



**WATFORD  
BOROUGH  
COUNCIL**



# **AUDIT COMMITTEE**

**28 July 2022**

**7.00 pm**

**Town Hall, Watford**

**Contact**

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# Committee Membership

Councillor M Hofman (Chair)

Councillor M Devonish (Vice-Chair)

Councillors K Clarke-Taylor, L Nembhard and M Turmaine

## Agenda

### Part A - Open to the Public

**1. Apologies for Absence/Committee Membership**

**2. Disclosure of Interests (if any)**

**3. Minutes**

The [minutes](#) of the meeting held on 10 March 2022 to be submitted and signed.

**4. Role of the Audit Committee**

The Head of Finance to deliver training

**5. Freedom of Information Act Requests October 2021 to March 2022 (Pages 4 - 37)**

Report of the Group Head of Democracy and Governance

**6. Ombudsman's Annual Letter 2021/22 (Pages 38 - 45)**

Report of the Group Head of Democracy and Governance

**7. Fraud Annual Report 2022 (Pages 46 - 67)**

Report of the Fraud Manager

**8. SIAS 2021/22 Annual Assurance Statement and Internal Audit Annual Report (Pages 68 - 95)**

Report from Shared Internal Audit Service

**9. SIAS Update Report on Progress Against the 2022/23 Audit Plan (Pages 96 - 126)**

Report from Shared Internal Audit Service

10. **Statement of Accounts and Annual Governance Statement 2021/22** (Pages 127 - 159)
11. **External Audit Planning Report 2020/21** (Pages 160 - 207)  
  
Report of the External Auditor
12. **Treasury Management Annual Report 2021/22** (Pages 208 - 216)
13. **Exclusion of Press and Public**

**THE CHAIR TO MOVE:** that, under Section 100A (4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during consideration of the item there would be disclosure to them of exempt information as defined in Section 100(1) of the Act for the reasons stated below in terms of Schedule 12A.

**NOTE: if approved, the Chair will ask members of the press and public to leave the meeting at this point.**

# Agenda Item 5

Part A

**Report to:** Audit Committee

**Date of meeting:** Thursday, 28 July 2022

**Report author:** Group Head of Democracy and Governance

**Title:** Freedom of Information Act Requests October 2021 to March 2022

## 1.0 Summary

1.1 This is the half yearly report of Freedom of Information Act requests received between 1 October 2021 and 31 March 2022

## 2.0 Risks

2.1

<b>Nature of risk</b>	<b>Consequence</b>	<b>Suggested Control Measures</b>	<b>Response</b> (treat, tolerate, terminate or transfer)	<b>Risk Rating</b> (combination of severity and likelihood)
Requests are not regularly responded to	Complaints by requesters and investigation and potential sanction by the Information Commissioner	CLO's diarise response times and chase responders	treat	4

## 3.0 Recommendations

3.1 That the report be noted.

### **Further information:**

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#### 4.0 **Detailed proposal**

- 4.1 Since January 2005 when the Freedom of Information Act 2000 came fully into force the council has been obliged to respond to requests for information. These requests should be responded to within 20 working days of receipt. The Act, and public bodies' compliance with it, is overseen by the Information Commissioner who can investigate complaints and can compel the disclosure of information as well as impose fines for failure to meet deadlines.
- 4.2 This committee receives half yearly reports on the council's performance in replying to such requests as well as Environmental Information Regulation (EIR) requests.
- 4.3 For the period 1 October 2021 to 31 March 2022 the council received 356 Freedom of Information Act requests and 0 Environmental Information Regulation request. This was 2 more than the previous half year when the council received 354 requests. Of those 356 requests 73 were not replied to within 20 working days. 4 have not been replied to at all. In the previous half year 61 were replied to outside the time and 7 were not replied to at all.
- 4.4 In relation to one request received back in March 2021 a complaint was made to the ICO in June 2021 that the council had failed to provide the requester with everything it had in its files regarding communications in relation to a planning application. Following and ICO investigation a decision notice was issued on 27 June 2022. A copy of that decision is attached to this report with the name of the complainant redacted. Essentially the ICO was of the view that the council should have treated the request as an EIR request rather than an FOI and that the Council should have disclosed photos held on the case officer's phone, otherwise the redactions made to the information were acceptable. As a result of this decision more training will be given to CLO's on the need to recognise an EIR request even when the requester put FOI in their request. This is training is being organised. Development Management are in the process of providing all DM officers with work issued mobile devices to use when they are on site, therefore going forward officers will not be using their personal mobile phones to take site photos. The devices will be installed with an IDOX app which enables all photos to be added directly to the case file.
- 4.5 Executive and Group Heads continue to be given fortnightly details of requests received and all requests are now registered on Firmstep and can be viewed on Qlik. The requests are attached at Appendix 1

## 5.0 **Implications**

### 5.1 **Financial**

5.1.1 The Shared Director of Finance comments that there are no financial implications. Services deal with requests from existing resources.

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

5.2.1 The Group Head of Democracy and Governance comments that there are no legal implications in this report.

### 5.3 **Equalities, Human Rights and Data Protection**

5.3.1 Information is redacted if it contains personal information.

### 5.4 **Staffing**

5.4.1 Replies are dealt with within services. The Customer Services Centre manages and responds to requests where it affects multiple services.

### 5.5 **Accommodation**

5.5.1 N/A

### 5.6 **Community Safety/Crime and Disorder**

5.6.1 N/A

### 5.7 **Sustainability**

5.7.1 N/A

## **Appendices**

- Appendix 1 Requests 1 October 2021 to 31 March 2022
- Appendix 2 ICO decision 27 June 2022

## **Background papers**

No papers were used in the preparation of this report.

FOI Response Team	Firmstep Forms Reference	FOI Reason For Request	Date Received	Due Date	Date Responded	Information Sent
Benefits FOI	FOI-390506049	Veterans Benefit Applications	05/01/2022	02/02/2022		no
Benefits FOI	FOI-390509198	Holiday Lets and Second Homes	05/01/2022	02/02/2022		no
Revenues FOI	FOI-402103653	Covid-19 Additional Relief Fund	18/02/2022	17/03/2022		no
Revenues FOI	FOI-404369302	Council tax refunds and dormant accounts.	28/02/2022	25/03/2022		no
Benefits FOI	FOI-386147996	Self-Employed Support During the Covid Pandemic	17/12/2021	14/01/2022	06/05/2022	yes
Benefits FOI	FOI-401182295	Exempt Accommodation	15/02/2022	10/03/2022	17/05/2022	yes
Community Protection FOI	FOI-366946320	Cassiobury Farm Zoo Licensing Enquiry	01/10/2021	01/11/2021	05/11/2021	yes
Community Protection FOI	FOI-381210556	FOI BBC Enquiry	25/11/2021	22/12/2021	23/12/2021	yes
Community Protection FOI	FOI-381218271	FOI Request concerning the PRS	25/11/2021	22/12/2021	10/01/2022	yes
Community Protection FOI	FOI-383761532	Community Triggers	07/12/2021	04/01/2022	18/01/2022	yes
Community Protection FOI	FOI-394261726	Door-to-door charity collection licenses FOI	18/01/2022	14/02/2022	17/02/2022	yes
Community Protection FOI	FOI-394270359	Housing Disrepair Orders	18/01/2022	15/02/2022	21/02/2022	yes
Community Protection FOI	FOI-395788583	Dog breeding	24/01/2022	22/02/2022	14/03/2022	yes
Community Protection FOI	FOI-396687278	Non-decent housing	27/01/2022	22/02/2022	23/02/2022	yes
Community Protection FOI	FOI-399950280	Flytipping	09/02/2022	08/03/2022	14/03/2022	yes
Community Protection FOI	FOI-401180469	FOI Dog Breeding	15/02/2022	09/03/2022	14/03/2022	yes
Community Protection FOI	FOI-406895071	Guidance Social distancing/guidance the use of face coverings/guidance on the adoption of Coronavirus vaccination	09/03/2022	31/03/2022	04/04/2022	yes
Community Protection FOI	FOI-408893233	Littering from vehicles	17/03/2022	14/04/2022	27/04/2022	yes
Community Protection FOI	FOI-409980243	FOI request: Fires & Nuisance smoke reports	22/03/2022	18/04/2022	19/04/2022	yes
Community Protection FOI	FOI-409991391	Anti Social Behaviour Complaints	22/03/2022	18/04/2022	26/04/2022	yes
Community Protection FOI	FOI-411530366	Dog Fouling Complaints	29/03/2022	20/04/2022	21/04/2022	yes

Community Protection FOI	FOI-411534527	Complaints about smells	29/03/2022	26/04/2022	28/04/2022	yes
Community Protection FOI	FOI-367672954	Filthy & verminous properties	05/10/2021	01/11/2021	21/10/2021	yes
Community Protection FOI	FOI-367863360	Carbon footprint	05/10/2021	29/10/2021	27/10/2021	yes
Community Protection FOI	FOI-368105739	Licensing	06/10/2021	03/11/2021	13/10/2021	yes
Community Protection FOI	FOI-368127401	Data of EICR reports	06/10/2021	02/11/2021	29/10/2021	yes
Community Protection FOI	FOI-368132671	Motor Vehicles registered for public hire	06/10/2021	01/11/2021	20/10/2021	yes
Community Protection FOI	FOI-368626798	Part 2A Contaminated Land Register	07/10/2021	04/11/2021	12/10/2021	yes
Community Protection FOI	FOI-368715265	Part 2A Contaminated Land Register	07/10/2021	02/11/2021	12/10/2021	yes
Community Protection FOI	FOI-370320062	list	11/10/2021	08/11/2021	08/11/2021	yes
Community Protection FOI	FOI-371073522	Allotments	14/10/2021	08/11/2021	22/10/2021	yes
Community Protection FOI	FOI-372439418	Taxi Licensing	19/10/2021	12/11/2021	20/10/2021	yes
Community Protection FOI	FOI-372745435	Noise Complaints	21/10/2021	10/11/2021	09/11/2021	yes
Community Protection FOI	FOI-374358558	Anti Social Behaviour Complaints & Community Triggers	28/10/2021	23/11/2021	23/11/2021	yes
Community Protection FOI	FOI-376145317	Energy enhancements	04/11/2021	29/11/2021	10/11/2021	yes
Community Protection FOI	FOI-377127162	FOI Request: Dog fouling fines for the last 5 years	08/11/2021	06/12/2021	06/12/2021	yes
Community Protection FOI	FOI-377411194	HMO	09/11/2021	07/12/2021	19/11/2021	yes
Community Protection FOI	FOI-380803280	Vehicles registered as a Taxi, Hackney Carriage or for Private Hire	23/11/2021	20/12/2021	20/12/2021	yes
Community Protection FOI	FOI-381133443	Illegal Fly Tipping	25/11/2021	21/12/2021	20/12/2021	yes
Community Protection FOI	FOI-381203596	Riddor Reports	25/11/2021	22/12/2021	21/12/2021	yes
Community Protection FOI	FOI-383044078	Private Sector Housing Complaints about Mould/Damp	03/12/2021	30/12/2021	10/12/2021	yes
Community Protection FOI	FOI-384559861	Dog breeding and Greyhounds	10/12/2021	10/01/2022	17/12/2021	yes
Community Protection FOI	FOI-385305193	Housing Disrepair	14/12/2021	14/01/2022	14/01/2022	yes
Community Protection FOI	FOI-387039913	Contaminated Land Enquiry	20/12/2021	17/01/2022	11/01/2022	yes
Community Protection FOI	FOI-387115169	Fixed Penalty Notices in 2021	20/12/2021	17/01/2022	13/01/2022	yes
Community Protection FOI	FOI-389290114	Dogs	31/12/2021	28/01/2022	28/01/2022	yes
Community Protection FOI	FOI-390510255	Council Green Initiatives	05/01/2022	02/02/2022	27/01/2022	yes
Community Protection FOI	FOI-394522178	Environmental enforcement contracts	19/01/2022	16/02/2022	10/02/2022	yes
Community Protection FOI	FOI-394898423	Taxi Vehicles	20/01/2022	02/02/2022	20/01/2022	yes
Community Protection FOI	FOI-395549283	HMO Licensing Enforcement	24/01/2022	21/02/2022	17/02/2022	yes
Community Protection FOI	FOI-395554576	Council Spend on Public Artwork	24/01/2022	21/02/2022	02/02/2022	yes



Community Protection FOI	FOI-395854722	FOI: Non-decent housing	25/01/2022	22/02/2022	31/01/2022	yes
Community Protection FOI	FOI-396104124	FOI: Burials and Cremations	25/01/2022	23/02/2022	28/01/2022	yes
Community Protection FOI	FOI-396842606	Flood complaints	28/01/2022	25/02/2022	14/02/2022	yes
Community Protection FOI	FOI-398483287	Dangerous Wild Animals FOI	03/02/2022	02/03/2022	24/02/2022	yes
Community Protection FOI	FOI-398487122	Animal Welfare Officers (RSPCA)	03/02/2022	02/03/2022	10/02/2022	yes
Community Protection FOI	FOI-398686218	Report issued after food hygiene visit	04/02/2022	04/03/2022	09/02/2022	yes
Community Protection FOI	FOI-402107482	Dog Noise Nuisance	18/02/2022	17/03/2022	08/03/2022	yes
Community Protection FOI	FOI-402114565	Noise Nuisance	18/02/2022	15/03/2022	07/03/2022	yes
Community Protection FOI	FOI-403370860	Premises Licences	23/02/2022	18/03/2022	28/02/2022	yes
Community Protection FOI	FOI-403438856	FOI Application for WATOK and WATEO	23/02/2022	22/03/2022	25/02/2022	yes
Community Protection FOI	FOI-404226398	DHR Records	27/02/2022	28/03/2022	22/03/2022	yes
Community Protection FOI	FOI-404499733	Dangerous Wild Animals	28/02/2022	28/03/2022	15/03/2022	yes
Community Protection FOI	FOI-406128108	Zoos	07/03/2022	04/04/2022	08/03/2022	yes
Community Protection FOI	FOI-406280481	Unoccupied Premises	07/03/2022	04/04/2022	08/03/2022	yes
Community Protection FOI	FOI-406865755	Food hygiene reports	09/03/2022	06/04/2022	06/04/2022	yes
Community Protection FOI	FOI-406915786	FOI request for taxi and private hire vehicles data	09/03/2022	05/04/2022	01/04/2022	yes
Community Protection FOI	FOI-408316392	Food Premises Inspections	15/03/2022	12/04/2022	16/03/2022	yes
Community Protection FOI	FOI-409157953	Pest Control	18/03/2022	15/04/2022	18/03/2022	yes
Community Protection FOI	FOI-410285501	FSA WEBSITE RATING	23/03/2022	20/04/2022	29/03/2022	yes
Corporate Strategy and Communications FOI	FOI-372437659	Closure of High Street, Watford	19/10/2021	11/11/2021	16/11/2021	yes
Corporate Strategy and Communications FOI	FOI-379167337	British Sign Language Translation Services	16/11/2021	14/12/2021	16/11/2021	yes
Corporate Strategy and Communications FOI	FOI-387571461	Socio-Economic Duty	22/12/2021	19/01/2022	22/12/2021	yes
Corporate Strategy and Communications FOI	FOI-394893474	Money Spent on PR	20/01/2022	17/02/2022	02/02/2022	yes
Corporate Strategy and Communications FOI	FOI-395561425	Money Spent on Advertising, Communications and Public Relations Advice	24/01/2022	18/02/2022	02/02/2022	yes
Corporate Strategy and Communications FOI	FOI-395572591	Money Spent on Communications, Public Relations and Advertising	24/01/2022	18/02/2022	27/01/2022	yes
Corporate Strategy and Communications FOI	FOI-404380113	Home working	28/02/2022	28/03/2022	28/03/2022	yes

Corporate Strategy and Communications FOI	FOI-404439234	How is Sustainability Considered in Local Procurement Research Questionnaire	28/02/2022	28/03/2022	28/03/2022	yes
Customer Service FOI	FOI-403785800	Financial/other incentives for renters to downsize and free up housing for larger families	25/02/2022	24/03/2022	22/04/2022	yes
Customer Service FOI	FOI-371982177	Woodmere Avenue width restrictions	18/10/2021	15/11/2021	18/10/2021	yes
Customer Service FOI	FOI-374594677	Council telephone service costs	29/10/2021	25/11/2021	19/11/2021	yes
Customer Service FOI	FOI-377389842	Lifestyle improvement services	09/11/2021	07/12/2021	09/11/2021	yes
Customer Service FOI	FOI-377791591	Floral Displays and Floral Units	11/11/2021	07/12/2021	16/11/2021	yes
Customer Service FOI	FOI-379465860	Commissioner for Adult Social Care	17/11/2021	15/12/2021	18/11/2021	yes
Customer Service FOI	FOI-380069062	Freedom of interest request by the British Association of Social Workers	19/11/2021	17/12/2021	22/11/2021	yes
Customer Service FOI	FOI-396759536	Safeguarding reviews / children's services referrals	28/01/2022	25/02/2022	28/01/2022	yes
Customer Service FOI	FOI-396766573	S42 Investigations	28/01/2022	25/02/2022	28/01/2022	yes
Customer Service FOI	FOI-397328909	Safeguarding referrals received	31/01/2022	28/02/2022	31/01/2022	yes
Customer Service FOI	FOI-398477397	FOI Information Statistics	03/02/2022	01/03/2022	23/02/2022	yes
Customer Service FOI	FOI-398743102	Transport Software	04/02/2022	04/03/2022	04/02/2022	yes
Customer Service FOI	FOI-399315186	Temporary agency staff in children's services	07/02/2022	07/03/2022	08/02/2022	yes
Customer Service FOI	FOI-403509647	Library purchases	24/02/2022	21/03/2022	24/02/2022	yes
Customer Service FOI	FOI-404496108	Contact Centre	28/02/2022	28/03/2022	28/03/2022	yes
Customer Service FOI	FOI-406303842	Potholes compensation	07/03/2022	04/04/2022	07/03/2022	yes
Democracy and Governance FOI	FOI-398124189	Request to search for a person	02/02/2022	02/03/2022	14/03/2022	No
Democracy and Governance FOI	FOI-376173382	Mayor's Office Budget Increase?	04/11/2021	03/12/2021	17/11/2021	yes
Democracy and Governance FOI	FOI-394553897	Compulsory Purchase Order	19/01/2022	16/02/2022	27/01/2022	yes
Development Management and Building Control FOI	FOI-373505360	Planning performance agreements	25/10/2021	19/11/2021	22/11/2021	yes
Development Management and Building Control FOI	FOI-384276183	Building Control Information	09/12/2021	06/01/2022	10/01/2022	yes
Development Management and Building Control FOI	FOI-387053419	Flooding DCs 20122021	20/12/2021	17/01/2022	20/01/2022	yes

Development Management and Building Control FOI	FOI-388067200	Planning application record	24/12/2021	21/01/2022	26/01/2022	yes
Development Management and Building Control FOI	FOI-394258672	Planning permission change of use	18/01/2022	11/02/2022	24/02/2022	yes
Development Management and Building Control FOI	FOI-398488989	FOI Wind Turbines	03/02/2022	02/03/2022	14/03/2022	yes
Development Management and Building Control FOI	FOI-399304393	Planning resources	07/02/2022	07/03/2022	27/06/2022	yes
Development Management and Building Control FOI	FOI-367458729	Building Control Information	04/10/2021	01/11/2021	05/10/2021	yes
Development Management and Building Control FOI	FOI-367676963	Planning permission breaches	05/10/2021	03/11/2021	20/10/2021	yes
Development Management and Building Control FOI	FOI-367954834	Building Control Information	06/10/2021	03/11/2021	08/10/2021	yes
Development Management and Building Control FOI	FOI-368019904	Building Control Information	06/10/2021	03/11/2021	08/10/2021	yes
Development Management and Building Control FOI	FOI-368966001	Building Control Information	08/10/2021	05/11/2021	14/10/2021	yes
Development Management and Building Control FOI	FOI-369177034	Building Control Information	08/10/2021	05/11/2021	25/10/2021	yes
Development Management and Building Control FOI	FOI-369190542	Building Control Information	08/10/2021	05/11/2021	14/10/2021	yes
Development Management and Building Control FOI	FOI-369208530	Building Control Information	08/10/2021	05/11/2021	15/10/2021	yes
Development Management and Building Control FOI	FOI-369213868	Building Control Information	08/10/2021	05/11/2021	15/10/2021	yes
Development Management and Building Control FOI	FOI-370681769	Building Control Information	12/10/2021	09/11/2021	19/10/2021	yes
Development Management and Building Control FOI	FOI-371101313	Building Control Information	14/10/2021	11/11/2021	18/10/2021	yes
Development Management and Building Control FOI	FOI-372035955	Request for Building Regulations	18/10/2021	15/11/2021	18/10/2021	yes

Development Management and Building Control FOI	FOI-372295972	Building Control Information	19/10/2021	16/11/2021	25/10/2021	yes
Development Management and Building Control FOI	FOI-372310080	Building Control Information	19/10/2021	16/11/2021	25/10/2021	yes
Development Management and Building Control FOI	FOI-372321067	Building Control Information	19/10/2021	16/11/2021	25/10/2021	yes
Development Management and Building Control FOI	FOI-372431284	Building Control Information	19/10/2021	16/11/2021	25/10/2021	yes
Development Management and Building Control FOI	FOI-373128121	Building Regualtions Request	22/10/2021	19/11/2021	25/10/2021	yes
Development Management and Building Control FOI	FOI-374051654	Building Control Information	27/10/2021	25/11/2021	05/11/2021	yes
Development Management and Building Control FOI	FOI-374382262	Building Control Information	28/10/2021	25/11/2021	10/11/2021	yes
Development Management and Building Control FOI	FOI-374618340	Building Control Information	29/10/2021	29/11/2021	17/11/2021	yes
Development Management and Building Control FOI	FOI-375182983	Building Control Information	01/11/2021	29/11/2021	17/11/2021	yes
Development Management and Building Control FOI	FOI-375909447	Building Control Information	03/11/2021	02/12/2021	10/11/2021	yes
Development Management and Building Control FOI	FOI-376098494	Building Control Information	04/11/2021	02/12/2021	10/11/2021	yes
Development Management and Building Control FOI	FOI-376146162	Building Control Information	04/11/2021	02/12/2021	09/11/2021	yes
Development Management and Building Control FOI	FOI-376933898	Building Control Information	08/11/2021	06/12/2021	11/11/2021	yes
Development Management and Building Control FOI	FOI-377701814	Building Control Information	10/11/2021	08/12/2021	16/11/2021	yes
Development Management and Building Control FOI	FOI-377723212	Building Control Information	10/11/2021	09/12/2021	23/11/2021	yes
Development Management and Building Control FOI	FOI-377732009	Building Control Information	10/11/2021	09/12/2021	16/11/2021	yes
Development Management and Building Control FOI	FOI-378119038	Building regulations	12/11/2021	10/12/2021	17/11/2021	yes

Development Management and Building Control FOI	FOI-378208490	Building Regulations	12/11/2021	13/12/2021	17/11/2021	yes
Development Management and Building Control FOI	FOI-378767912	Building Control Information	15/11/2021	13/12/2021	17/11/2021	yes
Development Management and Building Control FOI	FOI-378773680	PDR Development	15/11/2021	13/12/2021	10/12/2021	yes
Development Management and Building Control FOI	FOI-378905710	Building Control Information	15/11/2021	13/12/2021	25/11/2021	yes
Development Management and Building Control FOI	FOI-378955204	Building Control Information	15/11/2021	14/12/2021	17/11/2021	yes
Development Management and Building Control FOI	FOI-380418506	Planning applications for residential buildings in excess of 10 storeys	22/11/2021	20/12/2021	23/11/2021	yes
Development Management and Building Control FOI	FOI-380498824	Building Control Information	22/11/2021	20/12/2021	24/11/2021	yes
Development Management and Building Control FOI	FOI-380515358	Tower blocks	22/11/2021	20/12/2021	17/12/2021	yes
Development Management and Building Control FOI	FOI-380965847	Building Control Information	24/11/2021	22/12/2021	30/11/2021	yes
Development Management and Building Control FOI	FOI-381375682	Unspent S106 Funding	26/11/2021	24/12/2021	13/12/2021	yes
Development Management and Building Control FOI	FOI-382226188	Building Control Information	30/11/2021	28/12/2021	01/12/2021	yes
Development Management and Building Control FOI	FOI-382481517	Building Control Information	01/12/2021	29/12/2021	01/12/2021	yes
Development Management and Building Control FOI	FOI-382512210	Building Control Information	01/12/2021	29/12/2021	02/12/2021	yes
Development Management and Building Control FOI	FOI-382642260	Building Control Information	02/12/2021	30/12/2021	07/12/2021	yes
Development Management and Building Control FOI	FOI-383778636	Planning Enforcement	07/12/2021	04/01/2022	09/12/2021	yes
Development Management and Building Control FOI	FOI-384028337	Building Control Information	08/12/2021	05/01/2022	10/12/2021	yes
Development Management and Building Control FOI	FOI-384053308	Building Control Information	08/12/2021	06/01/2022	10/12/2021	yes

