



**WATFORD
BOROUGH
COUNCIL**

AUDIT COMMITTEE

20 September 2018

7.00 pm

Town Hall, Watford

Contact

Sandra Hancock

legalanddemocratic@watford.gov.uk

01923 278377

For information about attending meetings please visit the [council's website](#).

Publication date: 12 September 2018

Committee Membership

Councillor D Scudder (Chair)
Councillor J Johnson (Vice-Chair)
Councillors A Khan, P Kloss and G Saffery

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 26 July 2018 to be submitted and signed.

4. Role of Audit Committee in Risk Management (Pages 3 - 14)

The Head of Finance to give a presentation.

5. External Auditor's update (Pages 15 - 39)

Annual Audit Letter from EY

6. SIAS Board Annual Report 2017/18 (Pages 40 - 52)

Report of the Shared Internal Audit Service

7. SIAS Progress Report 2018/19 (Pages 53 - 80)

Report of the Shared Internal Audit Service

8. Committee Work Programme (Pages 81 - 83)

Report of Head of Finance

**“WE’VE GOT SOMETHING
YOU MIGHT LIKE TO SEE”**

Role of the Audit Committee in Risk Management

Alison Scott, Head of Finance,
Audit Committee, September 2018



Risk Definitions

- **Risk** The effect of uncertainty on objectives. Effect can be positive as well as negative. Put simply, it is the combination of the likelihood of an event occurring and its consequences.
- **Risk Management** The process that is used to manage risk.
- **Risk Appetite** The amount and type of risk that an organisation is prepared to pursue, retain or take. This is not just concentrating on the negatives, but also the benefits that taking calculated risks can bring to achieving our priorities. Our risk appetite sets our attitude to risk taking.
- **Risk Tolerance** The level of risk the council is prepared to expose itself to.
- **Control Measures** The actions taken to mitigate the likelihood and impact of a risk.



Risk Management Objectives

- Embed risk management into the culture of the council.
- Maintain a robust and responsive risk management process as part of its governance arrangements. Anticipate and respond to changing social, environmental, economic and legislative requirements.
- Prevent injury, damage and losses and reduce the cost of risk.
- Raise awareness of and seek to continuously improve the capacity and capability of staff and partner organisations to manage risk.
- Encourage an open dialogue about risks that may affect outcomes and objectives.
- Encourage responsible risk taking in response to opportunities and challenges, based around a clearly articulated statement of risk appetite.



Risk Management



Identify the Risk

- What could go wrong?
- What type of risk is it?
- What category of risk is it? 4 categories:
 - Reputation,
 - Operational and Policy Delivery,
 - Financial, Legal and
 - Regulatory Compliance
- Specify any strategic risks or barriers to the council meeting its corporate objectives
- Create and maintain the corporate risk register
- Identify and record operational, project and partnership risks
- Include risk assessments in all committee reports



Risk Management Scoring

Likelihood Very Likely ----- Remote	Low 4	High 8	Very High 12	Unacceptable 16
	Low 3	Medium 6	High 9	Very High 12
	Low 2	Low 4	Medium 6	High 8
	Low 1	Low 2	Low 3	Low 4
Impact Low -----> Unacceptable				



Monitor Report and Review

- Risks scoring 9 or above after mitigation must be recorded and monitored actively in:
 - Project risk register
 - Service register (if related to a service specific operational risk)
 - Corporate risk register (if strategic)
- Risks scoring 12-16 should be reviewed quarterly by Leadership Team
- Departmental management teams should review service risk registers at least quarterly
- Project managers should review project risk registers at every project board meeting
- Corporate risk register should be reported to Audit Committee at least annually



CIPFA Audit Committee Position Statement

“consider the effectiveness of the authority’s risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations”

CIPFA, 2018

Audit Committee
September 2018



WATFORD
BOROUGH
COUNCIL

Audit Committee Terms of Reference

19. To consider the effectiveness of the Authority's risk management arrangements, the control environment and associated antifraud and anticorruption arrangements and to seek assurances that action is being taken on risk related issues identified by auditors and inspectors
20. To approve the Council's Risk Management, Anti-Fraud & Corruption and Whistle Blowing Policies and all policies associated with risk and financial probity
21. To approve and be satisfied that the authority's assurance statements, including the statement of internal control properly reflect the risk environment and any actions required to improve it



Risk in the Committee Workplan

July 2018	<ul style="list-style-type: none"> • External Auditors Report and Approval of the 2017/18 ✓ • Statement of Accounts ✓ • SIAS Internal Audit Annual Report 2017/18 ✓ • Fraud Annual Report 2017/18 ✓ • Annual Governance Statement 2017/18 ✓ • Treasury Management Annual Report 2017/18 ✓
September 2018	<ul style="list-style-type: none"> • SIAS Board Annual Report 2017/18 • External Auditors Annual Audit Letter 2017/18 ✓
December 2018	<ul style="list-style-type: none"> • Treasury Management Mid-Year Report 2017/18 ✓ • Risk Management Strategy ✓ • Draft Treasury Management Strategy 2018/19 ✓ • FOI 2018/19
March 2019	<ul style="list-style-type: none"> • External Audit Certification Work Report 2017/18 ✓ • Accounting Policies 2018/19 • SIAS Internal Audit Plans 2018/19 ✓ • External Auditor Audit Plan 2018/19



Key Questions to Ask

- Are we satisfied that risks are fully understood?
- Are we monitoring the impacts of the changes we have made?
- Are there any warning signs we need to pick up on?
- Are we learning lessons from others who have tried this before?
- Are plans and programmes realistic and achievable?
- Do we have the right resources to monitor and oversee the changes?
- What support do you need to address these issues?





Risk Management Overview

Process overview



- Identify key operation and / or service objectives and priorities
- Manage threats that may hinder the delivery of these objectives / priorities
- Maximise opportunities that will help to deliver them
- Monitor and report on the progress and impact of actions
- Review – the process is a continuous cycle

1. Identify the risks

- What could go wrong?
- What type of risk is it?
- What category of risk is it? 4 categories: Reputation, Operational and Policy Delivery, Financial, Legal and Regulatory Compliance
- Specify any strategic risks or barriers to the council meeting its corporate objectives
- Create and maintain the corporate risk register
- Identify and record operational, project and partnership risks
- Include risk assessments in all committee reports

2. Assess and score the risks

- How likely is it to happen?
- Calculate risk rating: likelihood x impact
- What is the impact?
Low, Medium, High, Very High, Unacceptable
- List the key controls and actions to achieve 'mitigated' risk score
- For negative risks, consider 4 Ts - Tolerate, Treat, Terminate, Transfer
- For positive risks, consider whether to – Enhance, Exploit, Share, Reject

Likelihood Very Likely ----- Remote	Low 4	High 8	Very High 12	Unacceptable 16
	Low 3	Medium 6	High 9	Very High 12
	Low 2	Low 4	Medium 6	High 8
	Low 1	Low 2	Low 3	Low 4
Impact Minor -----> Unacceptable				

3. Record the risks

Allocate an accountable risk owner to ensure controls remain effective and appropriate actions are taken

4. Monitor, report and review the risks

- Risks scoring 9 or above after mitigation must be recorded and monitored actively in:
 - Project risk register
 - Service register (if related to a service specific operational risk)
 - Corporate risk register (if strategic)
- Risks scoring 12-16 should be reviewed quarterly by Leadership Team
- Departmental management teams should review service risk registers at least quarterly
- Project managers should review project risk registers at every project board meeting
- Corporate risk register should be reported to Audit Committee at least annually

Watford Borough Council

Annual Audit Letter for the year
ended 31 March 2018

August 2018



Building a better
working world

Contents

01

Executive
Summary



03

Financial Statement
Audit



05

Other Reporting
Issues



07

Audit Fees



02

Purpose and
Responsibilities



04

Value for
Money



06

Focused on your
future



Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.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 (updated 23 February 2017)' 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 Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. 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.



01 Executive Summary



Executive Summary

We are required to issue an annual audit letter to Watford Borough Council following completion of our audit procedures for the year ended 31 March 2018. Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Council's: ▶ Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Council as at 31 March 2018 and of its expenditure and income for the year then ended.
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Annual Accounts.
Concluding on the Council's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources.

Area of Work	Conclusion
Reports by exception: ▶ Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Council.
▶ Public interest report	We had no matters to report in the public interest.
▶ Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).	We had no matters to report.



Executive Summary (cont'd)

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 26 July 2018.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 9 August 2018.

In November 2018, we will also issue a report to those charged with governance of the Council summarising the certification work we have undertaken. We would like to take this opportunity to thank the Council's staff for their assistance during the course of our work.

