> </ul>
16 March 2017	<ul style="list-style-type: none"> <li>▪ RIPA 2016</li> <li>▪ Corporate Risk Register</li> <li>▪ External Audit Certification Work Report 2015/16</li> <li>▪ Accounting Policies 2017/18</li> <li>▪ SIAS Internal Audit Plans 2017/18</li> <li>▪ Standing items</li> </ul>

Standing items are: -

- SIAS 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.

3.3 Advance notice is given that the annual statement accounts for the financial year 2017/18 are now subject to a closedown timetable of the draft to be produced and signed by the council's Chief Financial Officer by 31 May. The audited accounts need to be agreed and signed by Committee by 31 July each year.

## 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.

<b>Topic</b>	<b>Led by</b>
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
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.