Development Management and Building Control FOI	FOI-384053713	Building Control Information	08/12/2021	06/01/2022	10/12/2021	yes
Development Management and Building Control FOI	FOI-384499824	Building Control Information	10/12/2021	07/01/2022	10/12/2021	yes
Development Management and Building Control FOI	FOI-385257723	Building Control Information	14/12/2021	11/01/2022	15/12/2021	yes
Development Management and Building Control FOI	FOI-385679168	Building Control Information	16/12/2021	13/01/2022	17/12/2021	yes
Development Management and Building Control FOI	FOI-385848985	Building Control Information	16/12/2021	13/01/2022	12/01/2022	yes
Development Management and Building Control FOI	FOI-386125137	Building Control Information	17/12/2021	14/01/2022	10/01/2022	yes
Development Management and Building Control FOI	FOI-386135784	Building Control Information	17/12/2021	14/01/2022	10/01/2022	yes
Development Management and Building Control FOI	FOI-387316663	Building Control Information	21/12/2021	18/01/2022	23/12/2021	yes
Development Management and Building Control FOI	FOI-387616980	Asset Register	22/12/2021	19/01/2022	08/03/2022	yes
Development Management and Building Control FOI	FOI-387567927	Building Control Information	22/12/2021	19/01/2022	10/01/2022	yes
Development Management and Building Control FOI	FOI-387888068	Building Control Information	23/12/2021	20/01/2022	23/12/2021	yes
Development Management and Building Control FOI	FOI-388058840	Building Control Information	24/12/2021	21/01/2022	24/12/2021	yes
Development Management and Building Control FOI	FOI-389956446	Building Control Information	04/01/2022	01/02/2022	10/01/2022	yes
Development Management and Building Control FOI	FOI-389995604	Building Control Information	04/01/2022	01/02/2022	10/01/2022	yes
Development Management and Building Control FOI	FOI-390847010	Building Control Information	06/01/2022	03/02/2022	10/01/2022	yes
Development Management and Building Control FOI	FOI-392032673	DETAILS OF LAND RENTED BY WEST HERTS GOLF CLUB WITHIN CASSIOBURY PARK	11/01/2022	08/02/2022	27/01/2022	yes
Development Management and Building Control FOI	FOI-393336064	Building Control Information	14/01/2022	11/02/2022	19/01/2022	yes

Development Management and Building Control FOI	FOI-394377272	Building Control Information	19/01/2022	16/02/2022	25/01/2022	yes
Development Management and Building Control FOI	FOI-394828345	Building Control Information	20/01/2022	17/02/2022	25/01/2022	yes
Development Management and Building Control FOI	FOI-395055776	Building Control Information	21/01/2022	18/02/2022	25/01/2022	yes
Development Management and Building Control FOI	FOI-395119661	Building Control Information	21/01/2022	18/02/2022	25/01/2022	yes
Development Management and Building Control FOI	FOI-395589454	Building Control Information	24/01/2022	21/02/2022	28/01/2022	yes
Development Management and Building Control FOI	FOI-395713549	Building Control Information	24/01/2022	21/02/2022	28/01/2022	yes
Development Management and Building Control FOI	FOI-395725564	Building Control Information	24/01/2022	21/02/2022	14/02/2022	yes
Development Management and Building Control FOI	FOI-395732706	Bus Lane PCNs per Council Area	24/01/2022	21/02/2022	27/01/2022	yes
Development Management and Building Control FOI	FOI-396042319	Building Control Information	25/01/2022	22/02/2022	28/01/2022	yes
Development Management and Building Control FOI	FOI-396180456	Building Control Information	26/01/2022	23/02/2022	28/01/2022	yes
Development Management and Building Control FOI	FOI-396256164	Building Control Information	26/01/2022	23/02/2022	28/01/2022	yes
Development Management and Building Control FOI	FOI-396542397	Building Control Information	27/01/2022	24/02/2022	02/02/2022	yes
Development Management and Building Control FOI	FOI-397235802	Metal gate and concrete driveway to golf club greenkeepers workshop area.	30/01/2022	28/02/2022	15/02/2022	yes
Development Management and Building Control FOI	FOI-397623270	Building Control Information	01/02/2022	01/03/2022	03/02/2022	yes
Development Management and Building Control FOI	FOI-397624112	Building Control Information	01/02/2022	01/03/2022	03/02/2022	yes
Development Management and Building Control FOI	FOI-399141398	Buildings and Plots of Land owned by the council	07/02/2022	07/03/22	09/03/2022	yes
Development Management and Building Control FOI	FOI-402105587	Freedom Of Information Request Electric Vehicle Charging	18/02/2022	17/03/2022	23/02/2022	yes

Development Management and Building Control FOI	FOI-403440422	Accessible Housing	23/02/2022	22/03/2022	04/03/2022	yes
Development Management and Building Control FOI	FOI-409438667	Building Control Information	20/03/2022	18/04/2022	05/04/2022	yes
Development Management and Building Control FOI	FOI-410032737	MIPIM exhibition 2022	22/03/2022	18/04/2022	23/03/2022	yes
Finance FOI	FOI-370985795	Freedom of Information request - Information Request re. the Current Business Expense Management Process	13/10/2021	09/11/2021	02/12/2021	yes
Finance FOI	FOI-384558868	Payments made to the Association of Directors of Public Health.	10/12/2021	07/01/2022	10/01/2022	yes
Finance FOI	FOI-395165672	FOI Request: Levelling Up Fund	21/01/2022	16/02/2022	21/02/2022	yes
Finance FOI	FOI-395171211	FOI: Car usage by senior members of the council or chauffeur services	21/01/2022	16/02/2022	21/02/2022	yes
Finance FOI	FOI-395562572	Taxi and Chauffeur Services used by Council Workers	24/01/2022	18/02/2022	21/02/2022	yes
Finance FOI	FOI-398663989	Banking	04/02/2022	04/03/2022	16/03/2022	yes
Finance FOI	FOI-390504160	Accounts Information	05/01/2022	01/03/2022	28/01/2022	yes
Finance FOI	FOI-395588359	Car usage by senior members of the council or chauffeur services	24/01/2022	17/02/2022	27/01/2022	yes
Finance FOI	FOI-398480533	FOI Request - Funding	03/02/2022	02/03/2022	23/02/2022	yes
Finance FOI	FOI-401167873	Levelling Up Funding	15/02/2022	10/03/2022	21/02/2022	yes
Finance FOI	FOI-408079537	Freedom of Information request - D-U-N-S Number	15/03/2022	08/04/2022	21/03/2022	yes
Finance FOI	FOI-408080322	FOI: chauffeur cars	15/03/2022	11/04/2022	15/03/2022	yes
Finance FOI	FOI-411696263	Pre-Paid debit cards	29/03/2022	26/04/2022	29/03/2022	yes
Housing FOI	FOI-371988631	Stock transfers	18/10/2021	15/11/2021	20/01/2022	yes
Housing FOI	FOI-372527248	Provision of domestic abuse support services	20/10/2021	12/11/2021	16/12/2021	yes
Housing FOI	FOI-377454851	TA FOI request	09/11/2021	08/12/2021	16/12/2021	yes
Housing FOI	FOI-379658637	Temporary Accommodation	18/11/2021	16/12/2021	11/01/2022	yes
Housing FOI	FOI-380067567	community led housing	19/11/2021	24/12/2021	11/01/2022	yes
Housing FOI	FOI-386141903	FOI on extra funding for renters	17/12/2021	14/01/2022	28/01/2022	yes
Housing FOI	FOI-390501854	Budget	05/01/2022	28/01/2022	07/02/2022	yes
Housing FOI	FOI-390507632	Household Support Fund	05/01/2022	02/02/2022	10/02/2022	yes
Housing FOI	FOI-391920001	Homelessness Information	11/01/2022	02/02/2022	24/02/2022	yes



Housing FOI	FOI-408321116	Record/Register of Estate Agent businesses located and operating within this council	15/03/2022	13/04/2022	28/04/2022	yes
Housing FOI	FOI-409104721	Homelessness prevention grant request	18/03/2022	13/04/2022	25/04/2022	yes
Housing FOI	FOI-411279439	Social housing units	28/03/2022	25/04/2022	23/05/2022	yes
Housing FOI	FOI-366978776	Temporary accommodation payments	01/10/2021	01/11/2021	29/10/2021	yes
Housing FOI	FOI-377828778	Council Housing Waiting Lise	11/11/2021	09/12/2021	15/11/2021	yes
Housing FOI	FOI-378155148	Temporary accommodation and social housing spending	12/11/2021	10/12/2021	08/12/2021	yes
Housing FOI	FOI-381221238	Housing Waiting Lists	25/11/2021	23/12/2021	29/11/2021	yes
Housing FOI	FOI-381473390	Temporary accommodation	26/11/2021	24/12/2021	29/11/2021	yes
Housing FOI	FOI-390499595	Rough Sleeping Support Service	05/01/2022	27/01/2022	10/01/2022	yes
Housing FOI	FOI-397481995	Housing Register	31/01/2022	28/02/2022	21/02/2022	yes
Housing FOI	FOI-399153232	Bailiff led evictions	07/02/2022	07/03/2022	07/02/2022	yes
Housing FOI	FOI-403728582	Freedom of information request	24/02/2022	25/03/2022	14/03/2022	yes
Housing FOI	FOI-404388534	Financial/other incentives for renters to downsize and free up housing for larger families	28/02/2022	24/03/2022	28/02/2022	yes
Housing FOI	FOI-404486909	Domestic Violence	28/02/2022	28/03/2022	28/03/2022	yes
Housing FOI	FOI-411351161	Social fund replacement scheme	28/03/2022	25/04/2022	01/04/2022	yes
Human Resources FOI	FOI-383345409	Policy(s) relating to absence from work for an employee participating in Medical Research for healthy Volunteers or Patients that are receiving treatment as part of a Clinical Trial.	06/12/2021	03/01/2022	11/01/2022	yes
Human Resources FOI	FOI-368648633	FOI Request Salary & Post Data for ICT and Technology Departments	07/10/2021	04/11/2021	21/10/2021	yes
Human Resources FOI	FOI-371219548	London weighting	14/10/2021	11/11/2021	21/10/2021	yes
Human Resources FOI	FOI-394285660	FOI Request: Union Time	18/01/2022	16/02/2022	03/02/2022	yes
Human Resources FOI	FOI-395167336	FOI: Strikes by council workers	21/01/2022	16/02/2022	25/01/2022	yes
Human Resources FOI	FOI-395564843	Council Workers On Strike	24/01/2022	18/02/2022	26/01/2022	yes
Human Resources FOI	FOI-395575754	Council Staff Strike	24/01/2022	17/02/2022	27/01/2022	yes
Human Resources FOI	FOI-404845068	Fraud employees	01/03/2022	29/03/2022	08/03/2022	yes
Human Resources FOI	FOI-406257338	Recruitment and retention: British Muslims	07/03/2022	04/04/2022	14/03/2022	yes
ICT FOI	FOI-370980390	FOI Request : Managing IT Assets/Equipment	13/10/2021	10/11/2021	11/11/2021	yes
ICT FOI	FOI-379469806	Malicious Email Volume	17/11/2021	13/12/2021	15/12/2021	yes

ICT FOI	FOI-385676720	Information Technology Request	16/12/2021	12/01/2022	17/01/2022	yes
ICT FOI	FOI-375278611	Watford App & Chatbot	02/11/2021	26/11/2021	24/11/2021	yes
ICT FOI	FOI-376145989	Software Systems	04/11/2021	30/11/2021	30/11/2021	yes
ICT FOI	FOI-391921845	Local Area Network	11/01/2022	03/02/2022	02/02/2022	yes
ICT FOI	FOI-398667098	Contact details	04/02/2022	04/03/2022	04/02/2022	yes
Leisure FOI	FOI-374470973	Christmas lights in Watford	28/10/2021	25/11/2021	05/11/2021	yes
Leisure FOI	FOI-374614602	Beryl Bikes	29/10/2021	26/11/2021	10/11/2021	yes
Multiple FOI	FOI-382657244	Overnight stays paid for by council	02/12/2021	30/12/2021	18/01/2022	yes
Multiple FOI	FOI-384257810	Software	09/12/2021	05/01/2022	11/01/2022	yes
Multiple FOI	FOI-388128268	Software Systems	24/12/2021	21/01/2022	26/01/2022	yes
Multiple FOI	FOI-368702670	Building Control legislation Environmental Health Laws and Public Health	07/10/2021	04/11/2021	20/10/2021	No
Multiple FOI	FOI-372433481	Head of Services	19/10/2021	10/11/2021	25/10/2021	yes
Multiple FOI	FOI-372442822	Housing, Environment, Finance, ICT & Public Health	19/10/2021	12/11/2021	28/10/2021	yes
Multiple FOI	FOI-376140989	Senior Leader Team Information	04/11/2021	29/11/2021	29/11/2021	yes
Multiple FOI	FOI-394276203	FOI Request: Council Flights	18/01/2022	16/02/2022	27/01/2022	yes
Multiple FOI	FOI-406291757	Service Level Agreements	07/03/2022	04/04/2022	04/04/2022	yes
Multiple FOI	FOI-406920264	Council Staff & IT Information	09/03/2022	06/04/2022	05/04/2022	yes
Other organisation FOI	FOI-368120117	Children and Adolescent Mental Health Service	06/10/2021	01/11/2021	06/10/2021	-
Other organisation FOI	FOI-370950733	Tribunals	13/10/2021	10/11/2021	21/10/2021	yes
Other organisation FOI	FOI-371383902	Number of traffic collisions at the junction between Haydon Road and Chalk Hill	15/10/2021	12/11/2021	20/10/2021	yes
Other organisation FOI	FOI-372672626	Freedom of Information request - Home Adaptations and Disabled Facilities Grants	20/10/2021	16/11/2021	25/10/2021	yes
Other organisation FOI	FOI-376146867	Names of Care Provider currently approved under local authority/council	04/11/2021	30/11/2021	09/11/2021	yes
Other organisation FOI	FOI-379467805	Household Support Fund	17/11/2021	15/12/2021	18/11/2021	yes
Other organisation FOI	FOI-381461269	Reablement care services	26/11/2021	24/12/2021	26/11/2021	yes
Other organisation FOI	FOI-390496234	Budget	05/01/2022	26/01/2022	06/01/2022	yes
Other organisation FOI	FOI-395584412	Council Properties	24/01/2022	17/02/2022	27/01/2022	yes
Other organisation FOI	FOI-398706000	Funding for drug and alcohol rehabilitation placements for adults	04/02/2022	04/03/2022	10/02/2022	yes
Other organisation FOI	FOI-400319066	Ethnicity breakdown of Watford primary schools	10/02/2022	11/03/2022	11/02/2022	yes

Other organisation FOI	FOI-401551262	Streetlights	16/02/2022	14/03/2022	16/02/2022	yes
Other organisation FOI	FOI-408118472	Private Residential Rehab Centres	15/03/2022	11/04/2022	15/03/2022	yes
Parking Service FOI	FOI-378776040	Car Brand	15/11/2021	13/12/2021	10/12/2021	yes
Parking Service FOI	FOI-379581464	Idle vehicles (reports and fines)	18/11/2021	15/12/2021	09/12/2021	yes
Parking Service FOI	FOI-387426707	Parking Fines	21/12/2021	18/01/2022	21/12/2021	yes
Parking Service FOI	FOI-394290672	Car Parking Charges	18/01/2022	16/02/2022	09/02/2022	yes
Parking Service FOI	FOI-396249870	Watford parking	26/01/2022	23/02/2022	21/02/2022	yes
Parking Service FOI	FOI-399945481	FOIA request into parking restrictions	09/02/2022	08/03/2022	07/03/2022	yes
Parking Service FOI	FOI-409108090	Parking - Freedom of information	18/03/2022	14/04/2022	14/04/2022	yes
Parks and Open spaces FOI	FOI-367962283	Glyphosate-based Herbicides	06/10/2021	01/11/2021	24/12/2021	yes
Parks and Open spaces FOI	FOI-397285176	Dogs - Cassiobury Park	31/01/2022	28/02/2022	10/03/2022	yes
Parks and Open spaces FOI	FOI-397335624	Allotments	31/01/2022	28/02/2022	14/03/2022	yes
Parks and Open spaces FOI	FOI-408304311	Tree Inspections - completed every three years - for Kingswood area, Watford WD25	15/03/2022	11/04/2022	22/04/2022	yes
Parks and Open spaces FOI	FOI-370954399	Graffiti Removal	13/10/2021	05/11/2021	01/11/2021	yes
Parks and Open spaces FOI	FOI-394586281	Tree Planting	19/01/2022	16/02/2022	28/01/2022	yes
Parks and Open spaces FOI	FOI-396931536	Cost of removing swastika graffiti	28/01/2022	25/02/2022	21/02/2022	yes
Parks and Open spaces FOI	FOI-402109150	Tree Planting/Clearing	18/02/2022	16/03/2022	16/03/2022	yes
Parks and Open spaces FOI	FOI-403339907	No mow May	23/02/2022	23/03/2022	28/02/2022	yes
Revenues FOI	FOI-370977123	Freedom of Information Act request	13/10/2021	05/11/2021	02/12/2021	yes
Revenues FOI	FOI-380504076	Council Tax Credits	22/11/2021	20/12/2021	21/12/2021	yes
Revenues FOI	FOI-385802113	CV19 Grants/Funding given for Business in Watford	16/12/2021	13/01/2022	20/01/2022	yes
Revenues FOI	FOI-398479128	Revenues & Benefits Information	03/02/2022	01/03/2022	23/05/2022	yes
Revenues FOI	FOI-399812980	Council Tax Property Information	09/02/2022	07/03/2022	16/06/2022	yes
Revenues FOI	FOI-368134494	Businesses that have been newly responsible for business rates	06/10/2021	03/11/2021	12/10/2021	yes
Revenues FOI	FOI-376148229	NDR credit	04/11/2021	02/12/2021	09/11/2021	yes
Revenues FOI	FOI-376149811	Council Tax refunds	04/11/2021	02/12/2021	02/12/2021	No
Revenues FOI	FOI-376150165	NDR occs and relief	04/11/2021	02/12/2021	09/11/2021	yes
Revenues FOI	FOI-376150519	Council tax occs and relief	04/11/2021	02/12/2021	23/11/2021	yes
Revenues FOI	FOI-377692780	Abandoned Houses	10/11/2021	08/12/2021	12/11/2021	yes
Revenues FOI	FOI-379468746	Empty Property	17/11/2021	15/12/2021	15/12/2021	yes
Revenues FOI	FOI-387709073	Business rates for independent charity schools	22/12/2021	19/01/2022	22/12/2021	yes

Revenues FOI	FOI-391918258	Business Rates Credits	11/01/2022	07/02/2022	11/01/2022	yes
Revenues FOI	FOI-394282844	Empty Properties	18/01/2022	16/02/2022	19/01/2022	yes
Revenues FOI	FOI-395733672	FAO Business Rates Information	24/01/2022	21/02/2022	21/02/2022	yes
Revenues FOI	FOI-400535282	CCMCC - County Court Money Claims Centre	11/02/2022	10/03/2022	16/02/2022	yes
Revenues FOI	FOI-402243949	Commercial Property Freedom of Information Act Request - Watford Borough Council 18.02.22	18/02/2022	21/03/2022	23/02/2022	yes
Revenues FOI	FOI-404505065	Council Tax Bands	28/02/2022	28/03/2022	24/03/2022	yes
Revenues FOI	FOI-410147192	Council Tax accounts on Direct Debit	23/03/2022	18/04/2022	29/03/2022	yes
Revenues FOI	FOI-410154325	Council Tax Receipts	23/03/2022	20/04/2022	29/03/2022	yes
Service Transformation FOI	FOI-383745829	FOI On Office Space Occupied by Authority	07/12/2021	03/01/2022	11/01/2022	yes
Service Transformation FOI	FOI-385669672	Asbestos in Council buildings	16/12/2021	12/01/2022	03/02/2022	yes
Service Transformation FOI	FOI-393271213	Request for information regarding public toilet complaints	14/01/2022	11/02/2022	23/02/2022	yes
Service Transformation FOI	FOI-396786558	Energy costs	28/01/2022	25/02/2022	11/04/2022	yes
Service Transformation FOI	FOI-397352809	Publicly-owned buildings and spaces	31/01/2022	28/02/2022	10/03/2022	yes
Service Transformation FOI	FOI-398649713	Assets of Community Value Register	04/02/2022	04/03/2022	14/03/2022	yes
Service Transformation FOI	FOI-399753575	Street Name Changes	09/02/2022	07/03/2022	16/03/2022	yes
Service Transformation FOI	FOI-405170701	Most valuable council assets	02/03/2022	30/03/2022	07/04/2022	yes
Service Transformation FOI	FOI-411722535	Cost of bids associated with 'levelling up'	29/03/2022	26/04/2022	19/05/2022	yes
Service Transformation FOI	FOI-367488588	Details of Land and Buildings leased or sold by Watford Borough Council	04/10/2021	02/11/2021	02/11/2021	yes
Service Transformation FOI	FOI-374119800	Firewall, Anti-virus, and Enterprise Agreement	27/10/2021	24/11/2021	15/11/2021	yes
Service Transformation FOI	FOI-374592855	Cassiobury Park Management Documents	29/10/2021	25/11/2021	24/11/2021	yes
Service Transformation FOI	FOI-380065610	Use of council-based intelligence hubs	19/11/2021	17/12/2021	17/12/2021	yes
Service Transformation FOI	FOI-382391751	Freedom of Information request - Buildings sold	01/12/2021	27/12/2021	22/12/2021	yes
Service Transformation FOI	FOI-382885710	Facilities Management	03/12/2021	30/12/2021	24/12/2021	yes
Service Transformation FOI	FOI-395557306	Provision of Services	24/01/2022	21/02/2022	21/02/2022	yes
Service Transformation FOI	FOI-395579592	Housing Repairs	24/01/2022	18/02/2022	26/01/2022	yes
Service Transformation FOI	FOI-396684912	Performance Management	27/01/2022	22/02/2022	17/02/2022	yes
Service Transformation FOI	FOI-396767999	IT	28/01/2022	25/02/2022	24/02/2022	yes
Service Transformation FOI	FOI-396772487	Procurement weightings for social value	28/01/2022	25/02/2022	17/02/2022	yes
Service Transformation FOI	FOI-399759467	Community Toilet Scheme	09/02/2022	07/03/2022	23/02/2022	yes
Service Transformation FOI	FOI-402110906	Clean Desk Audits	18/02/2022	16/03/2022	14/03/2022	yes

Service Transformation FOI	FOI-404768993	Empty Commercial Buildings 01/03/22	01/03/2022	29/03/2022	21/03/2022	yes
Service Transformation FOI	FOI-406518118	FOI - Print Contracts	08/03/2022	05/04/2022	30/03/2022	yes
Transport and Infrastructure FOI	FOI-393948941	Street lighting columns and CCTV columns	17/01/2022	15/02/2022	16/02/2022	yes
Transport and Infrastructure FOI	FOI-374370082	Electric vehicle charging infrastructure	28/10/2021	25/11/2021	05/11/2021	yes
Transport and Infrastructure FOI	FOI-376139974	Electric Vehicle Charging Contact	04/11/2021	29/11/2021	10/11/2021	yes
Transport and Infrastructure FOI	FOI-377871167	CCTV footages of an accident on Rickmansworth road	11/11/2021	09/12/2021	16/11/2021	No
Transport and Infrastructure FOI	FOI-378775014	CCTV	15/11/2021	13/12/2021	23/11/2021	yes
Transport and Infrastructure FOI	FOI-382246933	CCTV Camera Coverage and Expenditure	30/11/2021	29/12/2021	10/12/2021	yes
Transport and Infrastructure FOI	FOI-383148422	Extension to Callowland CPZ NA results of voting	04/12/2021	03/01/2022	10/12/2021	yes
Transport and Infrastructure FOI	FOI-384848037	Electric Car Ownership	13/12/2021	10/01/2022	15/12/2021	yes
Transport and Infrastructure FOI	FOI-387438432	CCTV	21/12/2021	18/01/2022	14/01/2022	yes
Transport and Infrastructure FOI	FOI-394290994	Traffic Cameras	18/01/2022	16/02/2022	20/01/2022	yes
Transport and Infrastructure FOI	FOI-411675214	EV Chargers	29/03/2022	26/04/2022	31/03/2022	yes
Waste and Recycling FOI	FOI-372441430	Recycling	19/10/2021	12/11/2021	19/10/2021	yes
Waste and Recycling FOI	FOI-372748226	Waste Collection Staff	21/10/2021	16/11/2021	05/11/2021	yes
Waste and Recycling FOI	FOI-372802924	Missed bin collections	21/10/2021	17/11/2021	17/11/2021	yes
Waste and Recycling FOI	FOI-372873026	Waste Management	21/10/2021	18/11/2021	21/10/2021	yes
Waste and Recycling FOI	FOI-372895007	Garden Waste Collection	21/10/2021	17/11/2021	25/10/2021	yes
Waste and Recycling FOI	FOI-373026004	Recycling	22/10/2021	17/11/2021	25/10/2021	yes
Waste and Recycling FOI	FOI-374595441	Vehicles	29/10/2021	25/11/2021	24/11/2021	yes
Waste and Recycling FOI	FOI-375279987	Christmas Market Parking	02/11/2021	26/11/2021	05/11/2021	yes
Waste and Recycling FOI	FOI-376142663	Number of Vehicular Transport Operated	04/11/2021	29/11/2021	24/11/2021	yes

Waste and Recycling FOI	FOI-393392842	Recycling	14/01/2022	14/02/2022	27/01/2022	yes
Waste and Recycling FOI	FOI-394290136	Bin collection rates	18/01/2022	16/02/2022	19/01/2022	yes
Waste and Recycling FOI	FOI-394578875	Bin Collections	19/01/2022	16/02/2022	19/01/2022	yes
Waste and Recycling FOI	FOI-394869653	Incineration of non-recycleable household waste	20/01/2022	17/02/2022	27/01/2022	yes
Waste and Recycling FOI	FOI-395578312	Tip & Bins	24/01/2022	18/02/2022	27/01/2022	yes
Waste and Recycling FOI	FOI-395582713	Disposing of Items	24/01/2022	17/02/2022	17/02/2022	yes
Waste and Recycling FOI	FOI-401963289	Vehicle Fleet Information and Governance	17/02/2022	11/03/2022	23/02/2022	yes
Waste and Recycling FOI	FOI-403383316	Recycling	23/02/2022	16/03/2022	28/02/2022	yes
Waste and Recycling FOI	FOI-407952371	Textile Recycling	14/03/2022	11/04/2022	16/03/2022	yes
Waste and Recycling FOI	FOI-411703201	Textile Recycling Policy	29/03/2022	22/04/2022	29/03/2022	yes

**TOTAL RECEIVED**

**RESPONDED LATE NOT RESPONDED TO LISTED FIRST**

<b>356</b>	<b>73</b>	<b>4</b>	<b>98.9% RESPONDED TO</b>	<b>20.7% LATE</b>	<b>4 NOT RESPONDED 1.1%</b>
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<b>Broken Down by Month</b>	<b>FOI Submissions</b>	<b>FOI Responded</b>
Mar-22	39	39
Feb-22	55	53
Jan-22	83	81
Dec-21	47	47
Nov-21	64	64
Oct-21	68	68
<b>TOTAL</b>	<b>356</b>	<b>352</b>

**Freedom of Information Act 2000 (FOIA)**  
**Environmental Information Regulations 2004 (EIR)**  
**Decision notice**

**Date:** 27 June 2022

**Public Authority:** Watford Borough Council  
**Address:** Town Hall  
Watford  
WD17 3EX

**Complainant:** [REDACTED]  
**Address:** [REDACTED]

**Decision (including any steps ordered)**

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1. The complainant requested information from Watford Borough Council ("the Council") about planning applications relating to a specific address. The Council disclosed some information in response, but withheld the enforcement file relating to the property. Subsequently, during the course of the Commissioner's investigation, it disclosed the enforcement file. It redacted some information from one document within the enforcement file - "the uniform report" - on the basis that it was third party personal data. Its position was that no other information was held, falling within the scope of the request. Subsequently, it identified a small amount of information which it considered may be relevant to the request but had not been disclosed, specifically three photographs of the property.
2. The Commissioner's decision is that the Council should have considered the request under the EIR rather than FOIA. With regard to the uniform report, he is satisfied that some information was correctly redacted under the exception for third party personal data: regulation 13 of the EIR. However, since it failed to disclose the three photographs at the time of the request, the Council has breached regulation 5(2) of the EIR.
3. The Commissioner has decided that the photographs located by the Council fall within the scope of the request and should be considered for

disclosure, as set out below. Apart from these photographs, he is satisfied that, on the balance of probabilities, the Council holds no further relevant information.