Yours faithfully
Andrew Brittain
Associate Partner
For and on behalf of Ernst & Young LLP



02 Purpose and Responsibilities

Purpose and Responsibilities

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the detailed findings from our audit work in our 2017/18 Audit Results Report to the 26th July 2018 Audit Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.

Responsibilities of the Appointed Auditor

Our 2017/18 audit work has been undertaken in accordance with the Audit Plan that we issued on 15 March 2018 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
 - ▶ On the 2017/18 financial statements; and
 - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
 - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Council;
 - ▶ Any significant matters that are in the public interest;
 - ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
 - ▶ If we have discharged our duties and responsibilities as established by thy Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on you Whole of Government Accounts return.

Responsibilities of the Council

The Council is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement. In the AGS, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



03

Financial Statement Audit



Financial Statement Audit

Key Issues

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health. We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office and issued an unqualified audit report on 09 August 2018. Our detailed findings were reported to the 26 July 2018 Audit Committee.

The key issues identified as part of our audit were as follows:

Significant Risk

Conclusion

Risk of fraud in revenue and expenditure recognition

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

Procedures performed

- We have identified the material income streams of the Council and concluded that based on their nature, the ability of the Council to manipulate the recognition of the majority of its revenue streams, in any meaningful way or to adopt aggressive recognition policies, is low. However, for unattached capital receipts the presumed fraud risk has not been rebutted. Therefore, we sampled a selection of these revenue streams and check the revenue recognition
- There is an opportunity for the council to inappropriately recognise revenue expenditure as capital expenditure. Therefore, in response to this risk, we reviewed capital expenditure on property, plant and equipment through sample testing and journal procedures, to ensure it meets the relevant recognition requirements per the CIPFA code. For all other expenditure, the ability of the Council to manipulate the recognition of its expenditure streams, in any meaningful way, is deemed to be low.

We focused on:

- Understanding the controls put in place by management relevant to this significant risk
- Considering whether or not purchase invoices were being inappropriately classified as capital
- Whether management were inappropriately processing journals that transferred amounts from revenue to capital

Conclusion:

- Our testing has not identified any material misstatements from revenue and expenditure recognition.
- Overall our audit work did not identify any material issues or unusual transactions to indicate any misreporting of the Authority's financial position.

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Significant Risk	Conclusion
<p>Risk of Management Override</p> <p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p> <p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>Procedures performed:</p> <ul style="list-style-type: none"> • Make enquiries of management about risks of fraud and the controls put in place to address those risks; • Understand the oversight given by those charged with governance of management's processes over fraud; • We tested Cash income, cash expenditure and payables cut-off. • We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in preparing the financial statements; • We reviewed accounting estimates for evidence of management bias; and • We evaluated the business rationale for any significant unusual transactions <p>We focused on aspects of the financial statements where management could inappropriately inflate income or understate expenditure, primarily:</p> <ul style="list-style-type: none"> • Material accounting estimates. • Cash income, cash expenditure and payables cut-off. • Revenue and expenditure recognition policies. • Journal entries. • Unusual transactions. <p>Conclusion:</p> <ul style="list-style-type: none"> • We have not identified any material weaknesses in controls or evidence of material management override. • We have not identified any instances of inappropriate judgements being applied. • We did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Significant Risk	Conclusion
<p>Business Rates Provision Significant Risk</p> <p>Councils include provisions in their accounts for the future cost of making repayments of business rates to payers who successfully appeal against the rateable value of their property as determined by the local Valuation Office.</p> <p>In 2016/17 Watford Borough Council made a provision of £10.180m in its Collection Fund, the Council's share of this was £4.072m (40% of the total). In 2017/18, the Authority made a total provision of £17.077m, the Council's share is £6.831m.</p> <p>Accounting for the business rates provision requires significant management judgement, therefore creating material estimation uncertainty. As a result the provision balance is deemed to be a significant risk.</p>	<p>We have considered the provision in line with IAS 37. We are satisfied that it represents a present obligation, since it relates to charges levied by the Council. We are satisfied that there is a probable outflow based on case history in similar instances over previous years. We are satisfied that the estimate is reliable since it relies on expert analysis of active and historic cases. We have understood the basis of the total provision, which is made up two elements:</p> <ol style="list-style-type: none">1. Known appeals2. Appeals not yet lodged <p>Known appeals are based on information obtained from the Valuation Office Agency (VOA) and interpreted by management's expert. We checked the underlying information used to calculate the provision by agreeing a sample to the VOA website. We have reviewed the management's experts assumptions and concluded they are reasonable.</p> <p>We are satisfied that the provision meets the recognition criteria stipulated by IAS 37.</p> <p>The assumptions underpinning the valuation of the provision are deemed to be reasonable.</p> <p>Overall, the provision is deemed to represent a reasonable assessment of the costs associated with successful business rates appeals as at 31 March 2018.</p>



Financial Statement Audit (cont'd)

Other Key Findings	Conclusion
<p><u>1) Valuation of Land and Buildings</u></p> <p>The fair value of Property, Plant and Equipment (PPE) and Investment Properties (IP) represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p>	<p><u>Procedures</u></p> <ul style="list-style-type: none"> • Considered the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; • Sampled tested valuations by reviewing the calculations and the key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre); • Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE and annually for IP. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer; • Review assets not subject to valuation in 2017/18 to confirm that the remaining asset base is not materially misstated; • Consider changes to useful economic lives as a result of the most recent valuation; and • Test accounting entries have been correctly processed in the financial statements. <p><u>Conclusion</u></p> <p>The valuation methodologies and the assumptions used to calculate the asset values are deemed to be reasonable. No significant issues have been noted.</p>
<p><u>2) Pension Liability Valuation</u></p> <p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Hertfordshire County Council. The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2018 this totalled £58.0m. The information disclosed is based on the IAS 19 report issued to the Council by the actuary. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p><u>Procedures</u></p> <ul style="list-style-type: none"> • Liaise with the auditors of Hertfordshire Pension Fund, to obtain assurance over the information supplied to the actuary in relation to Watford Borough Council; • Assess the work of the Pension Fund actuary (Hymans Robertson LLP) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by Public Sector Auditor Appointments for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and • Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19. <p><u>Conclusion</u></p> <p>The actuary performed a roll forward technique to estimate the value of WBC's share of the pension scheme assets as at 31 March 2018 to be £107.625m. The actual scheme assets at year end were higher than the estimated value at £109.439m. The difference between the actuaries estimate and the year-end actuals is therefore £1.814m. As the movement in the schemes assets is material to the Council, the actuary released a revised IAS 19 report and the pension disclosures in the WBC financial statements have been adjusted. We have reviewed the revised disclosures and these have been agreed with no issues noted. We have assessed the work of the Pension Fund actuary Hymans Robertson including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by NAO for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team. No significant issues have been noted from the review of the assumptions used by the actuary. In conclusion, the pension scheme liability valuation appears to be materially fairly stated.</p>



Financial Statement Audit (cont'd)

Other Key Findings

Conclusion

3) Classification and valuation of long term debtors and investments

During our review of long term debtors and investments we identified some classification and valuation differences in the current and prior year.

As a consequence a number of adjusting entries have been made which resulted in changes in the year-end statements.

Prior year adjustments:

The net impact of the changes was to increase long term investments by £0.9m, decrease long term debtors by £2m and recognise an investment property revaluation gain of £2.9m.

Current year adjustments:

The net impact of the changes was to decrease long term investments by £2.9m, increase long term debtors by £4.5m, recognise an investment property revaluation gain of £1.6m and decrease unattached capital receipts by £0.5m.

4) WBC Group - Consolidation of WBC's interests in group entities

WBC holds a 50% JV interest in Watford Health Campus Partnership LLP and Hart Homes (Watford) Limited and these interest have been consolidated into the WBC group financial statements. Per IAS 28, WBC's interest in these entities should be consolidated using the equity method, however in the draft financial statements an alternative method has been applied.

In order to comply with accounting standards a number of adjusting entries have been made which have resulted in changes in the year-end group financial statements:

Prior year adjustments:

CIES - The share of surplus / deficit on provision of services by joint ventures has moved from a surplus of £8.1m to a deficit of £0.1m.

Balance sheet - The balance sheet adjustments reduce net assets by £8.1m and net to £nil once taking into account reserve movements.

Cash Flow - The net impact on the cash flow is a cash outflow of £2.3m.

Current year adjustments:

CIES - The share of surplus on provision of services by joint ventures has decreased by £4.8m.

Balance sheet - The balance sheet adjustments reduce net assets by £13.6m and net to £nil once taking into account reserve movements.