4. The Commissioner requires the Council to take the following step to ensure compliance with the legislation.
  - Disclose to the complainant, or cite a valid EIR exception under which they may be withheld, the three photographs that it has located during the course of the Commissioner's investigation.
5. The Council must take this step within 35 calendar days of the date of this decision notice. Failure to comply may result in the Commissioner making written certification of this fact to the High Court pursuant to section 54 of FOIA and may be dealt with as a contempt of court.

## **Request and response**

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6. On 30 March 2021, the complainant wrote to the Council and requested information in the following terms:

"I am writing to file a freedom of information request in relation to all planning applications relating to [redacted], submitted on or after 2012. I require the following details:

Any and all communications in relation to this property, to include but not be limited to the following:

- Any internal notes/minutes/information explaining how the case officer was chosen
- Internal communications between planning department staff, or any other council staff
- Any communications between council staff/planning officers and any individuals objecting any planning applications
- Any communications between council staff/planning officers and any other members of the public relating to this property. Including, but not limited to: telephone calls, emails, postal letters, anything else
- Any site meetings that took place in relation to this property, including, date, location, names of all people present and anything else. Site meetings to include meetings with the neighbours



- Any details of how site visits were arranged-either at the address above or neighbours properties
  - Any phone conversations between objectors and the council/planning staff
  - Any other communications in relation to this property
  - Any internal reports generated in relation to this property
  - Any communications relating to any decision notice for this property
  - Any and all information held on file about planning applications for this property on or after 2012”.
7. The Council responded on 14 April 2021. It provided some information within the scope of the request, advised the complainant that some of the information was available to them by other means and, for some of the documents, asked them to confirm whether they would like a copy.
  8. The complainant requested an internal review on 15 April 2021 on the basis that they believed the Council held further information within the scope of the request, including about a site visit. They also asked the Council to produce information about the contact the case officer had had with the neighbours: “I would also request a written statement from [redacted] outlining the contact he has had with the neighbours”.
  9. On 21 April 2021 the Council wrote to the complainant. It provided a statement from the case officer regarding contact with the neighbours and also stated it was withholding information regarding enforcement as it related to an ongoing case.
  10. On 21 April 2021 the complainant queried the responses provided regarding their request of 30 March 2021. In addition to asking for information about which officer had responded to their request, the complainant clarified that they had expected their request to cover internal communications and commented:

“To clarify my position further, I know and can prove that you still have not provided me with all the information you hold on this case-I know information is being withheld.”
  11. On 19 May 2021 the Council responded again to the complainant. It provided information about its handling of the request, commenting:

"As the case officer made contact with the neighbour via a telephone call which was recalled from memory this was additional information given to you to try and be helpful when we did not need to reveal it.

It is not council policy for officers to take written site notes when out on site visits, or make notes of phone conversations. We have not intentionally withheld any information from you that we have recorded electronically regarding the neighbours as you have stated below."

12. The complainant referred the matter to the Commissioner.

### **Scope of the case**

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13. The complainant contacted the Commissioner on 4 June 2021 to complain about the way his request for information had been handled.

14. On 2 September 2021, having been made aware of the complainant's complaint to the ICO, the Council explained its intention to disclose the enforcement file relating to the property, which it had previously said, in April 2021, it was withholding as it related to an ongoing case. The Council explained that it had redacted some information from one document within the enforcement file - the uniform report - and that it had redacted information from this report under the exemption at section 40(2) of FOIA: third party personal data. The enforcement file including the redacted uniform report was disclosed in September 2021.

15. The complainant responded on 2 September 2021:

"Thank you for your email and for the information... My main complaint was not about the enforcement file.

My complaint was about communications the case officer (not enforcement officer) had with the neighbours. I am certain that the case officer either withheld or destroyed information about his communications with the neighbours and or objectors to my planning application.

In Watford's response to me they say they only have evidence of 2 site visits, but in their emails to me they mention 3 site visits. I also know the case officer was in direct communication with the neighbours and I am certain there are emails between the parties that have not been disclosed to me, amongst other things."

16. The Council confirmed that "no documents have been withheld or destroyed". The Council subsequently identified a small amount of

information which it considered may be relevant to the request but had not been disclosed, specifically three photographs of the property.

17. This decision notice covers whether the requested information is environmental. It also covers whether some information has correctly been redacted as being third party personal data, and covers whether the Council holds any further recorded information falling within the scope of the request.

## **Reasons for decision**

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### **Regulation 2(1) – definition of environmental information**

18. Regulation 2(1) of the EIR provides the following definition of environmental information:

“...any information in written, visual, aural, electronic or any other material form on-

(a) the state of the elements of the environment, such as air and atmosphere, water, soil, land, landscape and natural sites including wetlands, coastal and marine areas, biological diversity and its components, including genetically modified organisms, and the interaction among these elements;

(b) factors, such as substances, energy, noise, radiation or waste, including radioactive waste, emissions, discharges and other releases into the environment, affecting or likely to affect the elements of the environment referred to in (a);

(c) measures (including administrative measures), such as policies, legislation, plans, programmes, environmental agreements, and activities affecting or likely to affect the elements and factors referred to in (a) and (b) as well as measures or activities designed to protect those elements...”

19. It is important to ensure that requests for information are handled under the correct access regime. This is particularly important when refusing to provide information, since the reasons why information can be withheld under FOIA (the exemptions) are different from the reasons why information can be withheld under the EIR (the exceptions). In

addition, there are some procedural differences affecting how requests should be handled.

20. The Commissioner has produced guidance<sup>1</sup> to assist public authorities and applicants in identifying environmental information. The Commissioner's well-established view is that public authorities should adopt a broad interpretation of environmental information, in line with the purpose expressed in the first recital of the Council Directive 2003/4/EC, which the EIR enact.
21. The Commissioner notes that the requested information comprises information on planning applications.
22. The Commissioner is satisfied that the information being requested would relate to both measures and activities affecting the environment.
23. The Commissioner is therefore satisfied that the requested information falls within the definition at regulation 2(1)(c) and that the request therefore fell to be considered under the EIR.
24. The Commissioner notes that the Council cited section 40(2) FOIA as a reason for withholding some information contained in the uniform report. In light of his conclusion above, he has used his discretion to consider whether this information is exempt under the similar provision contained in the EIR: regulation 13. He has also considered other aspects of the handling of the request, explained in the Scope of the Case section above, in line with the provisions of the EIR.

### **Regulation 13 personal data**

25. Regulation 13(1) of the EIR provides that information is exempt from disclosure if it is the personal data of an individual other than the requester and where one of the conditions listed in regulation 13(2A), 13(2B) or 13(3A) is satisfied.
26. In this case the relevant condition is contained in regulation 13(2A)(a)<sup>2</sup>. This applies where the disclosure of the information to any member of the public would contravene any of the principles relating to the

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<sup>1</sup>

[https://ico.org.uk/media/fororganisations/documents/1146/eir\\_what\\_is\\_environmental\\_information.pdf](https://ico.org.uk/media/fororganisations/documents/1146/eir_what_is_environmental_information.pdf)

<sup>2</sup> As amended by Schedule 19 Paragraph 307(3) DPA 2018.

processing of personal data ('the DP principles'), as set out in Article 5 of the UK General Data Protection Regulation ('UK GDPR').

27. The first step for the Commissioner is to determine whether the withheld information constitutes personal data as defined by the Data Protection Act 2018 ('DPA'). If it is not personal data then regulation 13 of the EIR cannot apply.
28. Secondly, and only if the Commissioner is satisfied that the requested information is personal data, he must establish whether disclosure of that data would breach any of the DP principles.

### **Is the information personal data?**

29. Section 3(2) of the DPA defines personal data as:

"any information relating to an identified or identifiable living individual".

30. The two main elements of personal data are that the information must relate to a living person and that the person must be identifiable.
31. An identifiable living individual is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of the individual.
32. Information will relate to a person if it is about them, linked to them, has biographical significance for them, is used to inform decisions affecting them or has them as its main focus.
33. The withheld information in this case comprises the following information, redacted from the uniform report: the name and telephone number of a third party in a note about a phone call a Council employee had with that third party, the name and contact details of a third party who reported a concern to planning enforcement, the content of the email they sent about this concern which included identifiable details about the nature of their concern and a Council summary of the issues raised by the third party, which again included identifiable details about the nature of their concern.
34. Having considered the withheld information, the Commissioner is satisfied that this information both relates to and identifies the individuals concerned. This information therefore falls within the definition of 'personal data' in section 3(2) of the DPA.

35. The fact that information constitutes the personal data of an identifiable living individual does not automatically exclude it from disclosure under the EIR. The second element of the test is to determine whether disclosure would contravene any of the DP principles.
36. The most relevant DP principle in this case is principle (a).

**Would disclosure contravene principle (a)?**

37. Article 5(1)(a) of the GDPR states that:

“Personal data shall be processed lawfully, fairly and in a transparent manner in relation to the data subject”.

38. In the case of an EIR request, the personal data is processed when it is disclosed in response to the request. This means that the information can only be disclosed if to do so would be lawful, fair and transparent.
39. In order to be lawful, one of the lawful bases listed in Article 6(1) of the UK GDPR must apply to the processing. It must also be generally lawful.
40. In addition, if the requested data is special category data, in order for disclosure to be lawful and compliant with principle (a), it also requires an Article 9 condition for processing.

**Is the information special category data?**

41. Information relating to special category data is given special status in the UK GDPR.
42. Article 9 of the UK GDPR defines ‘special category’ as being personal data which reveals racial, political, religious or philosophical beliefs, or trade union membership, and the genetic data, biometric data for the purpose of uniquely identifying a natural person, data concerning health or data concerning a natural person’s sex life or sexual orientation.
43. Having considered the wording of the request, and viewed the withheld information, the Commissioner finds that the requested information does not include special category data.
44. As none of the withheld information is special category data, the Commissioner has gone on to consider whether there is an Article 6 basis for disclosing the withheld information.

**Lawful processing: Article 6(1)(f) of the UK GDPR**

45. Article 6(1) of the UK GDPR specifies the requirements for lawful processing by providing that “processing shall be lawful only if and to

the extent that at least one of the" lawful bases for processing listed in the Article applies.

46. The Commissioner considers that the lawful basis most applicable is basis 6(1)(f) which states:

"processing is necessary for the purposes of the legitimate interests pursued by the controller or by a third party except where such interests are overridden by the interests or fundamental rights and freedoms of the data subject which require protection of personal data, in particular where the data subject is a child"<sup>3</sup>.

47. In considering the application of Article 6(1)(f) of the UK GDPR in the context of a request for information under the EIR, it is necessary to consider the following three-part test:-

- i) **Legitimate interest test:** Whether a legitimate interest is being pursued in the request for information;
- ii) **Necessity test:** Whether disclosure of the information is necessary to meet the legitimate interest in question;
- iii) **Balancing test:** Whether the above interests override the legitimate interest(s) or fundamental rights and freedoms of the data subject.

48. The Commissioner considers that the test of 'necessity' under stage (ii) must be met before the balancing test under stage (iii) is applied.

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<sup>3</sup> Article 6(1) goes on to state that:-

"Point (f) of the first subparagraph shall not apply to processing carried out by public authorities in the performance of their tasks".

However, regulation 13(6) EIR (as amended by Schedule 19 Paragraph 307(7) DPA and Schedule 3, Part 2, paragraphs 53 to 54 of the Data Protection, Privacy and Electronic Communications (Amendments etc) (EU Exit) Regulations 2019) provides that:-

"In determining for the purposes of this section whether the lawfulness principle in Article 5(1)(a) of the GDPR would be contravened by the disclosure of information, Article 6(1) of the GDPR (lawfulness) is to be read as if the second sub-paragraph (dis-applying the legitimate interests gateway in relation to public authorities) were omitted".

### **Legitimate interests**

49. In considering any legitimate interest(s) in the disclosure of the requested information under the EIR, the Commissioner recognises that such interest(s) can include broad general principles of accountability and transparency for their own sakes, as well as case-specific interests.
50. Further, a wide range of interests may be legitimate interests. They can be the requester's own interests or the interests of third parties, and commercial interests as well as wider societal benefits. They may be compelling or trivial, but trivial interests may be more easily overridden in the balancing test.
51. The Commissioner accepts that interest in transparency about how the Council handled this particular planning issue constitutes a legitimate interest in wanting to access the information and therefore this criterion is met.

### **Is disclosure necessary?**

52. 'Necessary' means more than desirable but less than indispensable or absolute necessity. Accordingly, the test is one of reasonable necessity and involves consideration of alternative measures which may make disclosure of the requested information unnecessary. Disclosure under the EIR must therefore be the least intrusive means of achieving the legitimate aim in question.
53. As the Commissioner has decided in this case that disclosure is necessary to meet the legitimate interest in disclosure, he has gone on to conduct the balancing test.

### **Balance between legitimate interests and the data subject's interests or fundamental rights and freedoms**

54. It is necessary to balance the legitimate interests in disclosure against the data subject's interests or fundamental rights and freedoms. In doing so, it is necessary to consider the impact of disclosure. For example, if the data subject would not reasonably expect that the information would be disclosed to the public under the EIR in response to the request, or if such disclosure would cause unjustified harm, their interests or rights are likely to override legitimate interests in disclosure.
55. In considering this balancing test, the Commissioner has taken into account the following factors:
  - the potential harm or distress that disclosure may cause;
  - whether the information is already in the public domain;
  - whether the information is already known to some individuals;



- whether the individual expressed concern to the disclosure; and
  - the reasonable expectations of the individual.
56. In the Commissioner's view, a key issue is whether the individuals concerned have a reasonable expectation that their information will not be disclosed. These expectations can be shaped by factors such as an individual's general expectation of privacy, whether the information relates to an employee in their professional role or to them as individuals, and the purpose for which they provided their personal data.
57. It is also important to consider whether disclosure would be likely to result in unwarranted damage or distress to that individual.
58. In this case the individuals concerned would have a reasonable expectation of privacy, they would not expect their contact with the Council to result in their personal data being disclosed to the world at large.
59. Based on the above factors, the Commissioner has determined that there is insufficient legitimate interest to outweigh the data subjects' fundamental rights and freedoms. The Commissioner therefore considers that there is no Article 6 basis for processing and so the disclosure of the information would not be lawful.
60. Given the above conclusion that disclosure would be unlawful, the Commissioner considers that he does not need to go on to separately consider whether disclosure would be fair or transparent.

### **The Commissioner's view**

61. The Commissioner has therefore decided that the Council was entitled to withhold the information under regulation 13(1), by way of regulation 13(2A)(a).

### **Regulation 5(2) – duty to make environmental information available on request**

62. Regulation 5(2) of the EIR provides that, on receipt of a request for information, a public authority must respond promptly and no later than twenty working days after the date it receives the request.
63. Following its disclosure of the redacted uniform report on 2 September 2021, the Council maintained that it held no further relevant information beyond what it had already disclosed to the complainant. After the Commissioner intervened, it identified a small amount of information which it considered may be relevant to the request but had not been disclosed, specifically three photographs of the property.

64. Specifically these are two photographs taken by the case officer on a site visit on 6 June 2019 in relation to planning application 19/00434/COU and one which he took on 17 January 2020 in relation to applications 19/01425/FULH and 19/01426/LDC.
65. The Commissioner has considered the wording of the request and notes that it included "any and all information held on file about planning applications for this property on or after 2012". He is satisfied that photographs taken on site would be captured by this.
66. The Commissioner has therefore ordered the Council to consider whether the photographs can be disclosed, in paragraph 4 of this notice.
67. In addition, since it did not identify and disclose all relevant information to the complainant within the twenty working day limit set out above, the Commissioner considers that the Council has breached regulation 5(2) of the EIR.

#### **Regulation 12(4)(a) – information not held**

68. Regulation 12(4)(a) of the EIR states that a public authority may refuse to disclose information to the extent that it does not hold that information when an applicant's request is received.
69. The complaint under consideration in this part of the notice relates to the Council's assertion that no further information within the scope of the request is held, beyond that which it has already identified and either disclosed or withheld under regulation 13 and the three photographs that it located following the Commissioner's intervention referred to above.
70. In cases where there is a dispute over whether information is held, the Commissioner applies the civil test of the balance of probabilities in making his determination. This test is in line with the approach taken by the Information Rights Tribunal when it has considered whether information is held, in cases which it has considered in the past.
71. The Commissioner will consider the complainant's evidence and arguments. He will also consider the actions taken by the public authority to check whether the information is held, and any other reasons offered by the public authority to explain why the information is not held. He will also consider any reason why it is inherently likely or unlikely that information is held.

#### The complainant's view

72. The complainant believes that the Council holds further information about site visits and communications with neighbours of the property. In

relation to site visits this is because the Council have confirmed three visits were made but said that they only hold information about two of them. The complainant also understands that the case officer was in direct communication with the neighbours so believes they also hold emails to and from the neighbours of the property.

#### The Council's view

73. The Council has explained that it is not council policy for officers to take written site notes when out on site visits, or make notes of phone conversations. It confirmed there is no business purpose nor statutory requirement for it to hold any information relating to site visits or verbal communication with any interested party. In relation to the absence of recorded information about site visits by the case officer from the Development Management Team it explained, "No notes were taken by the case officer because the visits did not suggest any discrepancies with the plans submitted and no undue harm to neighbouring amenity was identified, as noted in the officer report".
74. The Council believes that it has carried out appropriate searches likely to retrieve any relevant information. It used both the address of the property and the complainant's name to search the relevant electronic records, it explained that all information associated with a planning application would usually be held in the electronic case file but additional searches were carried out in case any documents had been misfiled. It also consulted with the relevant case officer, which led to the location of the three photographs referred to above.
75. The Council confirmed that no documents relating to any of the planning applications have been deleted or destroyed. It explained that under its internal document retention policy all emails are deleted after two years but that best practice requires officers to upload any emails relating to a planning application to the electronic case file so a copy is permanently available and remains within the planning file.

#### **The Commissioner's decision**

76. The Commissioner's remit is to establish whether, on the balance of probabilities, further information falling within the scope of the request is held.
77. He is satisfied by the Council's explanations as to how it has ensured that all information within the scope of the request has now been identified and as to why no further recorded information is held.
78. His decision is that, on the balance of probabilities, the Council is correct to state that it has identified all of the information it holds falling within

the scope of the request, save for the three photographs referred to earlier in this notice.

## Right of appeal

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79. Either party has the right to appeal against this decision notice to the First-tier Tribunal (Information Rights). Information about the appeals process may be obtained from:

First-tier Tribunal (Information Rights)  
GRC & GRP Tribunals,  
PO Box 9300,  
LEICESTER,  
LE1 8DJ

Tel: 0300 1234504

Fax: 0870 739 5836

Email: [grc@justice.gov.uk](mailto:grc@justice.gov.uk)

Website: [www.justice.gov.uk/tribunals/general-regulatory-chamber](http://www.justice.gov.uk/tribunals/general-regulatory-chamber)

80. If you wish to appeal against a decision notice, you can obtain information on how to appeal along with the relevant forms from the Information Tribunal website.

81. Any Notice of Appeal should be served on the Tribunal within 28 (calendar) days of the date on which this decision notice is sent.

Signed ...  .....

**Ben Tomes**  
**Group Manager**  
**Information Commissioner's Office**  
**Wycliffe House**  
**Water Lane**  
**Wilmslow**  
**Cheshire**  
**SK9 5AF**

# Agenda Item 6

Part A

**Report to:**               **Audit Committee**

**Date of meeting:**   **Thursday, 28 July 2022**

**Report author:**       **Group Head of Democracy and Governance**

**Title:**                   **Ombudsman's Annual Letter 2021/22**

## 1.0 **Summary**

1.1 Every year the Ombudsman sends every local authority a letter enclosing statistics relating to the number of complaints he has received and decided in the previous financial year.

1.2 Attached as appendices are a copy of that letter received on 20 July 2022 and the table of cases received and decided during that year.

## 2.0 **Risks**

2.1 Not applicable this report is for noting only

## 3.0 **Recommendations**

3.1 That the Ombudsman's Annual Letter be noted

### **Further information:**

Carol Chen

carol.chen@watford.gov.uk

Tel: 01923 278350

## 4.0 **Detailed proposal**

4.1 The council received the Ombudsman's letter on 20 July 2022. A copy is appended to the report together with statistics of the number of complaints the Ombudsman received and the number decided from 1 April 2021 to 31 March 2022.

4.2 Members will note that in 2021/22 the Ombudsman received 15 complaints and decided 15. This does not mean all cases received in this period were also decided in the same period. The decided table shows in fact, that of the 15 decided 5 were from the previous year. Of the 15 decided only 4 were investigated by the Ombudsman and of those 4, 2 were upheld. Both upheld matters were reported to Cabinet in December 2021.

## 5.0 Implications

### 5.1 Financial

5.1.1 The Shared Director of Finance comments that there are no financial implications in this report. However as with the 2 upheld cases the Ombudsman can ask the Council to compensate a complainant in circumstances where he feels the complainant has suffered distress. Such payments come from the relevant services budget.

### 5.2 Legal Issues (Monitoring Officer)

5.2.1 The Group Head of Democracy and Governance comments that there are no legal implications in this report.

### 5.3 Equalities, Human Rights and Data Protection

5.3.1 No implications.

### 5.4 Staffing

5.4.1 No implications

### 5.5 Accommodation

5.5.1 No implications

### 5.6 Community Safety/Crime and Disorder

5.6.1 No implications

### 5.7 Sustainability

5.7.1 No implications

## Appendices

- Annual Letter 2021/22
- Statistics 2021/22

## Background papers

No papers were used in the preparation of this report.

20 July 2022

*By email*

Ms Nolan  
Managing Director  
Watford Borough Council

Dear Ms Nolan

### **Annual Review letter 2022**

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2022. The information offers valuable insight about your organisation's approach to complaints. As such, I have sought to share this letter with the Leader of your Council and Chair of the appropriate Scrutiny Committee, to encourage effective ownership and oversight of complaint outcomes, which offer such valuable opportunities to learn and improve.

### **Complaint statistics**

Our statistics focus on three key areas that help to assess your organisation's commitment to putting things right when they go wrong:

**Complaints upheld** - We uphold complaints when we find fault in an organisation's actions, including where the organisation accepted fault before we investigated. We include the total number of investigations completed to provide important context for the statistic.

**Compliance with recommendations** - We recommend ways for organisations to put things right when faults have caused injustice and monitor their compliance with our recommendations. Failure to comply is rare and a compliance rate below 100% is a cause for concern.

**Satisfactory remedy provided by the authority** - In these cases, the organisation upheld the complaint and we agreed with how it offered to put things right. We encourage the early resolution of complaints and credit organisations that accept fault and find appropriate ways to put things right.

Finally, we compare the three key annual statistics for your organisation with similar authorities to provide an average marker of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.



Your annual data, and a copy of this letter, will be uploaded to our interactive map, [Your council's performance](#), on 27 July 2022. This useful tool places all our data and information about councils in one place. You can find the detail of the decisions we have made about your Council, read the public reports we have issued, and view the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

### **Supporting complaint and service improvement**

I know your organisation, like ours, will have been through a period of adaptation as the restrictions imposed by the pandemic lifted. While some pre-pandemic practices returned, many new ways of working are here to stay. It is my continued view that complaint functions have been under-resourced in recent years, a trend only exacerbated by the challenges of the pandemic. Through the lens of this recent upheaval and adjustment, I urge you to consider how your organisation prioritises complaints, particularly in terms of capacity and visibility. Properly resourced complaint functions that are well-connected and valued by service areas, management teams and elected members are capable of providing valuable insight about an organisation's performance, detecting early warning signs of problems and offering opportunities to improve service delivery.

I want to support your organisation to harness the value of complaints and we continue to develop our programme of support. Significantly, we are working in partnership with the Housing Ombudsman Service to develop a joint complaint handling code. We are aiming to consolidate our approaches and therefore simplify guidance to enable organisations to provide an effective, quality response to each and every complaint. We will keep you informed as this work develops, and expect that, once launched, we will assess your compliance with the code during our investigations and report your performance via this letter.

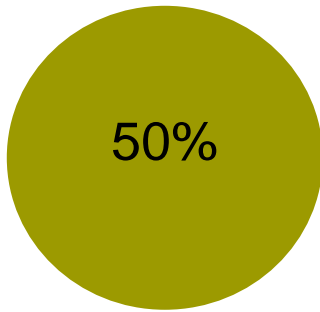
An already established tool we have for supporting improvements in local complaint handling is our successful training programme. We adapted our courses during the Covid-19 pandemic to an online format and successfully delivered 122 online workshops during the year, reaching more than 1,600 people. To find out more visit [www.lgo.org.uk/training](http://www.lgo.org.uk/training).

Yours sincerely,



Michael King  
Local Government and Social Care Ombudsman  
Chair, Commission for Local Administration in England

### Complaints upheld



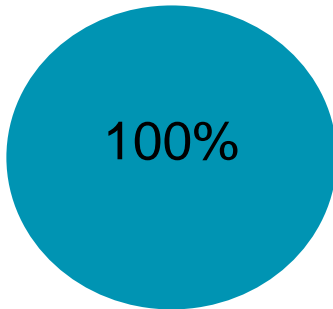
**50%** of complaints we investigated were upheld.

This compares to an average of **51%** in similar organisations.

**2**  
upheld decisions

Statistics are based on a total of **4** investigations for the period between 1 April 2021 to 31 March 2022

### Compliance with Ombudsman recommendations



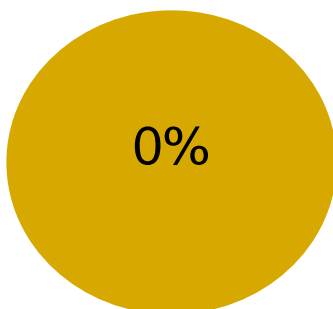
In **100%** of cases we were satisfied the organisation had successfully implemented our recommendations.

This compares to an average of **100%** in similar organisations.

Statistics are based on a total of **2** compliance outcomes for the period between 1 April 2021 to 31 March 2022

- Failure to comply with our recommendations is rare. An organisation with a compliance rate below 100% should scrutinise those complaints where it failed to comply and identify any learning.

### Satisfactory remedy provided by the organisation



In **0%** of upheld cases we found the organisation had provided a satisfactory remedy before the complaint reached the Ombudsman.

This compares to an average of **20%** in similar organisations.

**0**  
satisfactory remedy decisions

Statistics are based on a total of **2** upheld decisions for the period between 1 April 2021 to 31 March 2022

Reference	Authority	Category	Received
21001800	Watford Borough Council	Benefits & Tax	10/05/21
20010040	Watford Borough Council	Corporate & Other Services	28/06/21
21002487	Watford Borough Council	Environmental Services & Public Protection & Regulation	21/05/21
21004318	Watford Borough Council	Planning & Development	24/06/21
21005721	Watford Borough Council	Corporate & Other Services	20/07/21
21010861	Watford Borough Council	Planning & Development	02/02/22
21011540	Watford Borough Council	Environmental Services & Public Protection & Regulation	03/11/21
21012397	Watford Borough Council	Planning & Development	18/11/21
21012683	Watford Borough Council	Environmental Services & Public Protection & Regulation	02/12/21
21013248	Watford Borough Council	Housing	03/12/21
21015692	Watford Borough Council	Housing	26/01/22
21016585	Watford Borough Council	Environmental Services & Public Protection & Regulation	09/02/22
21018325	Watford Borough Council	Housing	17/03/22
21018513	Watford Borough Council	Housing	18/03/22
21018992	Watford Borough Council	Environmental Services & Public Protection & Regulation	29/03/22

Reference	Authority	Category	Decided	Decision	Decision Reason	Remedy	Service improvement recommendations
21001800	Watford Borough Council	Benefits & Tax	15/11/21	Upheld	mal & inj	distress/time and trouble	
20008429	Watford Borough Council	Highways & Transport	29/07/21	Not Upheld	no mal		
20010040	Watford Borough Council	Corporate & Other Services	19/08/21	Closed after initial enquiries	26B(2) not made in 12 months		
20011206	Watford Borough Council	Planning & Development	26/11/21	Not Upheld	no mal		
20011957	Watford Borough Council	Housing	29/10/21	Upheld	mal & inj	Financial redress: Avoidable distress/time and trouble,Apology,New appeal/review or reconsidered decision,Procedure or policy change/review	the Council has agreed to also make the following service improvement: review its guidance to staff about requesting advice from its Independent Medical Advisors.
20014545	Watford Borough Council	Corporate & Other Services	17/05/21	Closed after initial enquiries	Not warranted by alleged injustice		
21002487	Watford Borough Council	Environmental Services & Public Protection & Regulation	21/07/21	Closed after initial enquiries	Not warranted by alleged mal/service failure		
21004318	Watford Borough Council	Planning & Development	10/08/21	Closed after initial enquiries	Not warranted by alleged mal/service failure		
21005721	Watford Borough Council	Corporate & Other Services	03/09/21	Closed after initial enquiries	Other Agency better placed		
21010861	Watford Borough Council	Planning & Development	02/02/22	Referred back for local resolution	Premature Decision - referred to BinJ		
21011540	Watford Borough Council	Environmental Services & Public Protection & Regulation	03/11/21	Referred back for local resolution	Premature Decision - advice given		
21012397	Watford Borough Council	Planning & Development	07/01/22	Closed after initial enquiries	Not warranted by alleged mal/service failure		
21013248	Watford Borough Council	Housing	03/12/21	Advice given	Signpost - go to complaint handling		
21015692	Watford Borough Council	Housing	26/01/22	Referred back for local resolution	Premature Decision - advice given		
21018513	Watford Borough Council	Housing	18/03/22	Referred back for local resolution	Premature Decision - advice given		

Reference	Authority	Category	Decided	Remedy	Remedy Target Date	Remedy Achieved Date	Satisfaction with Compliance
20011957	Watford Borough Council	Housing	28-Oct-21	Financial redress: Avoidable distress/time and trouble Apology New appeal/review or reconsidered decision Procedure or policy change/review	31-Jan-22	08-Feb-22	Remedy complete and satisfied
21001800	Watford Borough Council	Benefits & Tax	15-Nov-21	Financial redress: Avoidable distress/time and trouble	15-Dec-21	15-Dec-21	Remedy complete and satisfied

# Agenda Item 7

Part A

**Report to:** Audit Committee

**Date of meeting:** Thursday, 28 July 2022

**Report author:** Fraud Manager

**Title:** Fraud Annual Report 2022

## 1.0 Summary

1.1 This report informs members of the work of the Fraud Section for the financial year 2021 to date and provides updates on progress and developments.

## 2.0 Risks

2.1

<b>Nature of risk</b>	<b>Consequence</b>	<b>Suggested Control Measures</b>	<b>Response</b> (treat, tolerate, terminate or transfer)	<b>Risk Rating</b> (combination of severity and likelihood)
Failure to note report or understand the emerging risks	A knowledge gap and lack of scrutiny could leave to a poor understanding of risks that could affect decision making.	Fraud Manager to attend committee to present report and answer questions arising.	Treat	4

## 3.0 Recommendations

To note the contents of this report.

To approve the revised Anti Fraud and Corruption Strategy , Sanctions Policy and Anti-Bribery Policy attached at appendix 1.

### **Further information:**

Garry Turner

[garry.turner@watford.gov.uk](mailto:garry.turner@watford.gov.uk)

**Report approved by: Hannah Doney**

#### 4.0 Detailed proposal

4.1 This report informs members of the work of the Fraud Section for the financial year 2021 to date and provides updates on progress and developments.

#### 4.2 Details.

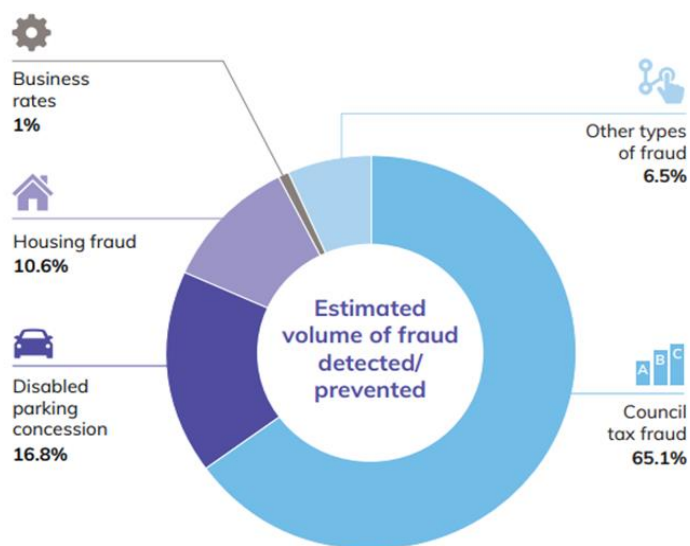
4.3 The Fraud Section is part of the shared Finance Service with Watford and Three Rivers. The details below apply to both councils unless otherwise stated.

4.4 The Councils have a zero tolerance of fraud and corruption.

4.5 Minimising fraud and irregularity is essential to ensure resources intended to provide services are maintained. Fraud is a crime that affects everyone. According to the latest annual fraud tracker which provides the latest set of government sanctioned estimates, calculated pre Covid, fraud costs the public sector at least £40.3bn annually, £7.8bn of which is specifically in local government. Shown below is the estimated volume of fraud detected by category nationally.

4.6 The harm caused by fraud is not just financial: it damages local communities, can cause reputational damage and a loss of confidence amongst the public, stakeholders and have an adverse effect on staff morale.

4.7



4.8 It is vital therefore that we have a strong anti-fraud culture underpinned with effective counter-fraud policies and good practice procedures.

4.9 Attached for approval at Appendix 1 is a revised draft Anti-Fraud & Corruption Strategy. This Anti-Fraud and Corruption Strategy is the mechanism for achieving a commitment to reduce losses to fraud and corruption to a minimum. Supporting this

strategy there are controls that individually and collectively contribute to effective control environments at both Councils, and therefore to the prevention, detection, and investigation of fraud and corruption. They include for example sound financial management, effective and well-documented internal controls and an effective Sanctions Policy.

- 4.10 Included as Appendices to the Anti-Fraud and Corruption Strategy are the Sanctions Policy and Anti-Bribery Policy. Both also have been revised. The Sanctions Policy sets out the Councils policy towards sanctions, including criminal prosecutions, relating to offences committed by both internal (e.g. employees, members, contactors, etc.) and external offenders. The Anti-Bribery Policy provides a framework to enable employees and Members to understand and implement arrangements enabling compliance.
- 4.11 The Councils Regulation of Investigatory Powers Act 2000 (RIPA) policy also has also been recently updated. Both Councils having been inspected by the IPCO (Investigatory Powers Commission Office), Watford BC in 2021 and Three Rivers DC in 2022. Refresher training was also provided to staff. It is important the policy remains current and aligns to the ever changing codes of practice.
- 4.12 For information the Council may only authorise the use of directed surveillance under RIPA to prevent or detect criminal offences that are either punishable by a maximum term of at least 6 months imprisonment or are related to the underage sale of alcohol and tobacco or nicotine inhaling products. Furthermore, where officers conduct online monitoring or investigation covertly for the purpose of a specific investigation and is likely to result in the obtaining of private information about a person or group, an authorisation for directed surveillance must now be considered. Guidance is available with the policy on the intranet.
- 4.13 In 2022 the Councils were inspected by the DVLA. The purpose of the audit was to confirm the reason for each data request we submitted, to examine what evidence was available to support these requests, and to assess whether the data being accessed and used was lawful. The assurance report received on completion confirmed no issues were observed.
- 4.14 Fraud does not fit neatly within geographical boundaries of the Councils. Therefore the fraud team have an important role in collaborative working involving the exchange of information and intelligence between the Councils and other agencies on national and local fraud and corruption activity. This may also include responding to requests for information, providing the necessary evidence and witness statements to prevent and detect crime.
- 4.15 The Councils are committed therefore to providing a proportionate and efficient value for money anti-fraud service which understands and acknowledges our fraud risks. Unfortunately, COVID-19 and the associated grants that were available



presented new opportunities for criminals. Many current and emerging risks are identified from a number of sources including the National Anti-Fraud Network (NAFN) and other law enforcement agencies. By raising awareness, we can prevent some of the most vulnerable in our communities from falling victim to Fraud. These threats are also disseminated to relevant Council staff.

- 4.16 In 2021/22 resources from the fraud section were diverted to assisting with front line services and specifically processing various grants available at that time.
- 4.17 The Test and Trace Support Payment administered was a grant available for people on low incomes who had to self-isolate because they had notified as a close contact of someone who had tested positive for COVID-19. The scheme closed on the 6 April 2022. The data below is from April 2021.

<b>TRDC</b>	
Total applications	895
Rejected:	392
Accepted:	<b>503</b>
<b>Total amount paid:</b>	<b>£251,500.00</b>
<b><u>WBC</u></b>	
<b><u>Total applications:</u></b>	<b>1570</b>
Rejected:	877
Accepted:	693
<b>Total amount paid:</b>	<b>£346,500.00</b>

- 4.18 During 2021/22 we have responded to 32 requests for intelligence. This involves sharing information legally for the correct purpose and includes providing witness testimony when required.
- 4.19 We have responded to 20 Laiefs (Local Authority Information Exchange Form) from the DWP (Department for Work and Pensions).
- 4.20 Joint working with the DWP has yet to re commence following Covid and DWP staff remaining on secondment.
- 4.21 The Council is currently investigating a cross border fraud involving applications for Business Rates Covid-19 restart grants. These grants were applied for online and 56 fraudulent applications that were made have been identified. These applications include false email addresses, contact telephone numbers and mule bank accounts. Mule bank accounts are created by criminals using stolen or synthetic identities and include a blend of legitimate and fake customer information. The matter remains under investigation with other organisations affected. It is hoped early intervention

and the sharing of relevant information nationally limited the losses and prevented £450,000 in grants being paid.

- 4.22 In respect of Council Tax Reduction, a local legal framework is in place to define who is entitled to the reduction and to reduce fraud from entering the system at inception. It is an integral part of the administration that everyone is aware and vigilant of the risks. Unfortunately, however good the administration of benefits is, it is always likely fraud will enter the system by deliberate acts.
- 4.23 A total of 137 cases relating predominantly to Council Tax Reduction were completed with savings identified through overpayments of £146,000.

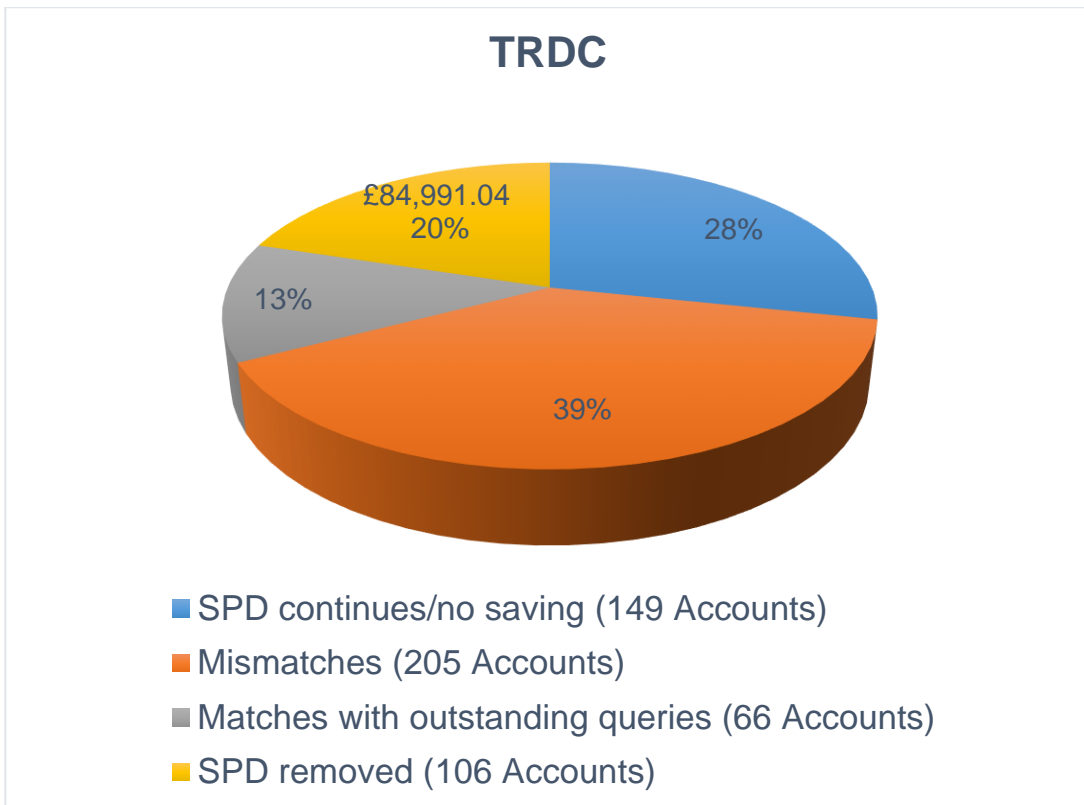
### Data Matching

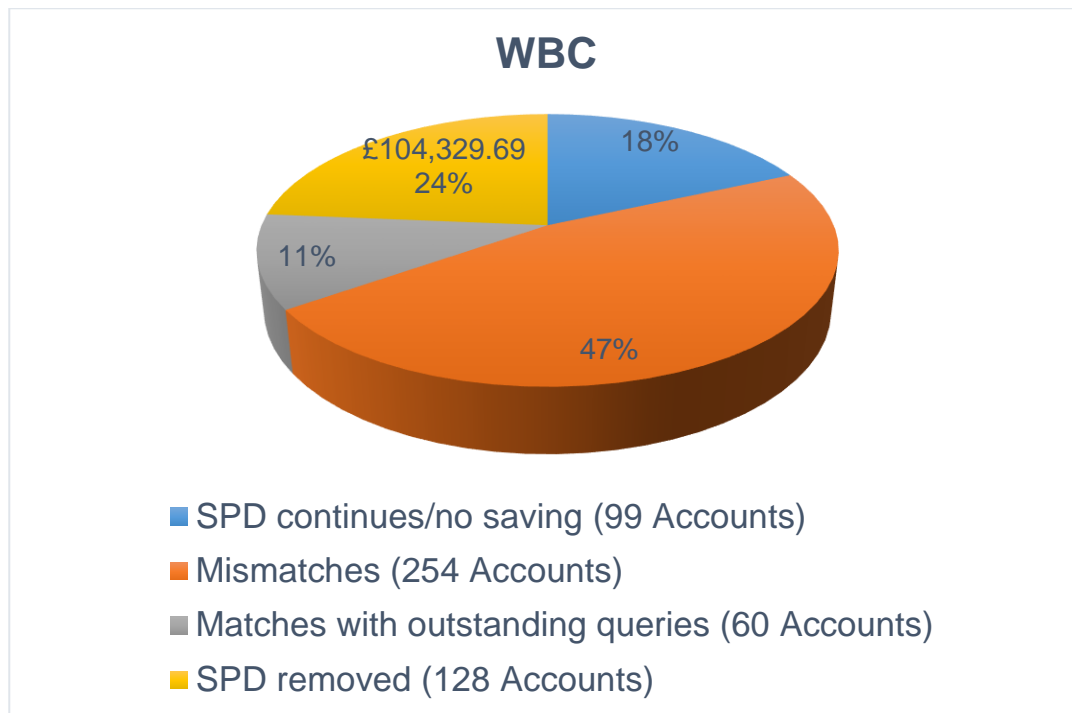
- 4.24 The service continues to take part in data-matching exercises. These include the National Fraud Initiative (NFI) which is facilitated by the Cabinet Office. It is an exercise that brings together a wide range of organisations, working together to tackle fraud using techniques to compare information about individuals held by different public bodies, and on different financial systems, to identify circumstances (matches) that might suggest the existence of fraud or error. Participants of the NFI include 1200 organisations that include for instance other local authorities, police authorities, NHS bodies etc. These matches are not just confined to fraud but also include erroneous payments in respect of creditors and payroll. These matches are likely to include grant fraud once testing is completed. Examples of some matches are shown below;

Data Match	Possible fraud/ error
Council Tax payments to payroll records, student loans, taxi drivers	Claiming discounts or reductions by failing to disclose an income
Payroll records to records of failed asylum seekers and records of expired visas	Obtaining employment while not entitled to work in the UK
Council Tax records to electoral register	A council tax payer gets single person's discount and has not declared other persons living in the property
Payroll records to other payroll records	An employee is working for TRDC/WBC but has employment elsewhere that is not declared.
Immigration matches	To identify instances where the person may not be entitled to benefit because of their immigration status.
Housing waiting lists	To identify possible cases where an individual appears to be resident at two

	different addresses. For example where an address differs from the one they have declared on their waiting list application
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- 4.25 Additional data mining is continuing in respect of Single Persons Discount (SPD). Data matching/mining allows us to better target existing and new frauds with increased volume and frequency of data. Embracing new technologies and techniques improves detection. SPD is available to Council Tax payers who are the only countable adult, over the age of 18, living at their property. People who qualify for the discount have their Council Tax bill reduced by 25%. We match Council Tax records against a variety of other data and identify addresses where the householder is in receipt of Single Persons Discount on the basis that they live alone yet intelligence suggests there is at least one other person aged 18 or over in the household.
- 4.26 The current SPD data matching exercise identified 1734 cases for review. These have identified combined savings to date of £189,500 for Three Rivers DC and Watford BC, broken down as follows:





4.27 These figures do not include estimates of the ongoing losses that would have occurred if the wrongly claimed discounts hadn't been identified and removed. All wrongly claimed discounts have to be repaid in full.

## 5.0 Implications

### 5.1 Financial

5.1.1 The Shared Director of Finance comments that there are no financial implications in this report as expenditure is contained within existing budgets.

### 5.2 Legal Issues (Monitoring Officer)

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

### 5.3 Equalities, Human Rights and Data Protection

5.3.1 Having had regard to the council's obligations under the General Data Protection Regulation (GDPR) 2018, it is considered that officers are not required to undertake a Data Processing Impact Assessment (DPIA) for this report.

### 5.4 Staffing

5.4.1 No implications.

### 5.5 Accommodation

5.5.1 No implications.

## 5.6 **Community Safety/Crime and Disorder**

5.6.1 No implications.

## 5.7 **Sustainability**

5.7.1 No implications.

## **Appendices**

- Anti-Fraud & Corruption Strategy

## **Background papers**

- Cipfa Counter Fraud Centre.



**Anti-Fraud and Corruption Strategy  
Three Rivers District Council  
Watford Borough Council**

**Table of Contents**

1. Policy Statement
2. Introduction
3. Fraud Bribery and Corruption
4. Strategic Approach
5. Who to Contact
6. Conclusion

**Appendices**

- Appendix 1 – Three Rivers District Council and Watford Borough Council Sanctions Policy  
Appendix 2 - Anti-Bribery Policy

**1. Policy Statement**

Three Rivers District Council and Watford Borough Council (the Councils) take their duty to protect public funds very seriously and are committed to a zero tolerance approach to fraud and corruption from both internal and external sources.

Any loss of funds to fraud affects the Councils ability to maintain high levels of service to their communities.

Fraud and corruption can lead to lasting reputational damage.

All Members and employees of the Councils should ensure the highest standards of stewardship of public funds.

The detection, prevention and reporting of fraud, bribery and corruption is the responsibility of all Members, employees (including casuals, temporary and agency staff), partners, and contractors of the Councils.

**2. Introduction**

The Councils are committed to promoting a strong anti-fraud and corruption culture.

This Anti-Fraud and Corruption Strategy is the mechanism for achieving this commitment and aims to reduce losses to fraud and corruption to a minimum.

There are a number of controls in place that individually and collectively contribute to effective control environments at both Councils, and therefore to the prevention, detection, and investigation of fraud and corruption.

Features of the control environment include:

- Sound systems of financial management
- Effective and well-documented internal controls
- Accountability through clear roles and responsibilities throughout the Councils
- Effective communication systems, both within the Councils and external to them
- Effective use of technology
- Effective budgetary control and performance monitoring systems
- Effective internal audit
- Sanctions Policy

All Members and employees are required to comply with the following interrelated policies and procedures:

- Council Constitution and Financial Procedure Rules
- Officers and Members Codes of Conduct
- Disciplinary Policy
- Whistleblowing Policy
- Money Laundering Policy
- Bribery Policy
- Contract Procedure Rules

### 3. Fraud, Bribery and Corruption

#### Fraud

The intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain. Put simply, fraud is an act of deception intended for personal gain or to cause a loss to another party.