Cash Flow - The net impact on the cash flow is a cash outflow of £2.3m.

Financial Statement Audit (cont'd)

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	<p>We determined planning materiality to be £1.7mn (2017: £1.65mn), which is 2% of Gross Expenditure reported in the accounts of £85.5 million adjusted for by adding parish council precepts, pension interest cost and expected return on pension assets and direct operating expenses arising from investment property.</p> <p>The Council provides services to local residents / businesses, using income derived from a variety of sources including taxation (for example Council Tax and National Non-Domestic Rates), fees and charges for services, and grants from central government (which are funded through local taxation). On this basis, our view is that the primary focus of stakeholders is likely to be on the management and control of expenditure.</p> <p>We consider Gross Expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Council.</p>
Reporting threshold	We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £85k (2017: £53k)

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- Remuneration disclosures including any severance payments, exit packages and termination benefits. We applied a lower threshold for errors (£10,000) and any error that would affect the banding (where applicable to the note).
- Related party transactions, the accounting standard requires us to consider the disclosure from the point of materiality to either side of the transaction we therefore considered this on a case by case basis.
- Members' allowances, we applied a lower threshold for errors (£10,000).

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.

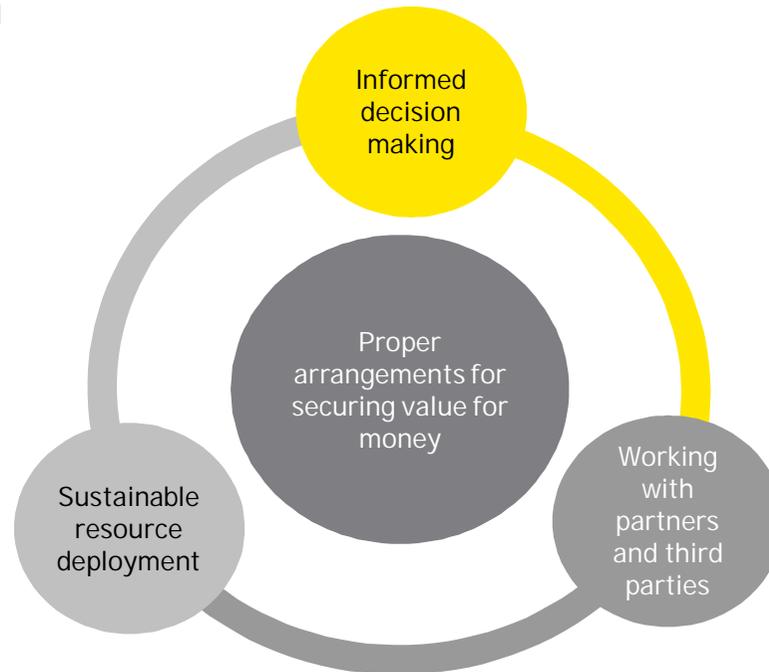


04 Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.



We did not identify any significant risks in relation to these criteria

We have performed the procedures outlined in our audit plan. We did not identify any significant weaknesses in the Council's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We have no matters to report about your arrangements to secure economy, efficiency and effectiveness in your use of resources.

We therefore issued an unqualified value for money conclusion on 09 August 2018.



05 Other Reporting Issues



Other Reporting Issues

Whole of Government Accounts

We performed the procedures required by the National Audit Office on the accuracy of the consolidation pack prepared by the Council for Whole of Government Accounts purposes. We had no issues to report.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.



Other Reporting Issues (cont'd)

Objections Received

We did not receive any objections to the 2017/18 financial statements from members of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Audit Results Report to the Audit Committee on 26 July 2018. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We have adopted a fully substantive approach and have therefore not tested the operation of controls.

Our audit did not identify any controls issues to bring to the attention of the Audit Committee.



06 Focused on your future



Focused on your future

The Code of Practice on Local Authority Accounting in the United Kingdom introduces the application of new accounting standards in future years. The impact on the Council is summarised in the table below.

Standard	Issue	Impact
IFRS 9 Financial Instruments	<p>Applicable for local authority accounts from the 2018/19 financial year and will change:</p> <ul style="list-style-type: none"> • How financial assets are classified and measured; • How the impairment of financial assets are calculated; and • The disclosure requirements for financial assets. <p>There are transitional arrangements within the standard and the 2018/19 Accounting Code of Practice for Local Authorities has now been issued, providing guidance on the application of IFRS 9. In advance of the Guidance Notes being issued, CIPFA have issued some provisional information providing detail on the impact on local authority accounting of IFRS 9, however the key outstanding issue is whether any accounting statutory overrides will be introduced to mitigate any impact.</p>	<p>Although the Code has now been issued, providing guidance on the application of the standard, along with other provisional information issued by CIPFA on the approach to adopting IFRS 9, until the Guidance Notes are issued and any statutory overrides are confirmed there remains some uncertainty. However, what is clear is that the Council will have to:</p> <ul style="list-style-type: none"> • Reclassify existing financial instrument assets • Re-measure and recalculate potential impairments of those assets; and • Prepare additional disclosure notes for material items.
IFRS 15 Revenue from Contracts with Customers	<p>Applicable for local authority accounts from the 2018/19 financial year. This new standard deals with accounting for all contracts with customers except:</p> <ul style="list-style-type: none"> • Leases; • Financial instruments; • Insurance contracts; and • For local authorities; Council Tax and NDR income. <p>The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations.</p> <p>Now that the 2018/19 Accounting Code of Practice for Local Authorities has been issued it is becoming clear what the impact on local authority accounting will be. As the vast majority of revenue streams of Local Authorities fall outside the scope of IFRS 15, the impact of this standard is likely to be limited.</p>	<p>As with IFRS 9, some provisional information on the approach to adopting IFRS 15 has been issued by CIPFA in advance of the Guidance Notes. Now that the Code has been issued, initial views have been confirmed; that due to the revenue streams of Local Authorities the impact of this standard is likely to be limited.</p> <p>The standard is far more likely to impact on Local Authority Trading Companies who will have material revenue streams arising from contracts with customers. The Council will need to consider the impact of this on their own group accounts when that trading company is consolidated.</p>



Focused on your future (cont'd)

Standard	Issue	Impact
IFRS 16 Leases	<p>It is currently proposed that IFRS 16 will be applicable for local authority accounts from the 2019/20 financial year.</p> <p>Whilst the definition of a lease remains similar to the current leasing standard; IAS 17, for local authorities who lease a large number of assets the new standard will have a significant impact, with nearly all current leases being included on the balance sheet.</p> <p>There are transitional arrangements within the standard and although the 2019/20 Accounting Code of Practice for Local Authorities has yet to be issued, CIPFA have issued some limited provisional information which begins to clarify what the impact on local authority accounting will be. Whether any accounting statutory overrides will be introduced to mitigate any impact remains an outstanding issue.</p>	<p>Until the 2019/20 Accounting Code is issued and any statutory overrides are confirmed there remains some uncertainty in this area.</p> <p>However, what is clear is that the Council will need to undertake a detailed exercise to identify all of its leases and capture the relevant information for them. The Council must therefore ensure that all lease arrangements are fully documented.</p>



Page 37

07

Audit Fees

Audit Fees

Our fee for 2017/18 is based on the scale fee set by the PSAA and reflects our reporting in our 26 July 2018 Audit Results Report.

	Final Fee 2017/18	Planned Fee 2017/18	Scale Fee 2017/18	Final Fee 2016/17
	£	£	£	£
Total Audit Fee - Code work	TBC*	51,975	51,975	51,975
Non-audit work HB grant claims **	TBC	TBC	TBC	25,489

Page 38

*We propose a fee variation in 2017/18 to take account of the additional work required in relation to the group accounts, the delays experienced and the additional risks identified.

** The fee for 2017/18 HB grant certification work has yet to be confirmed.

This fee is yet to be agreed by management, and is subject to approval by the PSAA.

We confirm we have not undertaken any non-audit work outside of the PSAA's requirements.

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2018 EYGM Limited.
All Rights Reserved.

ED None

EY-000070901-01 (UK) 07/18. CSG London.



In line with EY's commitment to minimise its impact on the environment, this document has been printed on paper with a high recycled content.

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com



Shared Internal Audit Service

Annual Report

2017/18

Annual Report Contents

Introduction & Highlights	1
Levels of Delivery	2
Shared learning – The Power of Partnership	3
Developing Our Processes	4
First Class Customer Service	5
Performance - Outcomes	6
Performance Indicators	7
Future Developments	8
Our Board Members	9
Appendix A: SIAS Trading Account	10
Appendix B: Definitions	11



Hertfordshire County Council

Introduction and Highlights

Welcome to the Shared Internal Audit Service (SIAS) Annual Report for 2017/18.