The Fraud Act 2006 defines fraud in three categories:

- False representation
- Failure to disclose information where there is a legal duty to do so
- Abuse of position

#### Bribery

An inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage". The Bribery Act 2010 contains the following four categories of offence and, whilst it was updated in May 2013, these categories of offence remained unchanged:

- Offering, promising or giving a bribe to another person
- Requesting, agreeing to receive or accepting a bribe from another person
- Bribing a foreign public official
- A corporate offence of failing to prevent bribery

#### Corruption

The offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person.

### 4. Strategic Approach

In developing this Policy, we have adopted the guiding principles included in "Fighting Fraud and Corruption Locally 2020" (FFCL2020) which is the counter fraud and corruption strategy for local government. It provides a blueprint for a coordinated response to fraud and corruption perpetrated against local authorities with the support of those at the top.





## **Achieving our Objectives**

### **Govern**

The bedrock of the Strategy is that those who are charged with Governance support the activity by ensuring that there are robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.

Beating fraud is everyone's business, and the Councils internal arrangements are communicated throughout the Councils, and publicly, demonstrating a culture and commitment to preventing fraud.

The Councils have a number of robust procedures and policies in place, which combined with executive support ensure that anti-fraud, bribery and corruption measures are embedded throughout the Councils.

This acts as an effective deterrent to fraudulent and corrupt activity and provides the means for reporting, detecting and preventing fraud, bribery or corruption.

Having a holistic approach to tackling fraud is part of good governance.

### **Acknowledge**

In order to create a counter-fraud response, the Councils must acknowledge and understand fraud risks and then demonstrate this by committing the right level of resource to preventing and detecting fraud, bribery and corruption, and investigating any occurrences when found or reported.

The Councils maintain and evaluate risk registers.

The Councils have a dedicated Fraud Team with responsibility for investigation all allegations of fraud, bribery or corruption.

This ensures the Councils are effective in protecting the public purse and fighting economic crime, and heightens the Councils fraud resilience.

Reactive referrals are a primary source of work and provide good leads. It is often the alertness of the public and employees that generate these referrals and enables detection of fraud, bribery or corruption to occur.

### **Prevent**

Fraud can be prevented and detected by enhancing fraud controls and processes, making better use of information and technology and developing a more effective anti-fraud culture.

The Councils have a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure that proper arrangements are made for the Council's financial affairs. In addition, under the Accounts and Audit (England) Regulations, the Councils are required to maintain an adequate and effective internal audit of all its financial records and systems of internal control. Therefore the councils have implemented sound financial systems and procedures which incorporate efficient and effective internal controls.

In addition to the above responsibilities and requirements the Councils have a number of controls and policies and procedures in place as outlined in section 2.

The Councils promote an anti-fraud culture across both the Councils and the community by publicising the impact of fraud on the community.

Employees, Members, public, service users, partners, suppliers, contractors and consultants can raise any concerns via the confidential fraud hotline or online.

All employees are required to undertake mandatory training which includes;

- Fraud, Anti-fraud, Corruption and Money Laundering Awareness
- Code of Conduct
- Cyber Crime and Cyber Security
- Information Security
- Data Protection Act 2018 - GDPR

The Councils participate in national data matching exercises coordinated by the Cabinet Office (National Fraud Initiative) as well as using data analytics and new technology to combat fraud.

The Councils are members of the National Anti-Fraud Network (NAFN) who provide an extensive range of data and intelligence services to local authorities. NAFN also provides regular intelligence alerts providing information about fraud, risks and trends which may affect members.

Where appropriate the Fraud Team disseminate information, and alerts, regarding emerging and new fraud risks throughout the Councils.

Additionally the team are the single point of contact in respect of intelligence enquiries, and data sharing, for law enforcement agencies, the Department for Work and Pensions (DWP), Her Majesties Revenues and Customs (HMRC), other local authorities and government departments.

While prevention is one of the most important objectives of the Strategy, it is appropriate to also focus efforts on detection, and encourage the reporting of suspected cases of fraud, bribery and corruption from both within the Councils and from external sources.

## **Pursue**

Stopping fraud and corruption from happening in the first place must be our primary aim. However, those who keep on trying may still succeed. It is, therefore, essential that a robust enforcement response is available to pursue fraudsters and deter others.

The Councils will always seek the strongest possible sanction against any individual or organisation that defraud or attempt to defraud the Councils. Any decision to take legal action against offenders is made in accordance with the Councils Sanctions Policy.

A further element of the Council's response to tackling fraud is seeking financial redress. The recovery of defrauded monies is an integral part of the Strategy, and action will be taken to recover losses. Where criminality has been proven then the Proceeds of Crime Act 2002 can be used to recover funds.

Other methods of recovery may include, but are not confined to, civil proceedings; unlawful profit orders and compensation orders, bankruptcy if it is believed the individual has a poor history of paying and recovery from future salary payments.

The Councils Fraud Team are responsible for the detection, investigation, pursuit and prosecution of those responsible of committing fraud against the Councils.

And where appropriate they work jointly with, or assist; law enforcement agencies, the Department for Work and Pensions (DWP), Her Majesties Revenues and Customs (HMRC), other local authorities and government departments, in the investigation, pursuit, and prosecution of offenders.

## **Protect**

The Councils are committed to protecting public funds by protecting the Councils against serious and organised crime, fraud and cyber-crime, and from future frauds. The Councils are also committed to protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.

This theme lies across the pillars of this Strategy

## 5. Who to Contact

### Fraud

Allegations of Council Tax Reduction fraud, Council Tax frauds, Blue Badge fraud, Community Infrastructure Levy fraud, Grant Fraud, Business Rates, etc. are referred to the Fraud Team by email, or phone.

Customers, suppliers, contractors, stakeholders and members of the public can also report concerns online at [www.threerivers.gov.uk](http://www.threerivers.gov.uk) or [www.watford.gov.uk](http://www.watford.gov.uk) or via the confidential Fraud Hotline 0800 458 9200 or by email [fraud@threerivers.gov.uk](mailto:fraud@threerivers.gov.uk) or [fraud@watford.gov.uk](mailto:fraud@watford.gov.uk).

Allegations of state benefit fraud are referred to the DWP

It is important to remember it is better to be proved wrong over genuine concerns than keep quiet and be proved right when fraud later comes to light.

### Whistleblowing

The Whistleblowing Policy is intended to encourage and enable staff to raise serious concerns within the Councils. Whistleblowing can be used for confidential reporting, to report any concern relating to possible fraud, bribery, corruption, misconduct or mal-practice/administration. We will treat all concerns or suspicions with discretion and in confidence.

Whilst intended primarily for Council employees, the reporting arrangements set out in the Whistleblowing Policy are also open to any member of the public, elected Member or representative of any organisation associated with either Council. The Councils also have Complaints Procedures which may be followed by members of the public.

Employees reporting concerns in this way are afforded certain rights under the Public Interest Disclosure Act 1998. See Whistleblowing Policy for full details.

Concerns should be reported to either: the Chief Executive (Three Rivers), the Chief Executive (Watford) or the Director of Finance. These officers will decide the most appropriate method for dealing with the concern.

A whistleblower may call the confidential Fraud Hotline (0800 458 9200) or contact the Fraud Team, if that is easier for them.

The Councils have the resources and expertise to investigate any concern internally. If a whistleblower feels it right to raise the matter externally, or have raised it internally but feel that it has not been properly investigated, there are a number of possible contact points including; Elected Members, the External Auditor and the Police, see Whistleblowing policy for full list.

### Bribery

The Councils are committed to the prevention, deterrence and detection of bribery. We have zero-tolerance towards bribery. The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all staff including temporary agency staff, contractors, Members, volunteers and consultants. All staff and members are required to avoid activity that breaches this policy.

Employees should normally report any concerns to their immediate manager for the matter to be dealt with. Line Managers must not investigate any suspected case of bribery but must refer it immediately to the Director of Finance, the Chief Executive (Three Rivers District Council) or the Chief Executive (Watford) who will decide what further action is to be taken.

If employees feel unable to do this, e.g. they feel that their manager may be implicated or they have already done so but do not feel that the matter has been properly dealt with; they can then use the whistleblowing process to report any concern.

## **Money Laundering**

The Councils are committed to the prevention of money laundering and to working with the appropriate authorities to apprehend those who commit offences under the anti-money laundering regulations.

Money Laundering is generally defined as the process by which the proceeds of crime and the true ownership of those proceeds are changed so that the proceeds appear to come from a legitimate source.

The Money laundering Policy applies to all Council staff and to elected Members. The key requirement for staff is to report any suspected money laundering activity to the Money Laundering Reporting Officer (MLRO). In the case of both Councils the MLRO is the Director of Finance.

See the Councils Money Laundering Policy for full details.

## **6. Conclusion**

**By adopting this Strategy the Councils will manage the risk of fraud, bribery and corruption by:**

- Developing and maintaining a culture in which fraud and corruption are unacceptable
- Understand the harm that fraud can do in the community
- Understanding our fraud risk
- Preventing fraud more effectively
- Using technology to improve our response
- Sharing information and resources more effectively
- Better detecting fraud loss
- Bringing fraudsters to account more quickly and efficiently
- Improving the recovery of losses
- Protecting those at risk.

This policy should be read in conjunction with the Councils Sanctions Policy, Anti-Bribery Policy, Whistleblowing Policy and Anti-Money Laundering Policy.

### Three Rivers District Council and Watford Borough Council Sanctions Policy

#### Introduction

Three Rivers District Council and Watford Borough Council (the Councils) are committed to preventing fraud and corruption and have developed an Anti-Fraud and Corruption Strategy in order to minimise its occurrence. This Sanctions Policy forms part of this strategy and sets out the Councils policy towards sanctions, including criminal prosecutions, relating to offences committed by both internal (e.g. employees, members, contactors, etc.) and external offenders.

Due to the high risk of fraud the Councils are committed to protecting the public funds they administer through the prevention, detection, deterrence and investigation of fraud. This includes:

- Internal fraud
- Council Tax Reduction fraud
- Council Tax Discounts and Exemptions Fraud
- Council Tax evasion Fraud
- Disability Facility Grants Fraud
- Business Rate Fraud
- Community Infrastructure Levy fraud
- Blue Badge Fraud
- Residents parking Fraud
- Grant Fraud
- Housing

This policy will govern the use of all sanctions available to the Councils and will apply to any fraud against the Councils, and the public funds they administer.

The objectives of this policy are to:

- Ensure sanctions are imposed in a just and consistent manner.
- Ensure that the sanction decision-making process is stringent, robust and transparent.
- Ensure that sanctions are applied cost-effectively and with efficiency.

The Councils Fraud Team are responsible for investigation of allegations of fraud within the Councils.

The Fraud Manager is responsible for ensuring investigations into suspected fraud are conducted professionally in accordance with the:

- Police and Criminal Evidence Act 1984 (PACE),
- Criminal Procedures in Investigations Act 1996 (CPIA),
- Regulatory Investigators Power Act 2000 (RIPA).
- Data Protection Act 2018.
- IPA 2016.
- Human Rights Act 1998.

Each case is unique and will be considered on its facts and merits. Investigators must be fair, independent and objective. They must not let any political views or personal views about the ethnic or national origin, sex, religious beliefs, disability or the sexual orientation of the suspect, victim or witness influence their decisions. They must not be affected by improper or undue pressure from any source.

Where necessary, the Fraud Team will work with other departments within the Councils, and in co-operation with other organisations such as the Police, Department for Work and Pensions (DWP), Home Office, Her Majesty's Revenue and Customs (HMRC), and other Local Authorities. Also Financial Investigators may be used and/or the Police in situations where their additional powers are required to secure evidence, or recovery of funds, or where the matter cannot be adequately pursued by the Councils.

## **Sanctions**

A range of sanctions are available to the Councils, these include:

- Prosecution
- Official cautions
- Financial penalties for Council Tax Reduction Scheme fraud
- Disciplinary action
- Civil proceedings

In some cases more than one form of sanction may be appropriate. For example if a member of staff has defrauded the Councils, it may be appropriate to consider disciplinary, prosecution, and criminal or civil recovery action, depending on the circumstances.

It is the policy of the Councils that where there is prima facie evidence that a criminal offence has been committed then the case will be referred for prosecution.

The sanction decision will have regard at all times to the Councils Anti-Fraud & Corruption Strategy, the individual circumstances of each case and the overall impact of the punishment to both the individual and the community.

## **Prosecution**

One sanction available to the Councils is a criminal prosecution. We recognise that this is a serious step to take, and the decision to refer cases for prosecution will not be taken lightly.

The ultimate decision on prosecution will be made by the relevant prosecuting body.

Any matters considered for prosecution will be subject to **the Code for Crown Prosecutors**; the evidential test and the public interest test, and each case will be considered on its own merits.

**The Code for Crown Prosecutors** is a public document, issued by the Director of Public Prosecutions that sets out the general principles Crown Prosecutors should follow when they make decisions on cases.

## **Formal Caution**

A Formal Caution is an oral warning (of which a written record is made), given in certain circumstances to a person who has committed an offence.

A caution can be considered when:

- There is sufficient evidence to justify instituting criminal proceedings;
- The person has admitted the offence during an interview under caution and agrees to the caution.
- The offence is not considered to be of a serious nature and/or any loss to the Councils is low enough that it may not be in the public interest to prosecute.
- There are no previous convictions or cautions for fraud.
- There was no other person involved in the fraud.

If the person is subsequently prosecuted for another fraud offence, the caution may be cited in court.

## **Financial penalties for Council Tax Reduction Scheme fraud**

A Financial Penalty can be offered as an alternative to prosecution for cases of Council Tax Reduction Scheme fraud. The amount of penalty that can be offered is set by legislation.

An offer of a Financial Penalty as an alternative to prosecution can be considered when:

- There is sufficient evidence to justify instituting criminal proceedings.
- There has been an overpayment due to the alleged fraud, or there has been an alleged attempt to fraudulently claim a Council Tax Reduction.
- The offence is not considered to be of a serious nature and/or the overpayment is low enough that it may not be in the public interest to prosecute.
- There are no previous convictions, cautions, or Financial Penalties for fraud

If the person offered the penalty refuses to accept it criminal proceedings will be instituted.

The Penalty is payable in addition to any Council Tax Reduction overpayment and any failure to repay the debt may result in civil proceedings being taken.

If the person is subsequently prosecuted for another fraud offence, the Financial Penalty may be cited in court.

### **Employee Fraud and Corruption**

In all cases of fraud, theft, financial misconduct, serious and intentional breach of financial regulations, and corruption committed by officers, members, contractors or organisations (e.g. suppliers, service providers, etc) we will seek action.

In addition to disciplinary action specifically against staff the Councils will consider all the available sanctions, including prosecution. Where a case is considered suitable for prosecution we will refer the case to the relevant prosecuting body.

Where a financial loss has been identified, we will always seek to recover this loss either through civil or criminal proceedings.

### **Other Fraud**

In the event of any fraud against the Councils not explicitly mentioned in this policy, the Councils will consider all the available sanctions, including prosecution. This will also include cases of attempted fraud, e.g. false applications for services.

In cases where the Council suffers a financial loss, we will always seek recovery.

### **Working in Partnership with other Agencies**

The Council may investigate cases involving state benefits jointly with the DWP, in these cases prosecutions will be carried out by the Crown Prosecution Service, and any penalties will be issued by agreement with the DWP.

Where necessary, the Council will also work closely with other organisations such as the Police, Home Office, HMRC, and other local authorities in order to develop and promote an anti-fraud culture and to further prevent, detect and deter fraud.

This policy should be read in conjunction with the Council's Anti-Fraud and corruption policy, Anti-Bribery Policy, Whistleblowing Policy, and Anti-Money Laundering Policy.

### **Conclusion**

The Councils will seek to deter fraud via the pursuit of prosecution or the imposition of Financial Penalties and Formal Cautions in cases where all the criteria has been met. The criteria that have been established are designed to ensure that the correct cases are brought to court, and that the Council acts in a positive way to actively deter the genuine and deliberate fraudster.

**THREE RIVERS DISTRICT COUNCIL  
WATFORD BOROUGH COUNCIL  
ANTI-BRIBERY POLICY**

**1. Introduction Policy Statement**

Bribery is a criminal offence. Three Rivers District Council and Watford Borough Council (the Councils) do not, and will not, pay bribes or offer improper inducements to anyone for any purpose nor do they or will they accept bribes or improper inducements.

To use a third party as a conduit to channel bribes to others is a criminal offence. The Councils do not, and will not, engage indirectly in or otherwise encourage bribery.

The Councils are committed to the prevention, deterrence and detection of bribery. We have zero-tolerance towards bribery. We aim to maintain anti-bribery compliance as business as usual, rather than as a one-off exercise.

**2. Aims**

This policy provides a framework to enable employees and Members to understand and implement arrangements enabling compliance.

We require all staff, including temporary agency staff and all contractors and their employees working on behalf of the Councils and all elected members to:

- Act honestly and with integrity at all times and to safeguard the Councils resources for which they are responsible.
- Comply with the spirit, as well as the letter, of the laws and regulations in respect of the lawful and responsible conduct of activities.

**3. Scope**

This policy applies to all of the Councils functions. For Members, partners, joint ventures and suppliers, we will seek to promote the adoption of policies consistent with this policy. Within the Councils the responsibility to control the risk of bribery occurring rests at all levels. This policy covers all staff including temporary agency staff, contractors, Members, volunteers and consultants. The Councils commit to:

- Setting out a clear anti-bribery policy and keeping it up to date
- Making all employees and members aware of their responsibilities to adhere strictly to this policy at all times
- Enabling all employees and members to recognise and avoid the use of bribery by themselves and others
- Encouraging all employees and Members to be vigilant and to report any suspicions of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately
- Rigorously investigating instances of alleged bribery
- Taking firm and vigorous action against any individual(s) involved in bribery
- Providing information to all employees and Members on how to report breaches and suspected breaches of this policy

**4. What is Bribery?**

Bribery is an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage.

**The Bribery Act**

<http://www.legislation.gov.uk/ukpga/2010/23/contents>

There are four key offences under the Act:

- Bribery of another person (section 1)
- Accepting a bribe (section 2)
- Bribing a foreign official (section 6)
- Failing to prevent bribery (section 7)



The Bribery Act 2010 makes it an offence to offer, promise or give a bribe (Section 1). It also makes it an offence to request, agree to receive, or accept a bribe (Section 2). Section 6 of the Act creates a separate offence of bribing a foreign public official with the intention of obtaining or retaining business or an advantage in the conduct of business.

There is also a corporate offence under Section 7 of failure by a commercial organisation to prevent bribery that is intended to obtain or retain business, or an advantage in the conduct of business, for the organisation. This is what is known as a strict liability offence. This means that there is no need to prove negligence or management complicity. An organisation will have a defence to this corporate offence if it can show that it had in place adequate procedures designed to prevent bribery by or of persons associated with the organisation.

### **Are the Councils commercial organisations**

The Councils are commercial organisations in all of their financial and contractual activity including those activities or services undertaken on their behalf.

## **5. Anti-Bribery Procedures**

The Councils procedures cover six principles.

### **Proportionality**

The Councils have procedures in place to prevent bribery by persons associated with it. These are proportionate to the bribery risks faced by the Councils and to the nature, scale and complexity of the Councils activities. They are also clear, practical, accessible, effectively implemented and enforced.

### **Top level commitment**

The top-level management should be committed to preventing bribery by persons associated with it. They foster a culture within the Councils in which bribery is never acceptable.

### **Risk Assessment**

The nature and extent of the Councils exposure to potential external and internal risks of bribery on its behalf by persons associated with it is periodically assessed. This includes financial risks but also other risks such as reputational damage.

### **Due diligence**

The Councils take a proportionate and risk based approach, in respect of persons who perform or will perform services for or on behalf of the Councils, in order to mitigate identified bribery risks.

### **Communication (including training)**

The Councils seek to ensure that their bribery prevention policies and procedures are embedded and understood throughout the Councils through internal and external communication, including training that is proportionate to the risks they face.

### **Monitoring and review**

Procedures designed to prevent bribery are monitored and reviewed and improvements are made where necessary.

## **6. Penalties**

An individual guilty of an offence under sections 1, 2 or 6 is liable:

- On conviction in a magistrates court, to imprisonment for a maximum term of 12 months (six months in Northern Ireland), or to a fine not exceeding £5,000, or to both.
- On conviction in a crown court, to imprisonment for a maximum term of ten years, or to an unlimited fine, or both.

The Councils, if convicted under sections 1, 2 or 6 will also face the same level of fines and, if guilty of an offence under section 7, is liable to an unlimited fine.

## **7. Bribery is not tolerated**

It is unacceptable to:

- Give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given
- Give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to facilitate or expedite a routine procedure
- Accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them
- Accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return
- Retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy
- Engage in activity in breach of this policy.

## **8. Facilitation payments**

Facilitation payments are not tolerated and are illegal. Facilitation payments are unofficial payments made to public officials in order to secure or expedite actions.

## **9. Gifts and hospitality**

This policy is not meant to change the requirements of the Councils gifts and hospitality policy.

## **10. Responsibilities**

The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for the Councils or under its control, they should actively avoid breaches of this policy.

You must:

- Ensure that you read, understand and comply with this policy
- Raise concerns as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future. As well as the possibility of civil and criminal prosecution, staff that breach this policy will face disciplinary action, which could result in dismissal for gross misconduct.

## **11. Raising a concern**

The Councils are committed to ensuring that all employees, organisation or persons associated with the Councils business have a safe, reliable, and confidential way of reporting any suspicious activity.

We all have a responsibility to help detect, prevent and report instances of bribery. If you have a concern regarding a suspected instance of bribery or corruption, please speak up – your information and assistance will help. The sooner you act, the sooner it can be resolved.

Concerns can be anonymous. In the event that an incident of bribery, corruption, or wrongdoing is reported, we will act as soon as possible to evaluate the situation. We have clearly defined procedures for investigating fraud, misconduct and non-compliance issues and these will be followed in any investigation of this kind.

You should normally report any concerns to your immediate manager for the matter to be dealt with. Line Managers must not investigate any suspected case of Bribery but must refer it immediately to the Director of Finance, or the relevant Chief Executive (Three Rivers and Watford) who will decide what further action is to be taken. If you feel unable to do this, e.g. you feel that your manager may be implicated or you have already done so but do not feel that the matter has been properly dealt with; you can then use the whistleblowing process to report any concern.

You are encouraged to put your name to any issue raised. Anonymous concerns are much less powerful and are often difficult to follow up, especially if further information is required.

Staff who refuse to accept or offer a bribe, or those who raise concerns or report wrongdoing can understandably be worried about the repercussions. The Councils aim to encourage openness and will support anyone who raises a genuine concern in good faith under this policy, even if they turn out to be mistaken.

The Councils are committed to ensuring nobody suffers detrimental treatment through refusing to take part in bribery or corruption, or because of reporting a concern in good faith.



**Watford Borough Council**  
**2021/22 Annual Assurance Statement and Internal**  
**Audit Annual Report**

**28 July 2022**

**Recommendations**

Members are recommended to:

Note the Annual Assurance Statement and Internal Audit Annual Report

Note the results of the self-assessment required by the Public Sector Internal Audit Standards (PSIAS) and the Quality Assurance and Improvement Programme (QAIP)

Approve the SIAS Audit Charter 2022/23

Seek management assurance that the scope and resources for internal audit were not subject to inappropriate limitations in 2021/22

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## Appendices

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- C Position against Public Sector Internal Audit Standards as at May 2022
  
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## 1. Purpose and Background

### Purpose of Report

#### 1.1 This report:

- a) Details the Shared Internal Audit Service's (SIAS) overall opinion on the adequacy and effectiveness of Watford Borough Council's (the Council) framework of governance, risk management and control. Reference is made to significant matters and key themes
- b) Shows the outcomes of the self-assessment against the Public Sector Internal Audit Standards (PSIAS) incorporating the requirements of the Quality Assurance and Improvement Programme (QAIP).
- c) Summarises the audit work that informs this opinion.
- d) Shows SIAS performance in respect of delivering the Council's audit plan.
- e) Presents the 2022/23 Audit Charter for approval.

### Background

- 1.2 A key duty of the Chief Audit Executive (the Council's Client Audit Manager) is to provide an annual internal audit opinion, concluding on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. This opinion informs the conclusions of the Council's Annual Governance Statement.
- 1.3 In preparing this annual report, it is important to acknowledge the challenges presented to Local Authorities in responding to COVID-19, which continued to impact the Council during 2021/22. Whilst the Council has essentially returned to business as usual, some changes to governance structures and internal control arrangements in response to the challenges presented by the pandemic would have been operating during 2021/22.
- 1.4 The assurance opinion in this report is based on internal audit work undertaken during 2021/22. The Audit Plan continued to give sufficient assurance on the Council's management of its key risks. Also considered is any relevant work undertaken in 2022/23 before the Audit Committee report deadline.
- 1.5 As reported to the Audit Committee in July 2021, SIAS changed the scale and definitions of assurance ratings used to communicate the results of audit assignments from 1 April 2021. This change was in response to the CIPFA publication in April 2020, "Internal Audit Engagement Opinions – Setting Common Definitions", where CIPFA recommended that a standard range of opinions and definitions were used by Internal Audit teams with the intention of:
  - Increasing confidence amongst audit committee members and managers that the engagement opinion issued is consistently applied.

- Assist the sharing, comparability and understanding of assurances across public bodies.
  - Supporting audit committee members and senior managers in their understanding of audit reports, in particular those that sit on more than one public sector audit committee, or in respect of partnerships and joint ventures.
  - Supporting the training of internal audit staff, helping to drive up the quality and consistency of audit opinions, and facilitate staff moving across different internal audit teams.
  - Reducing disruption when changing internal audit provider
- 1.6 The associated definitions for the opinions of Substantial, Reasonable, Limited and No assurance, can be found within Appendix B of this report.
- 1.7 SIAS is grateful for the co-operation and support it has received from client officers during 2021/22.

## 2. Annual Assurance Statement 2021/22

### Context

#### *Scope of responsibility*

- 2.1 Council managers are responsible for ensuring Council business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. They are also responsible for ensuring internal controls are robust and risk management arrangements are appropriate.

#### *Control environment*

- 2.2 The control environment comprises three key areas: governance, risk management, and internal control. Together these aim to manage risk to an acceptable level, but it is accepted that it is not possible to completely eliminate it.
- 2.3 A robust control environment helps ensure that the Council's policies, priorities, and objectives are achieved.

#### *Review of effectiveness*

- 2.4 The Client Audit Manager must confirm annually that the internal audit function is suitably qualified to carry out the work that informs the assurance opinion.
- 2.5 As part of our Quality Assurance and Improvement Programme, a self-assessment was conducted against the Public Sector Internal Audit Standards (PSIAS). The PSIAS encompass the mandatory elements of the Chartered Institute of Internal Auditors (CIIA) International

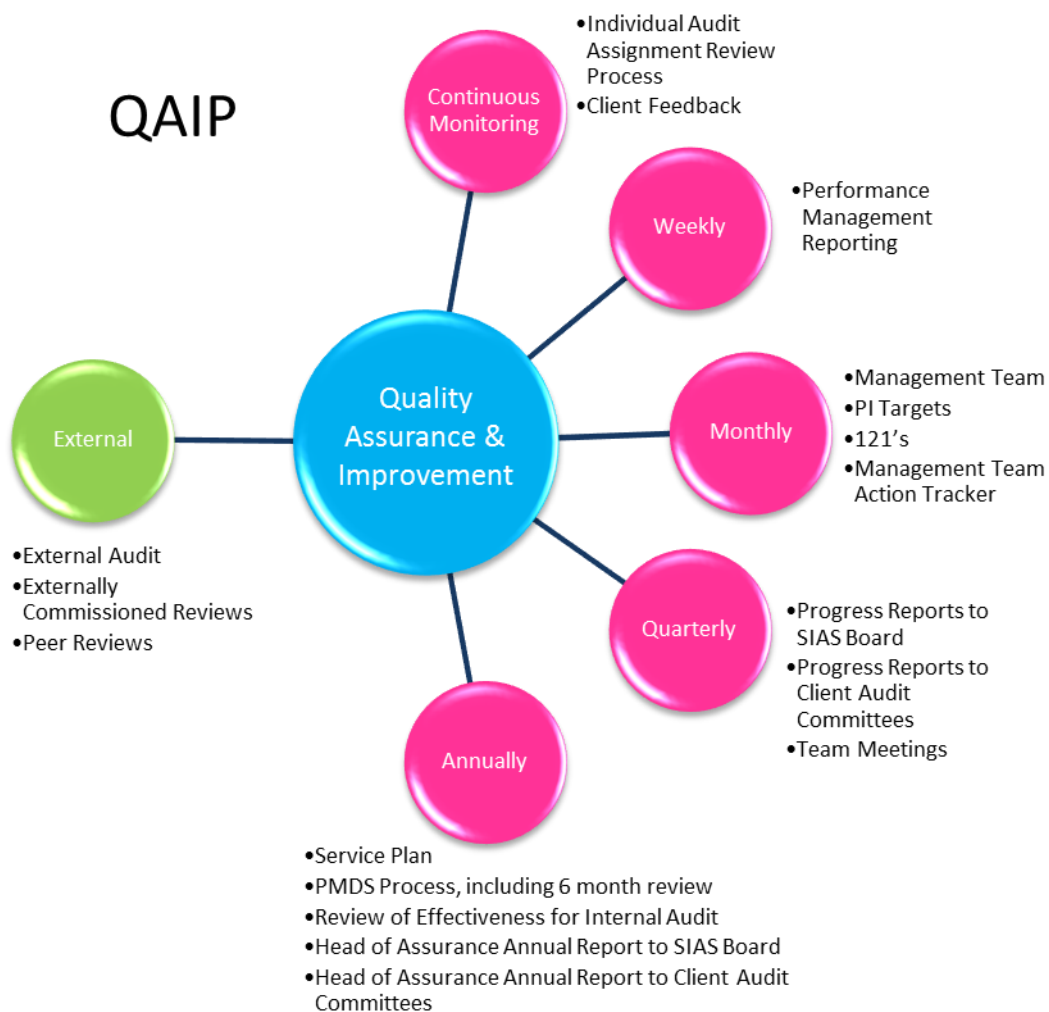
Professional Practices Framework (IPPF). They promote professionalism, quality, consistency and effectiveness of internal audit across the public sector. They also highlight the importance of robust, independent and objective internal audit arrangements to provide senior management with the key assurances needed to support them in both managing the organisation and producing the Annual Governance Statement.

- 2.6 The PSIAS also requires that the SIAS be subject to an external quality assessment (EQA) at least once every five years. This should be conducted by a qualified, independent assessor or assessment team from outside the organisation. This review was completed in June 2021 (the previous review being undertaken in 2015/16), with the result of the assessment reported to the Audit Committee in November 2021.
- 2.7 The EQA outcomes concluded that SIAS 'partially conforms' to the PSIAS. The findings that led to this conclusion largely related to defining the role of the Chief Audit Executive, the Audit Committee, and reflecting this in the Audit Charter. Associated recommendations made in the peer review were subsequently addressed in year, permitting SIAS to 'generally conform' to the Standards. 'Generally conforms' is the highest opinion within the scale of three ratings, and the peer review also identified areas of good practice and high standards.
- 2.8 Within the EQA report, the assessors provided ratings of 'generally conforms' (the highest rating) for 36 of the 43 PSIAS standards, and 'partially conforms' for the remaining seven standards. The assessors concluded that revisions to Audit Charter would address the three relevant areas of partial conformance that would allow SIAS to self-assess as generally conforms. The revisions to the Audit Charter were completed, presented to, and approved by the Audit Committee in November 2021.
- 2.9 In respect of the remaining four areas of partial conformance, these were not deemed material by the assessors to the overall assessment rating, but nevertheless were identified as areas for further development. These have been addressed in year by SIAS as part of our service plan activities.
- 2.10 Based on the results of the 2022/23 PSIAS self-assessment, the Head of Assurance (HCC) has concluded that SIAS 'generally conforms' to the PSIAS, including the Definitions of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing. 'Generally conforms' is the highest rating and means that SIAS has a charter, policies and processes assessed as conformant to the Standards and is consequently effective.
- 2.11 The self-assessment identified two areas of agreed non-conformance, these reflecting the unique nature of a partnership arrangement and are not considered material. These are detailed in Appendix C. There are no significant deviations from the Standards which warrant inclusion in the Council's Annual Governance Statement.



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

2.12 The SIAS QAIP includes both internal and external monitoring and reporting to assess the efficiency and effectiveness of internal audit activity and identify opportunities for improvement. The diagram below details the methods used to monitor and report on these. Detailed information outlining activity in each area is contained in the SIAS Audit Manual.



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

2.13 The Client Audit Manager confirms that during the year:

- No matters threatened SIAS's independence; and
- SIAS was not subject to any inappropriate scope or resource limitations.

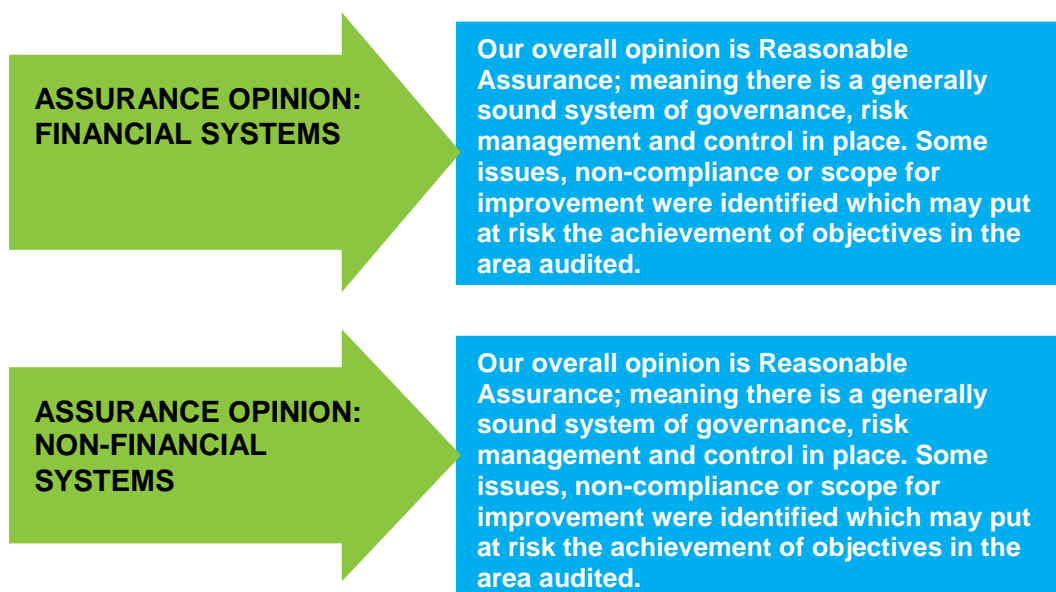
## Annual Assurance Statement and Internal Audit Annual Report - Watford Borough Council

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### Annual Assurance Statement for 2021/22

#### *Assurance opinion on internal control*

- 2.14 Based on the internal audit work undertaken at the Council in 2021/22, SIAS can provide the following opinion on the adequacy and effectiveness of the Council's control environment, broken down between financial and non-financial systems.



#### *Assurance opinion on Corporate Governance and Risk Management*

- 2.15 SIAS has concluded that the corporate governance and risk management frameworks substantially comply with the CIPFA/SOLACE best practice guidance on corporate governance. This conclusion is based on the work undertaken by the Council and reported in its Annual Governance Statement for 2021/22. Although no specific review of risk management was carried out by SIAS during the year, risk management arrangements are considered during annual audit planning and delivery of individual audit assignments.

**Alan Cooper**  
**Chief Audit Executive (Client Audit Manager)**  
**July 2022**

### 3. Overview of Internal Audit Activity at the Council in 2021/22

- 3.1 This section summarises work undertaken at the Council by SIAS in 2021/22. It highlights any significant internal control matters and opportunities for improvement.
- 3.2 Appendix A shows the final position against the agreed revised audit plan, assurance levels and the number of recommendations made. A summary of assurance levels and recommendation priorities is shown in the tables below (2020/21 data in brackets).

<b>Assurance Level</b>	<b>Number of reports 2021/22 (2020/21 data in brackets)</b>	<b>Percentage of reports 2021/22 (2020/21 data in brackets)</b>
Substantial	4 (8)	25% (42%)
Reasonable	11 (9)	69% (47%)
Limited	1 (0)	6% (0%)
No	0 (0)	0% (0%)
Not Assessed	0 (0)	0% (0%)
Not Complete	0 (2)	0% (11%)
<b>Total</b>	<b>16 (19)</b>	<b>100% (100%)</b>

<b>Recommendation Priority Level</b>	<b>Number of recommendations 2021/22 (2020/21 data in brackets)</b>	<b>Percentage of recommendations made 2021/22 (2020/21 data in brackets)</b>
Critical	0 (0)	0% (0%)
High	5 (0)	14% (0%)
Medium	17 (17)	47% (61%)
Low	14 (11)	39% (39%)
<b>Total</b>	<b>36 (28)</b>	<b>100% (100%)</b>

- 3.3 **The Reasonable assurance opinion overall on financial systems** has been concluded from six financial systems audits completed in the year. Five received Reasonable assurance and one received Substantial assurance. No Critical or High priority recommendations were made in these audits.
- 3.4 **The Reasonable assurance opinion overall on non-financial systems** has been concluded from ten audits where an assurance opinion has been given. Three received Substantial assurance, six Reasonable assurance and one Limited assurance. Five high priority recommendations were made in these audits, four in the Operational Building Compliance audit and one in the Safeguarding audit.

Audit Recommendations

- 3.5 Members will be aware that a final audit report is issued when it has been agreed by management; this includes an agreement to implement the recommendations made. It is the responsibility of Officers to implement the recommendations by the agreed date. Members will continue to receive updates on the implementation progress of all audit recommendations through the SIAS Progress Reports to the Audit Committee.
- 3.6 As with many other areas of the Council's operations, the impacts of COVID-19 and the move to hybrid working arrangements resulted in SIAS continuing to review and adjust the approach to audits. Social distancing requirements and the move to hybrid working resulted in SIAS undertaking audits through remote approaches, such as MS Teams. Whilst a different approach, this did not present significant issues in relation to conducting our work.
- 3.7 For some audits, lower evidence bases were used for compliance testing, due to the practical difficulties of obtaining the required evidence, with data analytics used where appropriate to provide whole population testing.

## 4. Performance of the Internal Audit Service in 2021/22

Performance indicators

- 4.1 The table below compares SIAS's performance at the Council against the 2021/22 targets set by the SIAS Board.

Indicator	Target 2021/22	Actual to 31 March 2022
<b>1 SIAS Planned Days</b> – percentage of actual billable days delivered against planned billable days.	<b>95%</b>	<b>98%</b> (224.5 / 230 days delivered)
<b>2 SIAS Planned Projects</b> – actual completed projects to draft report stage against planned completed projects.	<b>95%</b>	<b>100%</b> (16 / 16 projects to draft)
<b>3 SIAS Annual Plan</b> – presented to the March Audit Committee or the first meeting of the financial year should a March committee not meet.	<b>Deadline met</b>	<b>Yes</b>

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<p><b>4 Client Satisfaction</b> - client satisfaction questionnaires returned at 'satisfactory overall' level (minimum of 39/65 overall).</p>	<p><b>100%</b></p>	<p><b>100%</b> (based on 4 received out of 12 issued).</p>
<p><b>5 Head of Assurance's Annual Report</b> – presented at the first Audit Committee meeting of the financial year.</p>	<p><b>Deadline met</b></p>	<p><b>Yes</b></p>
<p><b>6 Number of High Priority Audit Recommendations agreed</b></p>	<p><b>95%</b></p>	<p><b>100%</b> (5 made in the year)</p>

Service Developments

4.2 During 2021/22 the main service and development activities for SIAS included:

- a) Organisational Change – the Service was restructured during the Autumn, partly as a response to changes in client commissions and budgetary pressures, but also recognition that the Service needed to re-skill staff in areas such as data analytics and assurance mapping. As part of the above changes SIAS will be following a “grow your own” strategy, looking to develop staff from the bottom of the structure to progress through the different levels of the Service. A Training & Development Strategy has also been produced to build staff skills and knowledge to support the above Strategy.
- b) Recruitment and Retention – in addition to the above, several staff have left the Service for new jobs during 2021/22. The current market is widely recognised as very challenging, however the Service has successfully recruited two new Trainees and a new Client Audit Manager during the last six months, as well as internal promotions for three staff members.
- c) External Quality Assessment (EQA) – As part of the terms of reference for the review, the Head of Assurance Services took the opportunity to ask the assessors to expand the remit of the assessment to look at improvement opportunities for the partnership, beyond just the requirements of PSIAS. Key changes prompted through this review include revisions to the audit planning process (improving the visibility of the links to risk registers, corporate objectives, and other assurance provision), review of the existing processes for customer feedback on the audit service and updates to the audit manual to support staff new to management / supervisory activities.
- d) Ways of Working – like other services, SIAS has considered how best to operate following the relaxation of COVID-19 home working

arrangements. As part of this, the Service has recently moved from being based at Robertson House in Stevenage to County Hall in Hertford. SIAS staff are now returning to the office when needing to collaborate, under an overall hybrid working arrangement. Visits to client premises have also resumed and are being made when it is beneficial to do so.

- e) Data Analytics – SIAS continue to progress the adoption of data analytics into the audit process where this is deemed feasible. Data analytics is a powerful tool which can be incorporated into the audit process and enhances the ability to carry out whole population testing and continuous auditing. This in turn can enhance the assurance provided on the management of risk and controls. The above is being supported through close collaboration with our colleagues in the Local Authority Chief Auditors Network, our co-sourced audit partner (BDO) and training and development for our audit staff.

## **5. Audit Charter 2022/23**

- 5.1 The PSIAS require a local authority to formally adopt an Audit Charter which covers the authority and responsibility for an internal audit function.
- 5.2 The SIAS Audit Charter sets out the framework within which it discharges its internal audit responsibilities to those charged with governance in the partner councils. It details the permanent arrangements for internal audit and key governance roles and responsibilities to ensure the effectiveness of internal audit provision.
- 5.3 The Audit Charter is reviewed annually. The review in May 2022 did not result in any changes and the 2022/23 Charter is attached at Appendix D.

**APPENDIX A – FINAL POSITION AGAINST THE COUNCIL’S 2021/22 AUDIT PLAN**

**Watford Borough Council Audit Plan – 2021/22**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	STATUS/COMMENT
		C	H	M	LA		
<b>Key Financial Systems</b>							
Benefits (shared services plan)	Reasonable	0	0	2	0	13	Final Report Issued *
Council Tax (shared services plan)	Reasonable	0	0	1	0	13	Final Report Issued *
Creditors (shared services plan)	Reasonable	0	0	2	1	10	Final Report Issued *
Main Accounting (shared services plan)	Reasonable	0	0	0	3	10	Final Report Issued *
NDR (shared services plan)	Reasonable	0	0	1	0	13	Final Report Issued
Payroll (shared services plan)	Substantial	0	0	0	2	10	Final Report Issued *
<b>Operational Audits</b>							
Asset Management System Data						1	Audit Cancelled
CIL Spend						1	Audit Cancelled
Customer Services Digitalisation - Follow Up	Substantial	0	0	0	1	7	Final Report Issued
Development Management Enforcement						0	Audit Cancelled
Operational Buildings Compliance	Limited	0	4	3	0	10	Final Report Issued *

**APPENDIX A – FINAL POSITION AGAINST THE COUNCIL’S 2021/22 AUDIT PLAN**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	STATUS/COMMENT
		C	H	M	LA		
Payroll System (shared services plan)	Substantial	0	0	0	1	12	Final Report Issued
Procurement Cards (shared services plan)	Reasonable	0	0	2	1	8	Final Report Issued *
Project Management – Oxhey Activity Park	Substantial	0	0	0	1	12	Final Report Issued
Safeguarding	Reasonable	0	1	1	1	8	Final Report Issued *
Single Homelessness Pathway	Reasonable	0	0	1	0	10	Final Report Issued *
<b>Procurement / Contract Management Audits</b>							
Contract Waivers	Reasonable	0	0	1	1	8	Final Report Issued *
Veolia Contract Payments	Reasonable	0	0	1	0	9	Final Report Issued
<b>IT Audits</b>							
Cyber Security (shared services plan)	Reasonable	0	0	2	2	15	Final Report Issued *
<b>Contingency</b>							
Unused Contingency (shared services plan)						5	
<b>Shared Learning / Joint Reviews</b>							



**APPENDIX A – FINAL POSITION AGAINST THE COUNCIL’S 2021/22 AUDIT PLAN**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	STATUS/COMMENT
		C	H	M	LA		
Shared Learning / Joint Reviews	-	-	-	-	-	4	Complete
<b>Follow Up Audits</b>							
Follow Up of Audit Recommendations	-	-	-	-	-	9	Complete
<b>Strategic Support</b>							
2022/23 Audit Planning	-	-	-	-	-	6	Complete
Annual Governance Statement	-	-	-	-	-	3	Complete
Audit Committee	-	-	-	-	-	10	Complete
Head of SIAS Opinion 2020/21	-	-	-	-	-	3	Complete
Monitoring and Client Meetings	-	-	-	-	-	9	Complete
SIAS Development	-	-	-	-	-	3	Complete
<b>2020/21 Projects Requiring Completion</b>							
2020/21 Projects Requiring Completion (5 days WBC, 8 days shared services plan)	-	-	-	-	-	13	Complete
<b>Total</b>		<b>0</b>	<b>5</b>	<b>17</b>	<b>14</b>	<b>235</b>	

## APPENDIX A – FINAL POSITION AGAINST THE COUNCIL’S 2021/22 AUDIT PLAN

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\* At Draft Report stage at 31 March 2021, Final Report issued after year end.

Key to Recommendation Priority Levels: C = Critical priority recommendations; H = High priority recommendations; M = Medium priority recommendations; LA = Low/Advisory priority recommendations.

## APPENDIX B – DEFINITIONS OF ASSURANCE AND RECOMMENDATION PRIORITY LEVELS

### 2021/22 Definitions of Assurance and Recommendation Priority Levels

Assurance Level		Definition
<b>Substantial</b>		A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
<b>Reasonable</b>		There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Limited</b>		Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>No</b>		Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control are inadequate to effectively manage risks to the achievement of objectives in the area audited.
Priority Level		Definition
Corporate	<b>Critical</b>	Audit findings which, in the present state, represent a serious risk to the organisation as a whole, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately.
Service	<b>High</b>	Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently.
	<b>Medium</b>	Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner.
	<b>Low / Advisory</b>	Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible.

**APPENDIX C – POSITION AGAINST PUBLIC SECTOR INTERNAL AUDIT STANDARDS AT MAY 2022 – ACTION PLAN**

**Section A: Conformance** - During 2021/22 all areas apart from those identified in Section B below were conforming.

**Section B: Intentional Non-Conformance**

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Ref	Area of Non-Conformance with the Standard	Commentary	
3.1a	<p><b>Purpose, Authority and Responsibility</b></p> <p>Does the board (defined as the Audit Committee) approve decisions relating to the appointment and removal of the Chief Audit Executive (CAE)?</p>	<p>The Head of SIAS, Hertfordshire County Council (HCC), in consultation with the Board of the Shared Internal Audit Services approves decisions relating to the appointment and removal of the CAE.</p> <p>The Deputy Chief Executive &amp; Executive Director of Resources (HCC), in consultation with the Board of the Shared Internal Audit Services, approves decisions relating to the appointment and removal of the Head of Assurance.</p> <p>This is as provided for in the governance of the Shared Internal Audit Service</p>	<p><b>Non-conformance</b></p> <p>No further action proposed. The current arrangements are considered appropriate given that SIAS operates as a partnership.</p>
3.1c	<p><b>Purpose, Authority and Responsibility</b></p> <p>Does the chief executive or equivalent undertake, countersign, contribute feedback to or review the performance appraisal of the CAE?</p>	<p>The performance appraisal of the CAE is carried out by the Head of SIAS (HCC).</p> <p>The performance appraisal of the Head of Assurance is carried out by the Deputy Chief Executive &amp; Executive Director of Resources (HCC).</p>	<p><b>Non-conformance</b></p> <p>No further action proposed. The appraisal process was carried out by the Head of SIAS (HCC). The current arrangements are considered appropriate given that SIAS operates as a partnership.</p>



## Audit Charter 2022/23

### 1. Introduction and Purpose

- 1.1. Internal auditing is an independent and objective assurance and consulting activity. It is guided by a philosophy of adding value to the operations of an organisation. It assists a council in achieving its objectives and ultimately provides assurance to the public by systematically evaluating and improving the effectiveness and efficiency of risk management, control and governance processes.

The purpose of the Shared Internal Audit Service (SIAS) is to provide independent, objective assurance and consulting services designed to add value and improve client operations. The mission of internal audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. SIAS helps clients accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

### 2. Statutory Basis of Internal Audit

- 2.1. Local government is statutorily required to have an internal audit function. The Accounts and Audit Regulations 2015 require that 'a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.
- 2.2. In addition, a council's Chief Finance Officer has a statutory duty under Section 151 of the Local Government Act 1972 to establish a clear framework for the proper administration of the authority's financial affairs. To fulfil this requirement, the S151 Officer relies, amongst other sources, upon the work of internal audit.

### 3. Role

- 3.1. SIAS internal audit activity is overseen by Watford Borough Council's committee charged with fulfilling audit committee responsibilities, herewith referred to as the Audit Committee. As part of its oversight role, the Audit

Committee is responsible for defining the responsibilities of SIAS via this Charter.

- 3.2. SIAS may undertake additional consultancy activity requested by management. The Client Audit Manager will determine such activity on a case-by-case basis, assessing the skills and resources available. Significant additional consultancy activity not already included in the Internal Audit Plan will only be accepted and carried out following consultation with the Audit Committee.

#### 4. Professionalism

- 4.1. SIAS governs itself by adherence to the Public Sector Internal Audit Standards (PSIAS). These standards include the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing (IPPF). They set out the fundamental requirements for the professional practice of internal auditing and the evaluation of the effectiveness of an internal audit function.
- 4.2. SIAS also recognises the Mission of Internal Audit as identified within the IPPF, 'To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight' and the Core Principles for the Professional Practice of Internal Auditing, which demonstrate an effective internal audit function, achieving internal audit's mission.
- 4.3. SIAS operations are guided by its operating procedures manual as well as applicable, Chartered Institute of Internal Auditors (CIIA) and Chartered Institute of Public Finance and Accountancy (CIPFA) Position Papers, Practice Advisories and Guides, and relevant council policies and procedures, including compliance with the Bribery Act 2010.
- 4.4. Should non-conformance with the PSIAS be identified, the Client Audit Manager will investigate and disclose, in advance if possible, the exact nature of the non-conformance, the reasons for it and, if applicable, its impact on a specific engagement or engagement outcome.

#### 5. Authority and Confidentiality

- 5.1. Internal auditors are authorised full, free, and unrestricted access to any and all of a client's records, physical property, and personnel as required to carry out an engagement. All client employees are requested to assist SIAS in fulfilling its roles and responsibilities. Information obtained during an engagement is safeguarded and confidentiality respected in accordance with the Council's GDPR and information security policies.
- 5.2. Internal auditors will only use information obtained to complete an engagement. It will not be used in a manner that would be contrary to the law, for personal gain, or detrimental to the legitimate and ethical objectives of the client organisation(s). Internal auditors will disclose all

material facts known, which if not disclosed could distort a report or conceal unlawful practice.