Since the Service was established in 2011, one of its key business delivery objectives has been to work in a manner that demonstrates a practical understanding of the pressures that its partners face. This is something that is even more important given the current financial climate.

To this end, in 2017/18 SIAS worked with partners to revise the Service's structure with a view to accommodating an agreed reduction in the level of audit work commissioned whilst still ensuring that the Service was able to provide appropriate levels of coverage to fulfil its statutory obligations.

As part of this process, SIAS sought to ensure that client audit plans were delivered with the optimum blend of internal and external resource; something that would not only satisfy its current client commitments in the most efficient and cost effective manner, but which would also future proof the Service in the medium to long term.

All of this has only been possible with the commitment and dedication of both, the in-house team and our external service provider, as well as the co-operation of our partners. When looking to the future, the Service will continue to combine its understanding of local government practices with a growing knowledge of the risks and controls associated with private sector business approaches; something that is needed to help partners as they evolve in that direction.

We are very proud of the work of the SIAS Team and are delighted to be able to share some of the highlights of our working year in this report.

Terry Barnett and Chris Wood

**Head of Assurance for the Shared Internal Audit Service /
SIAS Audit Manager**

June 2018



Levels of Delivery

Whilst the Service faced some challenges during the year arising from staff sickness absences and vacancies held over in lieu of the service restructure, it nonetheless very nearly achieved its overall target of delivering 95% of days commissioned by clients. In the final analysis, this was 94% and is a testament to the hard work and resilience of the SIAS Team.

Despite the challenges referred to above, the Service was also able to deliver 93% of its audit reviews to draft report stage by the close of the year and through the prioritisation of outstanding work in the final quarter ensured that this did not impact on the integrity of the assurance opinions given to clients.

Figure 1: Percentage of audits days delivered

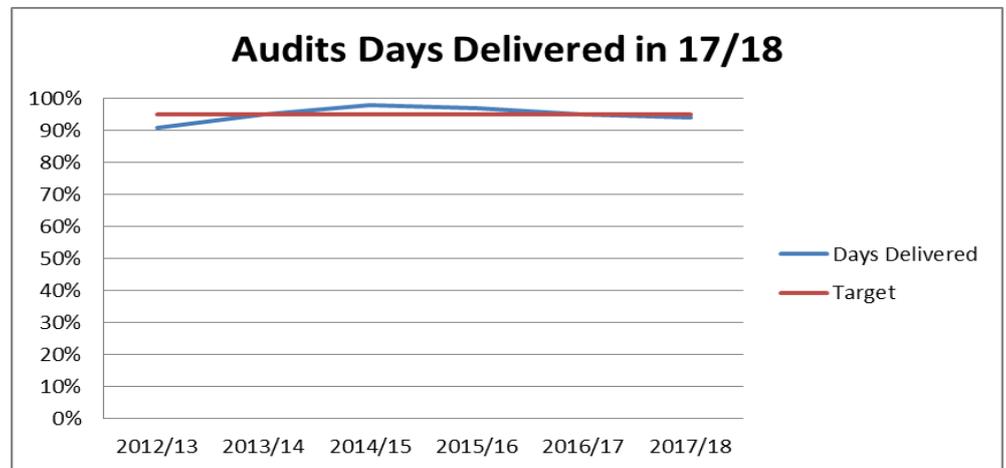
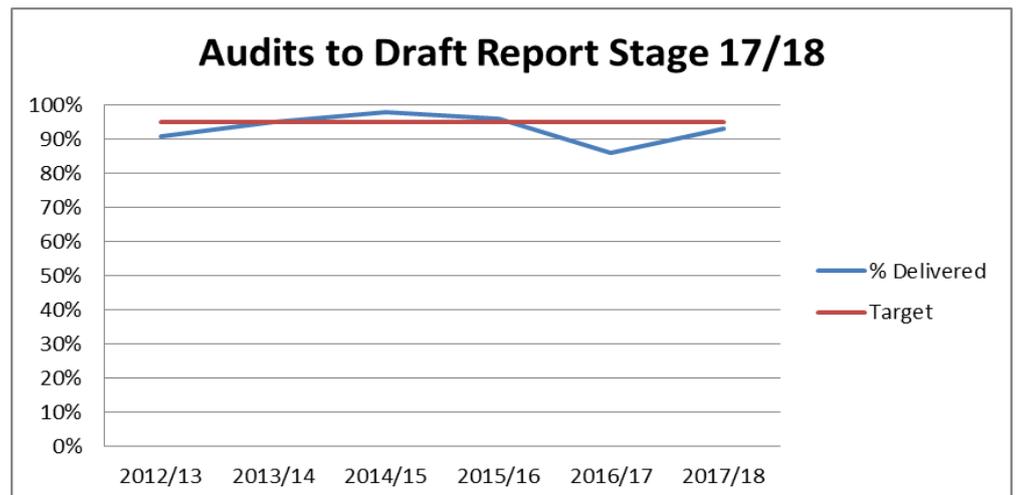


Figure 2: Percentage of audits to draft stage



Good performance despite resilience challenges...

Shared Learning - The Power of Partnership

Shared learning happens through the dialogue we have with others. It has long been part of the vision of our Board that the service acts to facilitate the sharing of learning across its partners. A shared learning culture, both formal and informal, is embedded through our team, our sister services within Assurance and across our partners and opportunities abound to publicise and promote issues big and small.

Over the course of 2017/18, our quarterly shared learning papers continued to be a regular feature at management boards, governance groups and team meetings across our partners. General learning points arising from our work and the wider local government environment have been disseminated through our regular papers with contributions from across our Assurance Service. The highlight of the last year was a special edition covering the topical issue of GDPR Preparedness. This dovetailed neatly with the rollout of GDPR audits across our partners. At the time of going to press on this Board report, planning had commenced on the next shared learning paper reviewing the high priority recommendations arising from our work across all partners.

In addition to our shared learning papers and newsletters, we hosted a very well received workshop for our partners and other stakeholders on Local Authority Trading and Commercial Governance, utilising the commercial expertise of our co-sourced audit delivery partners BDO.

Our quarterly shared learning papers are now a regular feature at management boards, governance groups and team meetings across our partners



During the course of the year, we facilitated a cross-partner process of self-assessment against the National Crime Agency's Serious Organised Crime Checklist and will be sharing the key themes arising from that exercise so that our partners can learn from mutual good practice.

Our involvement with 'Audit Together', a strategic alliance of similar audit partnerships, our audit delivery partners (BDO) and an array of contacts through bodies such as the Home Counties Chief Internal Auditors Group have been invaluable in sharing experiences and ideas that help us to develop as a service in response to client need and the ever evolving field of internal audit. Our staff, partners and Audit Committee members continue to provide helpful challenge, which causes us to pause and think about matters big and small, whether about assurance levels, recommendation priorities, professional judgement and intellectual curiosity or about our skills, performance, systems and culture.

Developing Our Processes

SIAS is committed to providing its services to clients in the most cost effective and resilient way possible. The development of its in-house time recording and audit plan management system is an excellent example of a service development that has delivered on both counts.

For SIAS, a time recording system is an integral part of its business processes, providing the performance data for the Management Team to oversee progress on audit plan delivery for individual clients or the whole service. Similarly, it is an important element of the performance management mechanisms for the staff within the Service.

Since its creation in 2011 SIAS, had been using a modified version of a proprietary Audit Management System product, incurring costs for both licensing and maintenance. As the Service developed, it became clear that this solution was not able to provide the level of detailed management information that the Management Team required for effective performance management at a variety of levels. Further, the approach of using an external supplier always carried a risk associated with continuity of service.

To address these issues, the SIAS Management Team commissioned the County Council's Improvement Team to modify an existing time recording system that it had developed for another County Council Service. This new solution has now been in operation within SIAS since May 2017 and is successfully meeting the needs of the Service whilst also providing opportunities for further service improvements.

The technology for the new system is based around established Microsoft products (Excel and Access) and the costs associated with system maintenance are absorbed within existing corporate overheads. This has allowed the Service to not only secure a financial saving of circa £3,000 per annum but, more importantly, to future proof its existing business processes.

*Financial savings
combined with
greater resilience...*



First Class Customer Service

In order to monitor our effectiveness and improve our service, at the end of each assignment we request the completion of a short satisfaction survey. We have been given and have acted upon invaluable improvement ideas, and we are proud of the fact that in 2017/18 we have received 98% satisfactory or higher feedback rating from our customers; an improvement on the previous year.