### 6. Organisation

- 6.1. The Client Audit Manager and their representatives have free and unrestricted direct access to Senior Management, the Audit Committee, the Managing Director, the Chair of the Audit Committee and the External Auditor. The Client Audit Manager will communicate with any and all of the above parties at both committee meetings and between meetings as appropriate.
- 6.2. The Chair of the Audit Committee has free and unrestricted direct access to both the Client Audit Manager and the Council's External Auditor.
- 6.3. The Client Audit Manager is line managed by the Head of SIAS who approves all decisions regarding the performance evaluation, appointment, or removal of the Client Audit Manager, in consultation with the SIAS Board.

### 7. Stakeholders

The following groups are defined as stakeholders of SIAS:

- 7.1. The Head of Assurance (HCC), working with the Head of SIAS, both suitably experienced and qualified (CCAB and / or CMIIA), is responsible for:
  - hiring, appraising, and developing SIAS staff in accordance with the host authority's HR guidance
  - maintaining up-to-date job descriptions which reflect the roles, responsibilities, skills, qualifications, and attributes required of SIAS staff
  - ensuring that SIAS staff possess or obtain the skills, knowledge, and competencies (including ethical practice) needed to effectively perform SIAS engagements
- 7.2. The Audit Committee is responsible for overseeing the effectiveness of SIAS and holding the Client Audit Manager to account for delivery. This is achieved through the approval of the annual audit plan, approval of performance targets set by the SIAS Board and receipt of regular reports.
- 7.3. The Audit Committee is also responsible for the effectiveness of the governance, risk, and control environment within the Council, holding operational managers to account for its delivery.
- 7.4. Where stated in its Terms of Reference, the Audit Committee provides an annual report to the Council detailing the Committee's activities through the year. In addition, and as required, the Committee ensures that there is appropriate communication of, and involvement in, internal audit matters from the wider publicly elected Member body.

- 7.5. The Client Audit Manager is responsible for ensuring that the outcome of all final Internal Audit reports is reported to all members of the Audit Committee, in a format agreed with these relevant parties.
- 7.6. Senior Management, defined as the Head of Paid Service, Chief Officers, and their direct reports, are responsible for helping shape the programme of assurance work. This is achieved through analysis and review of key risks to achieving the Council's objectives and priorities.
- 7.7. The SIAS Board is the governance group charged with monitoring and reviewing the overall operation of SIAS and reporting to the Audit Committee its findings, including:
- resourcing and financial performance
  - operational effectiveness through the monitoring performance indicators
  - the overall strategic direction of the shared service.

### 8. Independence and Objectivity

- 8.1. No element in the organisation should interfere with audit selection, scope, procedures, frequency, timing, or report content. This is necessary to ensure that internal audit maintains the necessary level of independence and objectivity.
- 8.2. As well as being impartial and unbiased, internal auditors will have no direct operational responsibility or authority over any activity audited. They will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that might impair their judgment.
- 8.3. When asked to undertake any additional roles/responsibilities outside internal auditing, the Client Audit Manager will highlight to the Audit Committee any potential or perceived impairment to independence and objectivity having regard to the principles contained within the PSIAS Code of Ethics as well as any relevant requirements set out in other professional bodies to which the Client Audit Manager may belong. The Audit Committee will approve and periodically review any safeguards put in place to limit any impairments to independence and objectivity.
- 8.4. Where SIAS has been required to provide assurance to other partnership organisations, or arm's length bodies such as trading companies, the Client Audit Manager and Head of SIAS will ensure that the risks of doing so are managed effectively, having regard to the Head of SIAS's primary responsibility to the management of the partners for which they are engaged to provide internal audit services.
- 8.5. The Client Audit Manager will confirm to the Audit Committee, at least annually, the organisational independence of SIAS.



### 9. Conflicts of Interest

- 9.1. Internal auditors will exhibit clear professional objectivity when gathering, evaluating, and communicating engagement information. When forming judgments, they will make a balanced assessment of all relevant circumstances and not be influenced by their own interests or the views and interests of others.
- 9.2. Each auditor will comply with the ethical requirements of his/her professional body and proactively declare any potential conflict of interest, whether actual or apparent, prior to the start of an engagement.
- 9.3. All auditors sign an annual declaration of interest to ensure that the allocation of work avoids conflict of interest. Auditors who undertake consultancy work or are new to the team will be prohibited from auditing in those areas where they have worked in the past year. Audits are rotated within the team to avoid over-familiarity and complacency.
- 9.4. SIAS procures an arrangement with an external delivery partner to provide service resilience, i.e., additional internal audit days on request. The external delivery partner will be used to deliver engagements as directed by the Client Audit Manager in particular providing advice and assistance where SIAS staff lack the required skills or knowledge. The external delivery partner will also be used to assist with management of potential and actual conflicts of interest in internal audit engagements, providing appropriate independence and objectivity as required.
- 9.5. In the event of a real or apparent impairment of independence or objectivity, (acceptance of gifts, hospitality, inducements, or other benefits) the Client Audit Manager will investigate and report on the matter to appropriate parties.

### 10. Responsibility and Scope

- 10.1. The scope of SIAS encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management, and internal control processes (as they relate to the organisation's priorities and objectives) and the promotion of appropriate ethics and values.
- 10.2. Internal control and risk management objectives considered by internal audit extend to the organisation's entire control and risk management environment and include:
  - consistency of operations or programs with established objectives and goals, and effective performance
  - effectiveness and efficiency of governance, operations and employment of resources
  - compliance with significant policies, plans, procedures, laws, and regulations

- design, reliability and integrity of management and financial information processes, including the means to identify, measure, classify, and report such information
  - safeguarding of assets
- 10.3. SIAS is well placed to provide advice and support on emerging risks and controls and will, if requested, deliver consulting and advisory services or evaluate specific operations.
- 10.4. SIAS is responsible for reporting to the Audit Committee and senior management, significant risk exposures, control and governance issues and other matters that emerge from an engagement.
- 10.5. Engagements are allocated to (an) internal auditor(s) with the appropriate skills, experience and competence. The auditor is then responsible for carrying out the work in accordance with the SIAS Operating Procedures Manual, and must consider the relevant elements of internal control, the needs and expectations of clients, the extent of work required to meet the engagement's objectives, its cost effectiveness, and the probability of significant error or non-compliance.

### 11. Role in Anti-Fraud

- 11.1. The SIAS work programme, designed in consultation with Senior Management, the Audit Committee seeks to provide assurance on how the council manages the fraud risks to which it is exposed.
- 11.2. SIAS must have sufficient knowledge to evaluate the risk of fraud and the way it is managed by the Council but are not expected to have the expertise of a person or team whose primary responsibility is detecting and investigating fraud.
- 11.3. SIAS will exercise due professional care by considering the probability of significant errors, fraud, or non-compliance when developing audit scopes and objectives.
- 11.4. The Client Audit Manager should be notified of all suspected or detected fraud, corruption, or impropriety so that the impact upon control arrangements can be evaluated.

### 12. Internal Audit Plan

- 12.1. Following discussion with appropriate senior management, the Client Audit Manager will submit a risk-based plan to the Audit Committee for review and approval. This will occur at least annually. The plan sets out the engagements agreed by Leadership Board and subsequently the Section 151 and Deputy Section 151 Officers and demonstrates the priorities of both SIAS (the need to produce an annual internal audit opinion) and those of the organisation. Also included will be any relevant declarations of interest.

- 12.2. The plan will be accompanied by details of the risk assessment approach used and will take into account the organisation's assurance framework. Also shown will be the timing of an engagement, its budget in days, details of any contingency for new or changed risks, time for planning and reporting and a contribution to the development of SIAS.
- 12.3. The plan will be subject to regular review in year and may be modified in response to changes in the organisation's business, risks, operations, programmes, systems and controls. All significant changes to the approved internal audit plan will be communicated in the quarterly update reports.

### 13. Reporting and Monitoring

- 13.1. A draft written Terms of Reference will be prepared and issued to appropriate personnel at the start of an engagement. It will cover the intended objectives, scope and reporting mechanism and will be agreed with the client. Changes to the terms of reference during the course of the engagement may occur and will be agreed following consultation with the client.
- 13.2. A report will be issued to management on completion of an engagement. It will include a reasoned opinion, details of the time period and scope within which it was prepared, management's responses to specific risk prioritised findings and recommendations made and a timescale within which corrective action will be / has been taken. If recommended action is not to be taken, an explanation for this will also be included.
- 13.3. SIAS will follow-up the implementation of agreed recommendations in line with the protocol at each client. As appropriate, the outcomes of this work will be reported to the audit committee and may be used to inform the risk-based planning of future audit work. Should follow-up activity identify any significant error or omission, this will be communicated by the Client Audit Manager to all relevant parties. A revised internal audit opinion may be issued on the basis of follow-up activity.
- 13.4. In consultation with senior management, the Client Audit Manager will consider, on a risk-basis, any request made by external stakeholders for sight of an internal audit report.
- 13.5. Quarterly update reports to the Audit Committee will detail the results of each engagement, including significant risk exposures and control issues. In addition, an annual report will be produced giving an opinion on the overall control, governance, and risk management environment (and any other issues judged relevant to the preparation of the Annual Governance Statement) with a summary of the work that supports the opinion. Hertfordshire County Council's Head of Assurance will also make a statement of conformance with PSIAS, using the results of the annual self-assessment and Quality Assurance and Improvement Plan (QAIP) required by the PSIAS. The statement will detail the nature and reasons for any impairments, qualifications, or restrictions in scope for which the

Committee should seek reassurances from management. Any improvement plans arising will be included in the annual report.

**14. Periodic Assessment**

- 14.1. PSIAS require Hertfordshire County Council's Head of Assurance and the SIAS Board to make arrangements for an independent review of the effectiveness of internal audit undertaken by a suitably knowledgeable, qualified and competent individual or organisation. This should occur at least every five years.
- 14.2. Hertfordshire County Council's Head of Assurance will ensure that continuous efforts are made to improve the efficiency, effectiveness, and quality of SIAS. These will include the Quality Assurance and Improvement Programme, client feedback, appraisals and shared learning with the external audit partner as well as coaching, supervision, and documented review.
- 14.3. A single review will be carried out to provide assurance to all SIAS partners with the outcomes included in the partner's Annual Report.

**15. Review of the Audit Charter**

- 15.1. The Client Audit Manager will review this charter annually and will present to the first audit committee meeting of each financial year, any changes for approval.
- 15.2. The Client Audit Manager reviewed this Audit Charter in May 2022. It will next be reviewed in April 2023.

**Glossary of Terms**

<p>Audit Committee</p>	<p>The PSIAS defines the Audit Committee as “The governance group charged with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting.”</p> <p>The Audit Committee operates in accordance with its terms of reference contained in Watford Borough Council’s Constitution.</p> <p><i>CIPFA’s Audit Committees Practical Guidance for Local Authorities and Police 2018 Edition</i> indicates that for a local authority, it is best practice for the audit committee to report directly to full council rather than to another committee, as the council itself most closely matches the body of ‘those charged with governance’. This is the case at Watford Borough Council.</p>
<p>Audit Plan</p>	<p>The programme of risk-based work carried out by the Shared Internal Audit Service (SIAS) on behalf of its clients.</p>
<p>Board</p>	<p>The PSIAS defines the ‘Board’ as “The highest-level governing body (e.g., a board of directors, a supervisory board, or a board of governors or trustees) charged with the responsibility to direct and/or oversee the organisation’s activities and hold senior management accountable. Although governance arrangements vary among jurisdictions and sectors, typically the board includes members who are not part of management. If a board does not exist, the word “board” in the Standards refers to a group or person charged with governance of the organisation. Furthermore, “board” in the Standards may refer to a committee or another body to which the governing body has delegated certain functions (e.g., an Audit Committee).</p> <p>For the purposes of the SIAS Audit Charter, the Board as referred to in the PSIAS shall be Watford Borough Council’s Audit Committee. All references to the Audit Committee in the SIAS Audit Charter should be read in this context.</p>

<p>Chief Audit Executive (CAE)</p>	<p>The PSIAS describes the role of CAE as “a person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the mandatory elements of the International Professional Practices Framework. The CAE or others reporting to the CAE will have appropriate professional certifications and qualifications. The specific job title and/or responsibilities of the CAE may vary across organisations.”</p> <p>The CAE is fundamental to the success of the service and to the extent to which it complies with the Standards. Regular reference is made to this role throughout the PSIAS, including some specific requirements relating to whoever is designated the role.</p> <p>For the purposes of the SIAS Audit Charter, the CAE as referred to in the PSIAS shall be Watford Borough Council’s Client Audit Manager. All references to the Client Audit Manager in the SIAS Audit Charter should be read in this context.</p>
<p>Management</p>	<p>Operational officers of the Council responsible for creating corporate policy and organising, planning, controlling, and directing resources to achieve the objectives of that policy. Senior management is defined as the Head of Paid Service, Chief Officers, and their direct reports.</p>
<p>Public Sector Internal Audit Standards (PSIAS)</p>	<p>These standards, which are based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), are intended to promote further improvement in the professionalism, quality, consistency, and effectiveness of internal audit across the public sector. They reaffirm the importance of robust, independent, and objective internal audit arrangements to provide stakeholders with the key assurances they need to support them both in managing and overseeing the organisation and in producing the annual governance statement.</p>
<p>Shared Internal Audit Service (SIAS)</p>	<p>SIAS is a local authority partnership comprising Hertfordshire County Council</p>

**APPENDIX D – INTERNAL AUDIT CHARTER 2022/23**

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	(HCC) and seven Hertfordshire district and borough councils. SIAS also provides internal audit services to a limited number of external clients. HCC is the host authority for the partnership and provides support services such as HR, technology, and accommodation.
SIAS Board	The Board that comprises officer representatives from the partner authorities and that is responsible for the governance of the SIAS partnership.

Note:

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



Watford Borough Council  
Audit Committee Progress Report  
28 July 2022

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 15 July 2022
- Approve amendments to the Audit Plan as at 15 July 2022
- Agree the change to the implementation date for 6 recommendations (paragraph 2.6) for the reasons set out in Appendix C
- Agree removal of implemented audit recommendations 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
  - 2.4 Status of Audit Recommendations
  - 2.8 Proposed Audit Plan Amendments
  - 2.9 Performance Management

## Appendices

- A Progress against the 2022/23 Audit Plan
- B 2022/23 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 2022/23 as at 15 July 2022.
  - b) Proposed amendments to the approved 2022/23 Annual Audit Plan.
  - c) Implementation status of all outstanding previously agreed audit recommendations from 2018/19 onwards.
  - d) An update on performance management information at 15 July 2022.

## 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 2022/23 Annual Audit Plan was approved by Audit Committee on 10 March 2022.
- 1.4 The Audit Committee receives periodic updates on progress against the Annual Audit Plan from SIAS, the most recent of which was brought to this Committee on 10 March 2022.

# 2. Audit Plan Update

## Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 15 July 2022, 20% of the 2022/23 Audit Plan days had been delivered for the combined WBC and Shared Services audit plans (excludes 'To Be Allocated' days). Appendix A provides a status update on each individual deliverable within the audit plan.
- 2.2 The following 2021/22 final reports have been issued since March 2022 Audit Committee):

<b>Audit Title</b>	<b>Date of Issue</b>	<b>Assurance Level</b>	<b>Number and Priority of Recommendations</b>
Project Management – Oxhey Activity Park	Mar '22	Substantial	One low
Payroll	Apr '22	Substantial	Two low
Main Accounting	Apr '22	Reasonable	Three low
Procurement Cards	Apr '22	Reasonable	Two medium

			One low
Cyber Security	Apr '22	Reasonable	Two medium Two low
Safeguarding	Apr '22	Reasonable	One high One medium One low
Contract Waivers	Jun '22	Reasonable	One medium One low
Creditors	Jul '22	Reasonable	Two medium One low
Benefits	Jul '22	Reasonable	Two medium
Council Tax	Jul '22	Reasonable	One medium

2.3 The following 2022/23 report has been finalised since 1 April 2022.

<b>Audit Title</b>	<b>Date of Issue</b>	<b>Assurance Level</b>	<b>Number and Priority of Recommendations</b>
Green Homes Grant Certification	Jun '22	Not Assessed	N/A

#### Status of Audit Recommendations

2.4 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.

2.5 The table below summarises progress in implementation of all outstanding internal audit recommendations as at 15 July 2022, with full details in Appendix C:

<b>Year</b>	<b>Recommendations made No.</b>	<b>Implemented</b>	<b>Not yet due</b>	<b>Outstanding &amp; request made for extended time or no update received</b>	<b>Percentage implemented %</b>
2018/19	30	29	0	1	97%
2020/21	28	25	0	3	89%
2021/22	29	15	11	3	52%

2.6 Since 29 March 2022 Audit Committee, extension to implementation dates have been requested by action owners for 6 recommendations as follows:

- a) One from the 2019/19 Benefits audit,
- b) One from the 2020/21 Cyber Security audit,
- c) One from the 2020/21 Communications audit,
- d) One from the 2020/21 Debtors audit, and
- e) Two from the 2021/22 Procurement Cards audit.

2.7 In respect of the one recommendation from the 2021/22 NDR audit (target date 31 March 2022), no response was provided by the action owner.

Proposed Audit Plan Amendments

2.8 The original approved Shared Services 2022/23 Audit Plan included an allocation of 30 days for audits within the Revenues and Benefits Service. Following a meeting with the Head of Revenues and Benefits and agreement with the Director of Finance (Section 151 Officer) the following audits have been agreed for use of this time and are brought to the attention of this Committee:

- Council Tax
- NDR (Business Rates)
- Sundry Debtors

Performance Management

Reporting of Audit Plan Delivery Progress

2.9 To help the Committee assess the current situation in terms of progress against the projects in the 2022/23 Audit Plan, we have provided an analysis of agreed start dates at Appendix B. These dates have been agreed with management and resources allocated.

2.10 Annual performance indicators and associated targets were approved by the SIAS Board in March 2022. Actual performance for Watford Borough Council against the targets that can be monitored for 2022/23 is shown in the table below.

Performance Indicator	Annual Target	Profiled Target to 15 July 2022	Actual to 15 July 2022
<b>1. Internal Audit Annual Plan Report</b> – approved by March Audit Committee or the first meeting of the financial year should a March committee not meet	Yes	N/A	Yes
<b>2. Annual Internal Audit Plan Delivery</b> – the percentage of the Annual Internal Audit Plan delivered (excludes unused contingency days)	95%	22% (50 / 227 days)	20% (45.5 / 227 days)
<b>3. Project Delivery</b> – the number of projects delivered to draft report stage against projects in the approved Annual Internal Audit Plan	95%	13% (2 out of 16 projects to draft)	6% (1 out of 16 projects to draft)

Performance Indicator	Annual Target	Profiled Target to 15 July 2022	Actual to 15 July 2022
<b>4. Client Satisfaction*</b> – percentage of client satisfaction questionnaires returned at ‘satisfactory overall’ level (minimum of 39/65 overall)	95%	100%	100% (based on two received)
<b>5. Chief Audit Executive’s Annual Assurance Opinion and Report</b> – presented at the first Audit Committee meeting of the financial year	Yes	N/A	Yes

**APPENDIX A - PROGRESS AGAINST THE 2022/23 AUDIT PLAN AT 15 JULY 2022**

**2022/23 SIAS Audit Plan**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
<b>Key Financial Systems</b>									
Council Tax						10		0.5	In Planning
NDR						10	Yes	0.5	In Planning
Sundry Debtors						10	BDO	0.5	In Planning
Finance (shared services plan) – to be allocated						30		0	
Payroll (shared services plan)						12		0	
<b>Operational Audits</b>									
Climate Emergency Follow Up						3		0	
Asset Management System Data						10		0	
Museum						10	Yes	9	In Fieldwork
FOI						8		0	
Trees						8		0	
Website Redesign						8	BDO	0.5	In Planning
Project Management						12		0	
Green Homes Grant	Not Assessed	-	-	-	-	3	Yes	3	Final Report Issued
<b>Contract Management, Project Management &amp; Procurement</b>									
Contract Management						12		0	
<b>Governance</b>									

**APPENDIX A - PROGRESS AGAINST THE 2022/23 AUDIT PLAN AT 15 JULY 2022**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Corporate Governance						12	BDO	6	In Fieldwork
<b>IT Audits</b>									
Cyber Security (shared services plan)						15		0	
<b>Shared Learning / Joint Reviews</b>									
Shared Learning / Joint Reviews						4		1	Through Year
<b>Follow Ups</b>									
Follow up of Audit Recommendations						8		2	Through Year
<b>To Be Allocated</b>									
Unused Contingency (shared services plan)						5		0	To Be Allocated
<b>Strategic Support</b>									
2023/24 Audit Planning						6		0	Due quarter 4
Annual Governance Statement						3		3	Complete
Audit Committee						10		2	Through Year
Head of Internal Audit Opinion 2021/22						3		3	Complete
Monitoring & Client Meetings						7		2	Through Year
SIAS Development						3		3	Complete
<b>Completion of 2021/22 audits</b>									

**APPENDIX A - PROGRESS AGAINST THE 2022/23 AUDIT PLAN AT 15 JULY 2022**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Time required to complete work commenced in 2021/22 (7 days shared plan; 3 days WBC)						10	N/A	9.5	In Progress
<b>WBC TOTAL</b>						<b>133</b>		<b>37</b>	
<b>SHARED SERVICES TOTAL</b>						<b>99</b>		<b>8.5</b>	
<b>COMBINED TOTAL</b>						<b>232</b>		<b>45.5</b>	

Key to recommendation priority levels: C = Critical; H = High; M = Medium; L = Low / Advisory.



**APPENDIX B – 2022/23 AUDIT PLAN PROJECTED START DATES**

Apr	May	June	July	August	September
	Museum In Fieldwork	Corporate Governance In Fieldwork	Website Redesign In Planning	Contract Management	Sundry Debtors (Shared services plan) In Planning
		Green Homes Grant Final Report Issued			Finance – scope to be determined (Shared services plan)

October	November	December	January	February	March
Project Management	Asset Management System Data	FOI	Trees	Cyber Security (Shared services plan)	
Climate Emergency Follow Up	Payroll (Shared services plan)				
NDR (Shared services plan) In Planning	Council Tax (Shared services plan) In Planning				

Audit Plan 2018/19

Benefits 2018/19							
Final report issued April 2019							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
02	We recommend that testing of the module is carried out to reinstate the ability to delete obsolete data.	Medium	<p>Position – 21 August 2019 The system is designed to destroy all documents that are older than 6 years plus current. We discovered that the system was not working properly and has destroyed some documents that are still required to support live Benefit claims and therefore we need to retain. Clearly we could not allow that to continue so the system was been suspended. We have sought advice on how to fix this issue from the system provider and are awaiting their response. I have chased this today and have also now asked if it's possible to use the system in part so that we can carry on destroying old documents that we no longer require for Council Tax and Business Rates and unsuspend the Benefits part of the system once we have fixed the problem. I will escalate this issue in a week if I have not had a response.</p> <p>Position – September 2019 Issue has now been escalated with Northgate.</p> <p>Position – February 2020 The Northgate system is currently being upgraded. The upgrade is now available in test and the live upgrade is due to take place 1<sup>st</sup> and 2<sup>nd</sup> May 2020. We will test this module of the system as part of the overall testing. If this module works, we will be able to run scripts which will 'back archive' documents that would have been due to be archived since it was discovered the system was not working properly.</p> <p>Position – July 2020</p>	Benefits Manager	31 May 2019	*	<p><del>31 October 2019</del></p> <p><del>30 June 2020</del></p> <p><del>30 Sept 2020</del></p> <p><del>31 March 2021</del></p> <p><del>30 Sept 2021</del></p> <p><del>30 November 2021</del></p> <p><del>31 January 2022</del></p> <p><del>15 March 2022</del></p> <p><b>31 August 2022</b></p>

**APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – JULY 2022**

Benefits 2018/19 Final report issued April 2019							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>The required Northgate system upgrade was due to be live now but has been delayed as a result of COVID-19. Northgate have currently rescheduled the upgrade for 8-9 September 2020 and when this takes place, we will test the module and if this is working as expected, run the necessary scripts to archive the data that should have been deleted.</p> <p>Position – November 2020 The required system upgrade was planned for the end of October but did not go live due to system performance issues. This is now expected in March 2021. Discussions are however, taking place with Northgate to see if an interim measure is available so that obsolete data can be removed from the system.</p> <p>Position – February 2021 We are on schedule to upgrade the information@work system 19/20 March 2021. Once it's upgraded we can re-test the retention and destruction module.</p> <p>Position – July 2021 The system upgrade planned for March 2021 did not go-ahead as we had limited time to carry out testing and were not in a position to be able to sign off the product. A new go-live date has been set for 7/8 September 2021 and testing has commenced.</p> <p>Position – September 2021 We currently are unable to upgrade due to not having a fully operational Test system. All parties are in communication and are trying to identify the issue so that we can progress with testing.</p>				

**APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – JULY 2022**

Benefits 2018/19							
Final report issued April 2019							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p><b>Position – November 2021</b> The upgrade to our Document Processing System is now scheduled to take place on 20 &amp; 21 January 2022. Revs and Bens have been working with our IT department and our supplier to overcome the problems we had with the test system. Testing is scheduled to start this month (November 2021).</p> <p><b>Position – February 2022</b> The long awaited upgrade took place on 04.02.22. We are now amending the scripts that will destroy the old documents. The scripts are being amended to do two things that they did not do before: 1. To look for claims that have an outstanding housing benefit overpayment but a non-live housing benefit claim, and 2. Live housing benefit claims. Where the script identifies claims under 1 &amp; 2 no documents will be destroyed regardless of their age as they may be required for audit, for fraudulent investigations and for recovery of overpayments.</p> <p><b>Position – July 2022</b> <b>Consultancy is being arranged to assist with a complete re-write of the scripts to destroy unwanted documents. Whilst the writing and testing of a new script is in progress which will automate the whole process we will manually start identifying old documents and destroy them.</b></p>				