Some of the comments that accompany the formal scoring document are shown below:

- *“An excellent professional service was provided and we were kept informed fully throughout the audit”*
- *“Clear understanding of process in place, transition being applied and recognition of best practice much appreciated. Extremely prompt delivery of Final Report”*
- *“Very helpful report, answering key questions senior management were requesting”*
- *“Just to say thanks for the time and effort put into this audit, the process has helped me as the Property manager to not only influence and direct staff to tighten up their processes and procedures which has in the past sometimes been difficult but also given some really good recommendations for us to action to improve the overall management of evidence. I now have the power of 'Internal Audit says' to back me! Thank you”*

“Very helpful report, answering key questions senior management were requesting”



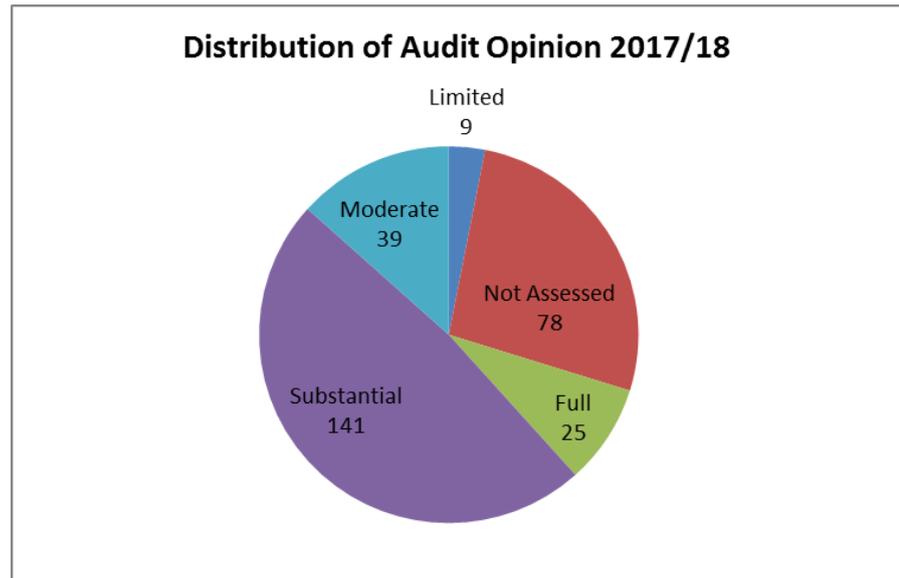
Performance - Outcomes

SIAS worked on 292 assurance and other projects during the year, giving the assurance opinions and recommendations detailed in the charts below.

For those pieces which resulted in a formal assurance opinion, the distribution of opinions is set out in figure 3 below:

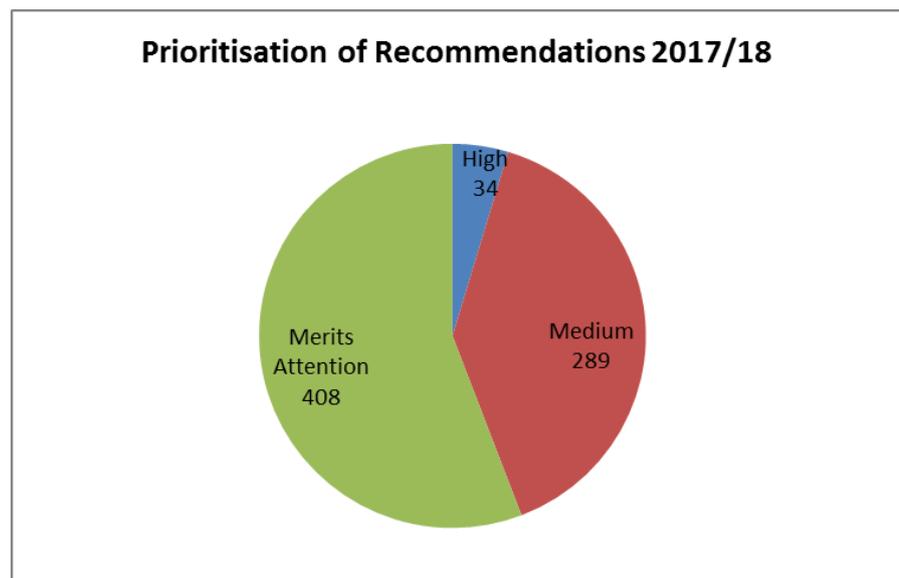
Figure 3: Distribution of Audit Opinions 2017/18

292 assurance and other projects identifying 731 recommendations



For those audits where recommendations were required, the priority ratings are set out in figure 4 below:

Figure 4: Prioritisation of Recommendations 2017/18



Performance Indicators

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

The overall performance of SIAS against our key performance indicators is reported below.

Table 1: SIAS Business Performance

Indicator	Target	Actual as at 31 March 2017	Actual as at 31 March 2018	Commentary
Progress against plan: actual days delivered as a percentage of planned days.	95%	95%	94%	Despite resilience challenges in year, the service nonetheless came very close to achieving both of its targets.
Progress against plan: audits issued in draft by 31 March	95%	86%	93%	
Client satisfaction	Satisfactory and above	95%	95%	Continued good performance in this area

Financial Performance of SIAS

SIAS began operating on a fully traded basis in 2012/13.

Appendix A sets out the summary financial position at 31 March 2018. The partners determined that the service should aim to build a small surplus and to consider the financial position of the service on a three year rolling basis.

The intention of this is to smooth the impact of any unforeseen events impacting on trading performance in future years.

Future Developments



Following the completion of the SIAS restructure in 2017/18, the coming year has a strong focus on consolidation, stability and revisiting the 'nuts and bolts' of the service to ensure that we have sound foundations for the future.

Our focus will be on:

- Developing and enhancing the role of our Client Audit Managers,
- Reviewing and refining our shared learning offering,
- Updating our SIAS guidance, templates, processes and procedures,
- Further integrating and simplifying of our performance, work allocation and information systems,
- Revisiting training and skills needs, as well as technical updates,
- Retendering for our co-sourced audit delivery partners, and
- Completing recruitment to our new Trainee Auditor posts.

The changing face of service delivery within Local Government also presents the Service with new challenges and a need to provide higher levels of consultancy advice on the control aspect of the commercial ventures that clients are engaging in.

The increased use of, or access to, data analytics tools is likely to become a key feature in the work of the Service going forward. The use of these tools will allow the Service to facilitate delivery of the widest coverage of process driven areas.

Our Board Members

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

In 2017/18, our Board members were as follows:

Clare Fletcher	Assistant Director (Finance and Estates)	Stevenage Borough Council
Sajida Bijle	Corporate Director	Hertsmere Borough Council
Steven Pilsworth	Assistant Director Finance, Resources & Performance	Hertfordshire County Council
Ian Couper	Service Director (Resources)	North Hertfordshire District Council
Ka Ng	Executive Director – Resources, Environment and Cultural Services	Welwyn Hatfield Borough Council
Isabel Brittain	Head of Strategic Finance & Property	East Herts Council
Jo Wagstaffe	Shared Director of Finance	Watford Borough Council and Three Rivers District Council
Terry Barnett	Head of Assurance	SIAS

<u>SIAS cost centre: revised budget against outturn 2017/18</u>		
	<u>Budget</u>	<u>Outturn</u>
	<u>£</u>	<u>£</u>
Salaries & Salary Related	1,145,981	1,061,892
Partner / Consultancy Costs	73,125	213,038
Transport	8,500	5,904
Supplies	18,483	9,048
Office Accommodation Cost	17,005	17,005
	1,263,094	1,306,887
Total expenditure		
Income	1,279,034	1,313,530
Net (surplus) / deficit	(15,940)	(6,643)

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

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



Watford Borough Council
Audit Committee Progress Report
20 September 2018

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 7 September 2018
- Approve amendments to the Audit Plan as at 7 September 2018
- Agree removal of implemented recommendations (see Appendix C)
- Agree changes to the implementation dates for 2 recommendations (paragraph 2.5) for the reasons set out in Appendix C

Contents

1 Introduction and Background

1.1 Purpose

1.2 Background

2 Audit Plan Update

2.1 Delivery of Audit Plan and Key Audit Findings

2.3 Status of Audit Recommendations

2.6 Proposed Audit Plan amendments

2.7 Performance Management

Appendices

A Progress against the 2018/19 Audit Plan

B 2018/19 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 2018/19 as at 7 September 2018.
 - b) Proposed amendments to the approved 2018/19 Annual Audit Plan.
 - c) Implementation status of all outstanding previously agreed audit recommendations from 2015/16 onwards.
 - d) An update on performance management information as at 7 September 2018.

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 2018/19 Annual Audit Plan was approved by Audit Committee on 15 March 2018.
- 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 26 July 2018.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 7 September 2018, 31% of the 2018/19 Audit Plan days had been delivered for the combined WBC and Shared Services plans (calculation excludes 'To Be Allocated'). Appendix A provides a status update on each individual deliverable within the audit plan.
- 2.2 Two 2017/18 reports have been finalised since the date of the last committee:

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Contract Management	Jul '18	Substantial	One medium
Markets	Jul '18	Not Assessed	N/A

Three 2018/19 reports have been finalised since the date of the last committee:

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Grants	Jul '18	Good	One low
GDPR Preparedness	Jul '18	Satisfactory	Two medium Two low
Equality Impact Assessments	Aug '18	Satisfactory	One medium

Status of Audit Recommendations

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

2.4 The table below summarises progress in implementation of all outstanding internal audit recommendations as at September 2018, with full details given in Appendix D:

Year	Recommendations made No.	Implemented	Not yet due	Outstanding & request made for extended time*	Percentage implemented %
2015/16	56	55	0	1	98%
2016/17	35	32	3	0	91%
2017/18	24	23	0	1	96%
2018/19	6	5	1	0	83%

*or no update provided.

2.5 Since July 2018 Audit Committee, an extension to the implementation date has been requested by the action owner for the following audits:

- a) One from the 2015/16 Safeguarding audit, and
- b) One from the 2017/18 Cyber Security audit.

Proposed Audit Plan Amendments

2.6 The Temporary Accommodation audit has been cancelled from the 2018/19 Audit Plan at the request of management. The service is undergoing a number of initiatives, including the introduction of a new system and re-engineering of internal processes and it is considered that there is no value in auditing the service at this time. It is however, likely that the audit will be included in the 2019/20 Audit Plan to provide assurance on how the revised processes and new system are

operating in practice. Seven days have been returned to the 'To be allocated' budget and steps are in progress to identify alternative use for these days.

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 2018/19 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 2018. Actual performance for Watford Borough Council against the targets that can be monitored for 2018/19 is shown in the table below.

Performance Indicator	Annual Target	Profiled Target to 7 September 2018	Actual to 7 September 2018
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency).	95%	32% (85 / 268 days)	31% (82.5 / 268 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects (excludes 2015/16 completion and 'on-going' pieces).	95%	22% (5 out of 23 projects to draft)	17% (4 out of 23 projects to draft)
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level.	100%	100%	100%
4. Number of Critical / High Priority Audit Recommendations agreed	95%	95%	N/A – none yet made in 2018/19

2.9 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2018/19 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 2018/19 AUDIT PLAN AT 7 SEPTEMBER 2018

2018/19 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Key Financial Systems								
Benefits (shared plan)					13	Yes	3	Parameter testing completed May 2018. Remainder of audit In Planning
Council Tax (shared plan)					12	Yes	1	In Planning
Creditors (shared plan)					9	Yes	0	Allocated
Debtors (shared plan)					9	Yes	1	In Planning
Main Accounting (shared plan)					10	Yes	0	Allocated
NDR (shared plan)					12	Yes	2	Parameter testing completed May 2018. Remainder of audit In Planning
Payroll (shared plan)					10	Yes	0	Allocated
Treasury Management (shared plan)					5	Yes	0	Allocated
Budget Monitoring (shared plan)					5	Yes	0	Allocated
Operational Audits								
Agency Spend (shared plan)					10	Yes	8	In Fieldwork
GDPR Preparedness	Satisfactory	0	2	2	12	Yes	12	Final Report Issued
GDPR Post implementation review					8	Yes	0	Allocated
Parking Strategy					10	Yes	1	In Planning

APPENDIX A PROGRESS AGAINST THE 2018/19 AUDIT PLAN AT 7 SEPTEMBER 2018

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Temporary Accommodation					1	N/A	1	Cancelled
Commercial strategy					10	BDO	0	Allocated
Grants	Good	0	0	1	6	Yes	6	Final Report Issued
Equality Impact Assessments	Satisfactory	0	1	0	5	Yes	5	Final Report Issued
Home Improvement Agency					3	Yes	2	In Fieldwork
DFG Capital Grant Certification					1	Yes	0	Allocated
Procurement								
No audits								
Counter Fraud								
No audits								
Risk Management and Governance								
Risk Management					5	Yes	0	Allocated
IT Audits								
Cyber Security (shared plan)					12	BDO	2	Terms of Reference Issued
IT Operations (shared plan)					20	BDO	2	Terms of Reference Issued
IT Contract Management (shared plan)					15	BDO	2	Terms of Reference Issued
SIAS Joint Work								
Shared Learning Newsletters					3	N/A	1.5	Through year

APPENDIX A PROGRESS AGAINST THE 2018/19 AUDIT PLAN AT 7 SEPTEMBER 2018

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Joint Reviews– topics to be determined					2	Yes	0	Allocated
Ad Hoc Advice								
Ad Hoc Advice					2		1	Through year
To Be Allocated								
Unused contingency (shared plan)					7		0	
Strategic Support								
Head of Internal Audit Opinion 2017/18					2	N/A	2	Complete
External Audit Liaison					1	N/A	0.5	Through year
Audit Committee					10	N/A	4	Through year
Monitoring & Client Liaison					11	N/A	4.5	Through year
2019/20 Audit Planning					7	N/A	0	Due quarter 4
SIAS Development					3	N/A	3	Complete
AGS					3	N/A	3	Complete
Follow-up of recommendations					10	N/A	4	Through year
Completion of 2017/18 audits								
Time required to complete work commenced in 2017/18 (6 days shared plan; 5 days WBC)					11	N/A	11	Complete

APPENDIX A PROGRESS AGAINST THE 2018/19 AUDIT PLAN AT 7 SEPTEMBER 2018

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
WBC TOTAL					120		55.5	
SHARED SERVICES TOTAL					155		27	
COMBINED TOTAL					275		82.5	

Key to recommendation priority levels:

H = High

M = Medium

MA = Merits attention

N/A = Not applicable

APPENDIX B – 2018/19 AUDIT PLAN PROJECTED START DATES

Apr	May	June	July	August	September
Revenues & Benefits System Parameter Testing (shared plan)* Complete	Grants Final Report Issued	Equality Impact Assessments Final Report Issued	Agency Staffing (shared plan) In Fieldwork		Parking Strategy In Planning
GDPR Preparedness Final Report Issued					Home Improvement Agency In Fieldwork
					DFG Capital Grant Certification In Planning
					Cyber Security (shared plan) Terms of Reference Issued

Page 63

***Notes:**

- Revenues & Benefits System Parameter Testing completed in May 2018 - remainder of Benefits and NDR work due Q3.

APPENDIX B – 2018/19 AUDIT PLAN PROJECTED START DATES

October	November	December	January	February	March
Council Tax (shared plan) In Planning	NDR (shared plan) In Planning	Treasury Management (shared plan)	Creditors (shared plan)	Budget Monitoring (shared plan)	
Debtors (shared plan) In Planning	Benefits (shared plan) In Planning		Main Accounting (shared plan)		
Risk Management	Payroll (shared plan)		Commercial Strategy		
	IT Contract Management (shared plan) Terms of Reference Issued		IT Operations (shared plan) Terms of Reference Issued		
	GDPR - PIR				

***Notes:**

- Revenues & Benefits System Parameter Testing completed in May 2018 - remainder of Benefits and NDR work due Q3.
- GDPR – Post Implementation Review moved from August to November as original audit was only concluded in July 2018.

Audit Plan 2015/16

Safeguarding 2015/16							
Final report issued November 2015							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	We recommend that the next review be approved by Leadership Team and Members.	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>Position – June 2016 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.</p> <p>Position – September 2016 LT report scheduled for October.</p> <p>Position – November 2016 Due to changes in service provision e.g. recent cessation of direct provision of Play Services, it has been agreed to conduct a full and comprehensive review of safeguarding roles, procedures, policy and resources between April – July 2017. In the interim the Section Head for Culture and Play will provide the lead, conduct a self-assessment and make any relevant recommendations to LT for the review team to team to consider.</p> <p>Position – February 2017</p>	<p>Culture and Play Section Head</p> <p>Head of Environmental Health & Licensing</p>	31 January 2016 (Leadership Team)	*	<p>31 March 2016</p> <p>31 October 2016</p> <p>31 July 2017</p> <p>31 October 2017</p> <p>31 January 2018</p> <p>30 June 2018</p> <p>30 Sept 2018</p> <p>31 October 2018</p>

Safeguarding 2015/16							
Final report issued November 2015							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
			<p>In progress</p> <p>Position – June 2017 The lead for the review has been allocated to the Head of Environmental Services and Licensing. This allows the Head of Culture and Events to manage the existing day to day matters of safeguarding whilst the review takes place. The Head of Culture and Events has developed a brief for the review which is being developed. The Review is set to be completed in October 2017 with implementation now scheduled for April 2018.</p> <p>Position – September 2017 Review scope being approved ready for implementation. Completion date should be revised as whilst the review will be complete the report to leadership team will require an implementation plan so this will be ready in January to enable implementation by April as previously reported.</p> <p>Position – November 2017 Review in progress, project team agreed, brief agreed and PID being developed for final approval.</p> <p>Position – February 2018 PID approved and procurement completed for external consultant to undertake review. Timescales to allow proper review mean a revised date of June 2018 for report to leadership team that will include action/improvement plan. In addition this will be timed to incorporate any outcomes from the self-assessment and feedback from Herts</p>				

Safeguarding 2015/16							
Final report issued November 2015							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>County Council who are meeting with the Managing Director and Safeguarding Lead in March 2018.</p> <p>Position – July 2018 Difficulty in finding a suitable consultant led to delays. A contract was finally awarded in April and the review will be complete in July. Informal feedback has already been provided. The leadership team report will therefore be taken in September 2018.</p> <p>Position – September 2018 Review and report being finalised by mid-September. Leadership Team approval being sought on 23/10/18 – delayed due to consultants availability to attend Leadership Team.</p>				

Audit Plan 2016/17

Tree Surveying 2016/17							
Final report issued April 2017							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>We recommend that during the review process to finalise the Woodland and Tree Strategy, the Council ensures that the strategy addresses the following:</p> <p>a) Measurement of the aims and objectives contained within the strategy;</p> <p>b) Frequency of inspections to be completed, both routine and high risk trees; and</p> <p>Detail of the maintenance programmes to be adopted.</p>	Merits Attention	<p>The strategy is meant to be an overview of trees and woodlands and intended to take a more strategic overview of tree and woodland management in the Borough. However, what this has raised is that the specification in the Parks and Open Spaces contract documentation, detailing what is required of Veolia does not cover enough detail in relation to planned maintenance and there is a clear emphasis on reactive management rather than proactive management. A review of the specification needs to be undertaken and ensure that the Strategy is aligned with this.</p> <p>Position – June 2017 As above.</p> <p>Position – September 2017 As above but delayed due to Cassiobury Park operational issues.</p> <p>Position – November 2017 No update received.</p> <p>Position – February 2018 The overarching Green Spaces Strategy is currently being reviewed as part of the Local Plan 2 work and this has the wider view of Trees and Woodlands. An action plan will be updated within this to ensure trees, woodlands and biodiversity are included and the need to</p>	Section Head Parks, Open Spaces and Projects	30 September 2017 and to be presented to Strategic Partnership Board.	*	<p>31 December 2017</p> <p>31 May 2018</p> <p>31 July 2019</p>

Tree Surveying 2016/17							
Final report issued April 2017							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>update the Tree and Woodland Strategy. This will eventually be approved by PFH or Cabinet.</p> <p>Position – July 2018 The review of the Green Spaces Strategy is still underway and is tied up with the Local Plan 2 amends. The extension for the Veolia Contract is now currently being negotiated and this will be an opportune time to a) amend and agree the strategy and b) update the specification.</p> <p>Position – September 2019 In progress.</p>				
04	<p>We recommend that a maintenance programme is developed and implemented.</p> <p>The maintenance programme should consider the works that have been identified from inspections completed, the priority level given and the risk indicator of the tree.</p> <p>The maintenance programme should be fully costed to provide the Council with a tool for setting the budget for tree related works.</p>	Medium	<p>A proactive maintenance programme does need to be developed and costed – additional funding may be required to carry out an updated survey. The figure of 5,150 trees requiring work includes all work both safety and what could be described as desirable and not essential therefore gives a higher weighted figure.</p> <p>Position – June 2017 As above.</p> <p>Position – September 2017 As above but delayed due to Cassiobury Park operational issues.</p> <p>Position – November 2017 No update received.</p> <p>Position – February 2018</p>	Section Head Parks, Open Spaces and Projects	30 September 2017 and to be presented to Strategic Partnership Board.	*	<p>31 December 2017</p> <p>31 May 2018</p> <p>31 July 2019</p>

Tree Surveying 2016/17							
Final report issued April 2017							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>The overarching Green Spaces Strategy is currently being reviewed as part of the Local Plan 2 work and this has the wider view of Trees and Woodlands. An action plan will be updated within this to ensure trees, woodlands and biodiversity are included and the need to update the Tree and Woodland Strategy. This will eventually be approved by PFH or Cabinet.</p> <p>Position – July 2018 The review of the Green Spaces Strategy is still underway and is tied up with the Local Plan 2 amends. The extension for the Veolia Contract is now currently being negotiated and this will be an opportune time to a) amend and agree the strategy and b) update the specification.</p> <p>Position – September 2018 In progress.</p>				
05	We recommend that, in order to ensure continuity of service, that policies and procedures relating to tree inspections, maintenance and works are developed.	Medium	<p>As above, this needs to be re-visited and assessed by the WBC client team as was not in the original specification. A report will be presented to Strategic Partnership Board as this will impact on the current contract and will result in a contract variation.</p> <p>Position – June 2017 As above.</p> <p>Position – September 2017 As above but delayed due to Cassiobury Park operational issues.</p>	Section Head Parks, Open Spaces and Projects	30 September 2017 and to be presented to Strategic Partnership Board.	*	<p>31 December 2017</p> <p>31 May 2018</p> <p>31 July 2019</p>

Tree Surveying 2016/17							
Final report issued April 2017							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
			<p>Position – November 2017 No update received.</p> <p>Position – February 2018 The overarching Green Spaces Strategy is currently being reviewed as part of the Local Plan 2 work and this has the wider view of Trees and Woodlands. An action plan will be updated within this to ensure trees, woodlands and biodiversity are included and the need to update the Tree and Woodland Strategy. This will eventually be approved by PFH or Cabinet.</p> <p>Position – July 2018 The review of the Green Spaces Strategy is still underway and is tied up with the Local Plan 2 amends. The extension for the Veolia Contract is now currently being negotiated and this will be an opportune time to a) amend and agree the strategy and b) update the specification.</p> <p>Position – September 2018 In progress.</p>				

Audit Plan 2017/18

Follow Up of IT Audit Recommendations and Extended DR Scope 2017/18							
Final report issued August 2017							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
04	<p>The status of the rollout of the MDM solution to mobile devices should be reported on to senior management.</p> <p>Issues encountered should be assessed and appropriate action taken to prevent the rollout from being delayed.</p>	Medium	<p>Agreed - The MDM roll out will be monitored.</p> <p>Position - September 2017 As above – final report only issued recently.</p> <p>Position – November 2017 On track. Testing for MDM solution (Mobile Iron), procured earlier this year. This will be deployed as part of the Active Directory migration project and installed on all corporate mobile devices e.g. corporate mobile phones and surface pro devices. Laptops will be encrypted as part of the same process. Testing is already underway.</p> <p>Position – February 2018 On track. Installation and configuration complete. Pilot user rollout for testing to commenced Feb 2018.</p> <p>Position – July 2018 Rollout commenced in line with the active directory and exchange migration. 105 users with Mobile device management solution installed. Active Directory and Exchange migration scheduled to completed end of August 2018.</p> <p>Position – September 2018</p>	ICT Section Head	30 June 2018	✓	31 August 2018

Follow Up of IT Audit Recommendations and Extended DR Scope 2017/18							
Final report issued August 2017							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
			MDM deployment has been rolled out to devices as users have been migrated to the new W3R domain as part of the core infrastructure transformation. Over 130 licences have been deployed.				

Cyber Security 2017/18							
Final report issued September 2017							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
02	<p>All devices that are running unsupported operating systems should be upgraded to run operating systems that are supported by the developer.</p> <p>Where it is not possible to upgrade the operating system of a device, it must be isolated from the Councils' IT network and appropriate security controls implemented.</p>	High	<p>Agreed – This will be discussed with the relevant IT system owners in order to agree the best way forward to migrate off of legacy operating systems.</p> <p>TRDC XP machines – down to: 2</p> <p>WBC XP machines – down to: 0</p> <p>Decommissioning is part of the core infrastructure programme. Since Jan 2017 67 servers have been decommissioned.</p> <p>Position - September 2017 As above – final report only recently issued.</p> <p>Position – November 2017 Significant progress. 96 servers have now been decommissioned. There are 45 remaining with an unsupported operating</p>	ICT Section Head	30 June 2018	x	<p>31 August 2018</p> <p>31 December 2018</p>

Cyber Security 2017/18							
Final report issued September 2017							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
			<p>system installed. All servers have been reviewed and there is an associated plan in place to upgrade and/or decommission. The majority of these services have associated services or impact line of business applications, and need to be upgraded in line with services.</p> <p>TRDC XP machine: 1. This is a system that provides telephone reports. The hardware and OS has been further secured, reducing the risk, by removing all Internet and Email access.</p> <p>Position – February 2018 On track. Further decommissioning / upgrades of servers completed.</p> <p>Position – July 2018 Through the life of the core infrastructure programme over 150 out of support servers have been decommissioned or upgraded.</p> <p>36 servers has been identified that will remain on an unsupported operating system for the next 6 months to a year, whilst the applications are replaced, upgraded.</p> <p>Plan to move 36 servers to a “walled garden” in place and specifics dependencies identified.</p> <p>PSN (Public Services Network) submission due end of August 2018.</p> <p>Position – September 2018 PSN public services submission completed</p>				

Cyber Security 2017/18							
Final report issued September 2017							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>on time. Awaiting outcome from Cabinet Office.</p> <p>Walled Garden migration underway. Delay to movement of servers has been down to legacy systems with little to no documentation. Internally we have therefore had to map all dependencies across these systems, which has taken additional time and resources.</p>				

Creditors 2017/18							
Final report issued April 2018							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
02	<p>We recommend that Finance ensure that where adjustments are made to the cost code, adequate explanation is included.</p> <p>We also recommend that consideration is given to running and checking duplicate payment reports to determine the scale of duplications and the number of credit notes raised and reasons.</p>	Medium	<p>Agreed. I will look into this to establish what the Finance system can do for us.</p> <p>Position - July 2018 We are looking at duplicate payment report writing. We have the data we just need to pivot table it etc.</p> <p>Position – September 2018 We now have duplicate payments reports designed and run and will be looking at the data next week. We will be running for the last three years.</p> <p>I will incorporate into a quarterly process</p>	Senior Finance Officer	1 May 2018	✓	1 Sept 2018

Creditors 2017/18							
Final report issued April 2018							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			so that we are always checking.				

Treasury Management 2017/18							
Final report issued July 2018							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	We recommend that the bank mandate is located and retained securely. In the event that the bank mandate cannot located arrangements should made to obtain a copy.	Medium	Agreed. Position – September 2018 Completed	Head of Finance	31 July 2018	✓	
02	We recommend that current users with access to the online banking system are reviewed to ensure that all leavers are deactivated.	Medium	Agreed. Position – September 2018 Completed	Head of Finance	31 July 2018	✓	

Contract Management 2017/18							
Final report issued July 2018							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	We recommend that Senior Management / Contract Managers are reminded of the importance of	Medium	The need for having contracts in place was stated at Lunch & Learn session delivered on 25 May. We will continue to promote the need	Corporate Procurement Manager / Head	With immediate effect and ongoing as	✓	

Contract Management 2017/18 Final report issued July 2018							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	having a formal signed contract in place with contractors.		for formal contracts at future training events and via the Council's Contract & Relationship Management Forum. A further Lunch & Learn session was delivered on 3 July, relating to the tender evaluation stage. We will emphasise again the need to progress towards a formal contract. Position – September 2018 Complete	of Community and Environmental Services (Heads - Council's Contract & Relationship Management Forum)	required.		

Audit Plan 2018/19

Grants 2018/19							
Final report issued July 2018							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	We recommend that a reminder email should be sent out one month / a few weeks before the deadline to ensure all evidence is received on time.	Low	Emails will be sent out one month prior to the Outcomes and Achievements Report deadline. Position – September 2018 This process is in place. Reminder dates have been added to our Task Log and this is checked on a weekly basis to ensure reminder emails are sent in advance of the report deadline. In place – August 2018	Commissioning Officers	1 September 2018	✓	

GDPR Preparedness 2018/19							
Final report issued July 2018							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline

GDPR Preparedness 2018/19							
Final report issued July 2018							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	The Council should ensure that consent has been sought and documented for all consent based data processing across all service areas.	Medium	The DPO will chase progress on the spreadsheet tracker with Communications Services. Position – September 2018 Complete	Data Protection Officer	1 September 2018	✓	
02	The Council should formalise its understanding of when DPIA's apply and how to include their use within project rules.	Medium	DPIA form has been completed and approved by the Head of Democracy and Governance and is on the Council's website. DPIA was on the agenda during the GDPR project group meeting. Details of which were minuted and shared with services. Going forward, DPIA will be included as a standing Item on the agenda for the GDPR project group meetings. Position – September 2018 Complete	Data Protection Officer	Implemented	✓	
03	Consideration should be given to adding additional information to the data audit spreadsheets, including the location / system where the data is held, with an indication of where data held cannot be removed due to system issues. In respect of data retention, an end date could also be provided to indicate when data can be removed as it is no longer relevant.	Low	The DPO will add columns to the data audit spreadsheet to record the additional information as per the recommendation. Position – September 2018 Complete	Data Protection Officer	1 September 2018	✓	
04	Required updates should be made to the retention policy and checks	Low	This was raised at the last GDPR project group meeting. The retention policy has now	Data Protection Officer	Implemented	✓	

GDPR Preparedness 2018/19							
Final report issued July 2018							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	undertaken to ensure that there are no other documents that require updating from DPA to GDPR.		been updated, and references for DPA have been replaced with GDPR in accordance with the recommendation. Position – September 2018 Complete				

Equality Impact Assessments 2018/19							
Final report issued August 2018							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	We recommend that Senior Officers are reminded that EIAs need to be approved (signed and dated). We recommend that the Head of Corporate Strategy and Communications should receive all EIAs for review and evidence this control procedure (signed and dated).	Medium	The EIA process will be strengthened through the enforcement of the sign off process. This will be raised at Leadership Team and at the Corporate Equalities Working Group for dissemination to DMTs. Position – September 2018 In progress.	Head of Corporate Strategy and Comms	31 October 2018		

Part A

Report to: Audit Committee
Date of meeting: 20 September 2018
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: -
Alison Scott, Head of Finance (Shared Services)
Telephone extension: 7188
email: alison.scott@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 programme of reports scheduled to be presented to this Committee in financial year 2018/19 and 2019/20 are shown below;

Date	Reports
<u>Financial Year 2018/19</u>	
December 2018	<ul style="list-style-type: none"> ▪ Treasury Management Mid-Year Report 2018/19 ▪ Risk Management Strategy ▪ Draft Treasury Management Strategy 2019/20 ▪ Standing items
March 2019	<ul style="list-style-type: none"> ▪ External Audit Certification Work Report 2018/19 ▪ Accounting Policies 2018/19 ▪ SIAS Internal Audit Plans 2019/20 ▪ External Auditor Audit Plan 2019/20 ▪ Corporate Risk Register ▪ Standing items
<u>Financial Year 2019/20</u>	
July 2019	<ul style="list-style-type: none"> ▪ External Auditors Report and Approval of the 2018/19 Statement of Accounts ▪ SIAS Internal Audit Annual Report 2018/19 ▪ Fraud Annual Report 2018/19 ▪ Annual Governance Statement 2018/19 ▪ Treasury Management Annual Report 2018/19 ▪ Standing items
September 2019	<ul style="list-style-type: none"> ▪ External Auditors Annual Audit Letter 2018/19 ▪ SIAS Board Annual Report 2018/19 ▪ Standing items
December 2019	<ul style="list-style-type: none"> ▪ Treasury Management Mid-Year Report 2019/20 ▪ Risk Management Strategy ▪ Draft Treasury Management Strategy 2020/21 ▪ Standing items
March 2020	<ul style="list-style-type: none"> ▪ External Audit Certification Work Report 2019/20 ▪ Accounting Policies 2019/20 ▪ SIAS Internal Audit Plans 2020/21 ▪ External Auditor Audit Plan 2019/20 ▪ Standing items

Standing items are: -

- SIAS Internal Audit Progress Report
- External Audit Progress Report – Recommendations
- Annual Governance Statement – Action Plan update
- Committee’s Work Programme

3.2 The annual statement accounts are to be produced and signed by the council's Chief Financial Officer by 31 May for the preceding financial year. The audited accounts need to be agreed and signed by Committee by 31 July.

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.