Audit Plan 2020/21

Cyber Security 2020/21 Final report issued March 2021							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>Management should ensure that physical network ports are configured to the appropriate authentication control (802.1X).</p> <p>Furthermore, management should establish a network access control to block unknown or unauthorised devices from connecting to the Councils' IT network. This should include restricting the ability to physically connect to the Council's IT network.</p>	Medium	<p>We have an intrusion detection system in place, which would identify any devices connecting to the network. This is a project we will review and look to implement, assuming budget is available to do so.</p> <p>Position – July 2021 Resources are focussed on the Littlefish transition and implementation. This implementation is not yet due until March 2022.</p> <p>Position – September 2021 Resources are focussed on the Littlefish transition and implementation. This implementation is not yet due until March 2022.</p> <p>Position – November 2021 As above.</p> <p>Position – February 2022 Market assessed as to the product options and costs. Products assessed: CISCO and Forescout. Additional budget required in order to go ahead. IT steering group decision. Paper with options and risks for assessment and decision by that board in March 2022.</p> <p><b>Position – July 2022 ITSG board meeting delayed. This paper is scheduled for decision at the 19 July board. The recommendation from Head of ICT, given the additional budget required is to not proceed with the recommendation at this time and instead consider a solution in line with the refresh of the Councils</b></p>	Head of ICT	31 March 2022	*	<b>31 July 2022</b>

**APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – JULY 2022**

<b>Cyber Security 2020/21</b>							
Final report issued March 2021							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<b>corporate WIFI technology solution in 23/34.</b>				

<b>Communications 2020/21</b>							
Final report issued May 2021							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>We recommend that the service updates all its policies to ensure that they reflect the current process followed.</p> <p>Going forward, the service should ensure that the policies are updated at regular intervals, and proper version control introduced.</p>	Low	<p>These policies were due to be updated in 2020 but due to the impact of Covid-19 this has been delayed.</p> <p>Position – July 2021 No update received.</p> <p>Position – September 2021 The service has had a very busy summer leading on the communications and engagement for a range of priority council initiatives and projects (e.g. mass vaccination clinics, Sustainable Transport Strategy). An additional resource provided by a Kickstart appointment will be supporting this work.</p> <p>Position – November 2021 Overall guidance on publicity and communications has been updated. The team is still working through additional policies.</p> <p>Position – February 2022 Main policies updated.</p> <p><b>Position – July 2022</b> <b>Review of all policies underway for 2022/23.</b></p>	Head of Communications and Engagement	31 October 2021	*	<p><del>28 February 2022</del></p> <p><b>31 March 2023</b></p>

**APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – JULY 2022**

Debtors 2020/21 Final report issued June 2021							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
03	Consideration should be given to an annual review of debtor accounts to identify duplicate or dormant for deletion or deactivation.	Low	<p>Position – July 2021 We will speak to Finance about the best way of doing this.</p> <p>Position – September 2021 A complete review of the entire Sundry Debtor service has recently been commenced and this will be included as part of the review.</p> <p>Position – November 2021 No update received.</p> <p>Position – February 2022 No update received.</p> <p><b>Position – July 2022</b> <b>To date we have not been able to resource this review as we have had to prioritise Grant work and more recently the Council Tax Energy Rebates. We will pick up this project towards the end of the calendar year once the Energy rebate work is completed.</b></p>	Recovery Team Leader, Revenues Manager and Finance.	31 August 2021	*	<del>31 October 2021</del>  <b>31 December 2022</b>

Audit Plan 2021/22

Customer Services - Digitalisation 2021/22							
Final report issued November 2021							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>Management should complete the work required to set the agreed data retention periods against each live process in the system and develop the scripts and processes for data erasure.</p> <p>The defined procedures should be formally documented, tested and communicated to staff and they should be reviewed on a routine basis or following a significant change to the operation of the Council, the Customer Services Department or the FirmStep system.</p>	Low	<p><b>Position – November 2021</b> Work is underway to agree, test and communicate data retention periods within the Firmstep system with services and formally document the process for responding to subject access requests.</p> <p><b>Position – February 2022</b> Initial work to establish retention periods across the organisation in progress. However, there is an issue with the current version of the data retention module meaning information is not deleted from the back-end database when required. There is an open call with the software company to move to their new real-time reporting module, which will in turn deliver the necessary improvements to the data retention module and allow for successful implementation.</p> <p><b>Position – July 2022</b> <b>Data retention periods have now been set within the Firmstep system according to agreed service specific data retention periods.</b></p> <p><b>Process for deletion of personal data has been drafted and implemented. Those team members who would administer the process are aware of the process.</b></p>	Head of Customer Services	30 November 2021	✓	



**APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – JULY 2022**

Project Management – Oxhey Activity Park 2021/22							
Final report issued March 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>For future projects, the approval of the PID should be clearly recorded in the minutes of the relevant meeting.</p> <p>Where approval is subsequently obtained outside of the meeting, then this should be taken to the next meeting to be formally recorded.</p>	Low	<p>Following the implementation of the Enterprise Programme Management Office and associated new governance arrangements in September 2020, which included the formation of the EPMO Assurance Group, the required documents for each project is tracked via the EPMO. This includes a dated key indicating when documents have been received and approved. In the event that documents, such as PIDs are reviewed by the EPMO Assurance Group but not subsequently approved, this is logged on the tracker and the EPMO Coordinator will agree a date with the Project Manager for the document to be resubmitted for approval. The approval of such documents is recorded within the EPMO Assurance Group minutes and reported directly to Leadership Board as part of the 6-weekly reports on programmes and projects. In addition, the new style highlight reports adopted from December 2020 include a decisions log where the approval of any project documentation, along with other key project decisions, are recorded. These decisions are then available within the council's business intelligence platform so that a transparent record is retained.</p> <p><b>Position – July 2022 Implemented</b></p>	Head of Enterprise Programme Management Office	Implemented	✓	

**APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – JULY 2022**

<b>NDR 2021/22</b>							
<b>Final report issued March 2022</b>							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>We recommend that:</p> <ul style="list-style-type: none"> <li>A review of existing NDR cases pending write-off is conducted and decisions taken regarding whether or not cases should proceed to write-off.</li> </ul> <p>Write-offs are conducted at regular intervals going forward (e.g. quarterly).</p>	Medium	<p>In 2022/23 write-offs will be done on a monthly basis.</p> <p><b>Position – July 2022</b> <b>No update received.</b></p>	Revenues Manager	31 March 2022	*	

<b>Safeguarding 2021/22</b>							
<b>Final report issued April 2022</b>							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>When temporary staff members are being appointed, the Council should ensure that necessary safeguarding checks have been completed prior to the employee starting work, and that appropriate records are maintained.</p> <p>If there is an expected delay to such checks being performed, a decision should be recorded to delay the start date until completed</p>	High	<p>HR Management will remind Comensura of the pre-employment checks required by Watford prior to someone starting.</p> <p>HR will carry out spot checks of temporary staff and ask Comensura [or any other provider] to provide evidence of the checks undertaken at least annually.</p> <p>HR will ensure the specification for a future agency partner includes all requirements for pre-employment checks to be undertaken and the checking process to be in place to ensure compliance.</p> <p>Recruiting Managers across the council will be reminded of the need to ensure all compliance documentation is received prior to</p>	Head of HR (Operations)	<p>1 June 2022</p> <p>1 April 2023</p> <p>When required.</p> <p>1 June 2022</p>	<p>✓</p> <p>*</p> <p>✓</p> <p>✓</p>	

## APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – JULY 2022

Safeguarding 2021/22							
Final report issued April 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>commencement of staff in post and the different requirements if agency staff come through Comensura or direct through agency to the council.</p> <p><b>Position – July 2022</b> Comensura have been reminded of the pre-employment checks required. Their booking system has the requirement for a DBS check as a pre-requisite. The tender specification for the current tender process for future agency partner has included the requirement for DBS checks to be carried out. HRBPs have reminded managers of the compliance documentation required and this will be raised as new bookings are made.</p>				
02	<p>The Leadership Board has set a 3-month deadline for all courses to be completed (31st March 2022). A list of all mandatory e-learning completion rates should be presented to the board periodically to ensure this is achieved.</p> <p>Going forward, mandatory e-learning monitoring reports should be produced on a monthly basis, filtered by department and sent to the respective departmental heads to cascade to line manager.</p>	Medium	<p>Monthly reports to be created and circulated to Heads of Service to enable action.</p> <p>Leadership Board to monitor and managed any areas not meeting training requirements through normal performance routes.</p> <p><b>Position – July 2022</b> E-learning reports are being presented to LB on a quarterly basis and more frequently if requested.</p>	HR Business Partner	<p>1 July 2022</p> <p>1 June 2022</p>	<p>✓</p> <p>✓</p>	
03	As per the Project Management Framework, each project should have a risk register which keeps a live log of all project-specific risks, and what measures have been put in place at each stage of the project to mitigate these risks. Safeguarding risks should	Low	1. The project management framework toolkit is being reviewed and updated to ensure sufficient information is included to set out the requirements for a risk register, including safeguarding and that these are monitored.	Head of Enterprise Programme Management Office	1 October 2022	✓	



**APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – JULY 2022**

Main Accounting 2021/22 Final report issued April 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			would require hardware and logon credentials which are revoked by IT.  <b>Position – July 2022</b> <b>Rather than relying on leavers forms alone we are now comparing to HR records.</b>				
02	We recommend that the reviewer signs off the reconciliation promptly after completion.	Low	We accept the recommendation and will be making changes to our process for tracking completion of reconciliations to better identify reasons for any delay.  <b>Position – July 2022</b> <b>Reminder has been sent to all those doing reconciliations to promptly sign off.</b>	Finance Section Head/Finance Systems Manager	30 June 2022	✓	
03	We recommend that procedure notes are produced for feeder system reconciliations to enable them to be carried out correctly and checked in a timely manner.  We also recommend that Benefits system reconciliations are signed and dated by another person in Finance.	Low	Procedure documents will be reviewed and updated/created as required.  Timeliness of reconciliation will be monitored and managed as part of the tracking processes referenced in the response recommendation 2, above.  <b>Position – July 2022</b> <b>On target.</b>	Finance Section Head / Finance Systems Manager	31 October 2022	*	

## APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – JULY 2022

Procurement Cards 2021/22							
Final report issued April 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>All transaction logs should be signed off by the card holder and a member of management to ensure that transactions are accurate and that there is a reviewer who can confirm that the transactions are appropriate and in line with Council needs.</p> <p>Receipts for all transactions should be retained to ensure VAT is being accounted for appropriately and there is evidence for the purchases made.</p> <p>VAT should be appropriately accounted for on transaction logs as this can affect the amount of recoverable VAT the Council can claim back, therefore creating unnecessary losses.</p>	Medium	<p>Existing guidance covers the requirement to retain receipts, and to document net/vat split on their transaction logs. Guidance will be re-circulated with a reminder of the importance of observing these requirements.</p> <p>In mitigation we can suspend the use of cards where holders do not comply with the requirements. Transaction logs and receipts are reviewed by Finance Officers do not post VAT element if a receipt is not provided.</p> <p><b>Position - July 2022</b> <b>New guidance has been written and will be sent out by the end of July.</b></p> <p>We are currently evaluating possible system solutions to introduce workflow on card payments. These have the potential to improve the control environment around VAT, Receipts, and authorisations. Any decision will be subject to value for money considerations.</p> <p><b>Position – July 2022</b> <b>We did review three systems/solution being Lloyds card management, ExpenseMate and SapConcur solution. We decided that we would tighten our manual processes without the expense of a system. However, we may revisit this.</b></p>	Finance Manager – Systems Shared Services	20 May 2022	*	1 August 2022
					31 October 2022	✓	
02	<p>Controls should be implemented to mitigate the risk of potential fraud and overspend on budget from multiple people using the same procurement card. This could be in the form of acquiring a finance system to support the use of procurement cards, by</p>	Medium	<p>A reminder of existing rules against the sharing of cards will be circulated.</p> <p><b>Position – July 2022</b> <b>New guidance has been written and will be sent out by the end of July.</b></p>	Finance Manager – Systems Shared Services	20 May 2022	*	<b>1 August 2022</b>

**APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – JULY 2022**

<b>Procurement Cards 2021/22</b> Final report issued April 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	providing other card users with their own card or through creating a system with the banks to provide single use e-cards for one-off transactions.		A review of card holders will be undertaken to ensure cards are held at the appropriate level. This will follow the evaluation of potential system solutions for the management of purchasing cards.  If a system solution is pursued, it may result in the ability to use an e-card and/or single-use card technologies which will further mitigate the risk of cards being shared.  <b>Position – July 2022</b> <b>We will be sending communications which will cover sharing of cards and the correct people to have cards by the original target date.</b>		31 October 2022		
03	Version control, a table of changes to the policy and details of the author, reviewer and the next review date should be included at the start of the procedure document to ensure the document is up to date and staff are using the current version of the document when needed.	Low	Policy to be reviewed and version control table to be added.  <b>Position – July 2022</b> <b>Resolved.</b>	Finance Manager – Systems Shared Services	30 May 2022	✓	

## APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – JULY 2022

Cyber Security 2021/22 Final report issued April 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>1.1 Management should ensure that appropriate monitoring controls are in place for the password monitoring and management activities. These should include but not be limited to the following:</p> <ul style="list-style-type: none"> <li>• brute-forcing of account passwords including password spraying,</li> <li>• login attempts from unexpected geographic areas,</li> <li>• unexpected account lockouts</li> <li>• password database for the deny list hashes,</li> <li>• other unusual behaviour from users.</li> </ul> <p>1.2 The above proposed controls, once in place, should be actively reported upon, through the periodic cyber security reports, to the senior management.</p>	Medium	<p>01 Mar 2022 the Azure AD Password Protection was implemented. Users will not be able to <b>change</b> passwords to weak passwords nor known passwords nor passwords from our Ban List of password.</p> <p>1.1 – requires a third-party tool and associated funding would be required. The implementation of the password protection for Azure AD lowers the risk.</p> <p>1.2 - this would be dependent on the ability to fund with a third-party tool – 1.1.</p> <p><b>Position – July 2022</b> <b>Third party tools currently being reviewed and costed. Item not yet due.</b></p>	Head of ICT	31 March 2023	*	
02	<p>Management should ensure that the Cyber/IT risks are regularly reported and monitored at the ITSG meetings, evidenced by the meeting minutes. Management should update the ITSG terms of reference (ToR) to ensure that the attendees include SIROs from both the Councils.</p> <p>In line with the updated ToRs, the SIROs from both Councils should</p>	Medium	<p>Agreed.</p> <p><b>Position – July 2022</b> <b>SIRO's from both Councils, attend ¼ ITSG meetings. ToR have been updated to reflect this.</b></p> <p><b>IT risks are reported to ITSG on a ¼, with changes to risk noted.</b></p>	Head of ICT	30 April 2022	✓	



**APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – JULY 2022**

Cyber Security 2021/22							
Final report issued April 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	regularly attend the ITSG meetings to ensure they are regularly informed and are accountable for the decisions regarding how essential functions and information systems are protected.						
03	Management should conduct regular monthly vulnerability scans across the entire IT estate including endpoint, to identify and mitigate vulnerabilities including software flaws, missing patches, misconfigurations and malwares.	Low	This would require additional budget and would need a growth item approved, as there are licence implications for the Qualys scanner.  <b>Position – July 2022</b> <b>Extension of current third party tools currently being reviewed and costed. Item not yet due.</b>	Head of ICT	31 March 2023	*	
04	Management should review the domain administrator accounts including generic and service accounts to ensure business reasons for these accounts are documented and formally reported to the Change Advisory Board (CAB) for risk acceptance and approval.	Low	Agreed.  Separate starters, leavers and movers, into policy and procedure, ensure this is included within this policy.  Documentation of the existing privileged accounts will be submitted to CAB.  <b>Position – July 2022</b> <b>Reviewed and documented and submitted through CAB for approval – approved.</b>	Head of ICT	30 June 2022	✓	

**APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – JULY 2022**

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<b>Payroll 2021/22</b>							
<b>Final report issued April 2022</b>							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	Evidence of approvals for additional payment claims given by managers should be retained in -the employee's personal file. Overtime claims are made by the employee and authorised by the manager within the iTrent system.	Low	HR will ensure that evidence of approvals for additional payment claims are retained in employee personal files.  <b>Position – July 2022</b> <b>Evidence of approvals for additional payment claims have been saved in the employee's folder and we will ensure future claims are also saved to file. Overtime claim forms are authorised by the manager within the iTrent system.</b>	Head of HR (Operations)	30 April 2022	✓	
02	Policies that explain the processes and procedures that need to be followed for processing new starters or leavers should be put in place to guide managers.	Low	Guidelines for managers in relation to the starters and leavers processes will be restored to the Intranet.  <b>Position – July 2022</b> <b>Starters and Leavers Guidelines have been uploaded to the Intranet.</b>	Head of HR (Operations)	30 September 2022	✓	

<b>Contract Waivers 2021/22</b>							
<b>Final report issued June 2022</b>							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	We recommend Procurement and Legal advice is sought (and recorded on the corporate form) before waivers are raised and sent to management for approval.	Medium	This will need discussion with Leadership Board (WBC) / Corporate Management Team (TRDC) and if agreed amendment to the existing firmstep forms.  <b>Position – July 2022</b> <b>Not yet due.</b>	End of September discussion with Leadership Board / Corporate Management Team	30 September 2022	*	

**APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – JULY 2022**

<b>Contract Waivers 2021/22</b>							
<b>Final report issued June 2022</b>							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
02	A tracker should be established to record the waiver process and waivers should remain “open” until all relevant evidence is received from services to demonstrate compliance with the Contract Procedure Rules. An annual waivers report should be produced for senior management and members at both authorities to ensure there is accurate and transparent reporting of waiver activity.	Low	The shared service procurement manager should now receive copies of all exemptions. Agree to prepare an annual waivers report for both authorities.  <b>Position – July 2022 Not yet due.</b>	Procurement Manager	31 March 2023	*	

<b>Creditors 2021/22</b>							
<b>Final report issued July 2022</b>							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	We recommend the Council completes a review of all supplier’s setup on the eFinancials system to identify if any other employees have been setup as a supplier.  Any supplier accounts which are found to be employees should be removed from the eFinancials system and the Council must prohibit the use of payment vouchers to make payments to employees.	Medium	Agreed that a review of supplier accounts will take place. Any staff will be removed. Staff identified will be contacted to advise them of correct procurement routes and processes for claiming expenses.  <b>Position – July 2022 Not yet due.</b>	Finance Manager (Systems)	31 July 2022	*	
02	We recommend:  1. The Council creates a policy/procedure covering the use of CHAPS and Faster Payments. This	Medium	A process note for CHAPS and Faster Payments will be written along with a scheme of delegation, agreed by S151 Officer and published on the intranet.	Finance Manager (Systems)	26 August 2022	*	

**APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – JULY 2022**

<b>Creditors 2021/22</b> <b>Final report issued July 2022</b>							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	<p>will include:</p> <ul style="list-style-type: none"> <li>The criteria which must be met to use CHAPS and Faster payments,</li> <li>The process for requesting and approving these payments,</li> <li>Which officers can request and approve these payments and how delegated limits will be set.</li> </ul> <p>2. The Council updates the Payment Voucher request procedure to outline the types of payments which are eligible and ineligible to be made using this method.</p> <p>3. The policy and procedures for CHAPS, Faster Payments and Payment Vouchers are communicated/re-communicated to all relevant staff across the Council (e.g., in a corporate communication) and placed on key staff systems such as the Intranet for reference</p>		<p>Agreed and will be published as per the above.</p> <p>Agreed they will be published on the intranets and a communication to all staff.</p> <p><b>Position – July 2022</b> <b>Not yet due.</b></p>				
03	<p>We recommend a reminder notification (e.g., email) is issued to all officers involved in approving new suppliers. This is to re-iterate that complete backing evidence must be obtained through the paperclip attachment and cross checked against the details in the new supplier request form, prior to approving the supplier.</p> <p>Should any details entered in the new supplier request form not be supported by backing evidence, the request must be rejected, and the</p>	Low	<p>Agreed we will remind the evidence required to raise a supplier and what the correct checks are.</p> <p><b>Position – July 2022</b> <b>Not yet due.</b></p>	Finance Manager (Systems)	31 July 2022	*	

**APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – JULY 2022**

<b>Creditors 2021/22</b>							
Final report issued July 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	approving officer should contact the requestor to ask for full documentation to be provided in a new request.						

<b>Benefits 2021/22</b>							
Final report issued July 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>We recommend that:</p> <ul style="list-style-type: none"> <li>A review of existing housing benefit overpayment cases pending write-off is conducted and decisions taken regarding whether or not cases should proceed to write-off.</li> <li>Write-offs should be conducted at regular intervals going forward (e.g. quarterly).</li> </ul>	Medium	<p>Agreed.</p> <p><b>Position – July 2022 Not yet due.</b></p>	Recovery Team Leader	31 July 2022	*	
02	We recommend that the number of officers with administrator privileges on the Academy system should be restricted to a minimum number of individuals to preserve the integrity and security of the system.	Low	<p>Agreed.</p> <p><b>Position – July 2022 Not yet due.</b></p>	Data & Performance Manager	31 July 2022	*	

**APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – JULY 2022**

Council Tax 2021/22 Final report issued July 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>We recommend that:</p> <ul style="list-style-type: none"> <li>• A review of existing Council Tax cases pending write-off is conducted and decisions taken regarding whether or not cases should proceed to write-off.</li> <li>• Write-offs are conducted at regular intervals going forward (e.g. monthly).</li> </ul>	Medium	<p>Agreed.</p> <p><b>Position – July 2022</b> <b>Not yet due.</b></p>	Revenues Team Leader	<p>31 August 2022 for the review of write-off's pending.</p> <p>Ongoing write off's to be processed monthly starting from July 2022.</p>	*	

Part A

**Report to:**               **Audit Committee**

**Date of meeting:**   **Thursday, 28 July 2022**

**Report author:**       **Head of Finance**

**Title:**                   **Statement of Accounts and Annual Governance Statement 2021/22**

## 1.0 Summary

1.1 This report sets out the latest position for the finalisation and audit of the Statement of Accounts for 2019/20, 2020/21 and 2021/22.

1.2 The report also seeks approval for the Annual Governance Statement 2021/22.

## 2.0 Risks

### 2.1

<b>Nature of risk</b>	<b>Consequence</b>	<b>Suggested Control Measures</b>	<b>Response</b> (treat, tolerate, terminate or transfer)	<b>Risk Rating</b> (combination of severity and likelihood)
The Council's Statement of Accounts are not approved and audited within the statutory timeframe	Failure to comply with statutory timeline impacts on audit opinion	Proactive liaison with the external audit team	Tolerate	4
Changes to accounting policies are not properly reflected in the Statement of Accounts	Material mis-statement or qualification	Review accounting policies annually. Maintain awareness of future changes	Treat	4

Changes to accounting policies have an impact on the revenue budget or capital programme.	Impact on reserves, especially where not identified at budget setting.	Maintain awareness of future changes	Tolerate	6
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### 3.0 Recommendations

3.1 To approve the Annual Governance Statement 2021/22

3.2 To note that the Director of Finance will authorise for issue a Draft Statement of Accounts 2021/22 for public inspection by 31 July 2022

**Further information:**

Hannah Doney  
hannah.doney@threerivers.gov.uk

**Report approved by:**

Alison Scott, Shared Director of Finance

### 4.0 Detailed proposal

#### 4.1 Statement of Accounts 2019/20

4.1.1 At the March Committee meetings members agreed to delegate the signing of the 2019/20 accounts to the Chair of the Committee and Director of Finance following receipt of the External Auditor's Audit Result Report. Unfortunately, almost immediately after the meeting the National Audit Office (NAO) identified a national issue in relation to the valuation of Infrastructure assets on local authority balance sheets and a moratorium was placed on the signing of local authority accounts. This has caused a delay in the signing of all local authority accounts where the gross book value of infrastructure assets is a material value.

4.1.2 Under the Code of Practice for Local Authority Accounting, Infrastructure assets are held on the balance sheet at historic cost and do not require valuations. The NAO found that there was a risk that assets or components of assets were not being written out when replacements were made resulting in an overstatement of both gross book value and accumulated depreciation.

4.1.3 Since March, Officers have been working with External Audit to provide sufficient evidence to provide assurance that the valuation for Infrastructure assets is robust.



This work has included reviewing the additions and disposals of Infrastructure assets back to the entries in the 2010/11 accounts when the Code of Practice introduced International Financial Reporting Standards (IFRS) into local government accounting. It is expected that a further update on progress with finalising this issue can be given at the meeting.

#### **4.2 Statement of Accounts 2020/21**

4.2.1 The draft Statement of Accounts for 2020/21 were published by 31 July 2021 in line with statutory timetable for public inspection. These accounts have now updated to reflect the final balances agreed in the 2019/20 accounts and, where relevant, to follow through agreed changes to accounting treatment or presentation of notes. A revised set of accounts has been provided to the External Auditors for consideration. This latest version will also be published on the Council's website by 31 July so that the prior year comparators in the draft 2021/22 accounts can be referenced back (see section 4.3 below).

4.2.2 The audit of the 2020/21 accounts began on 4 July 2022. The audit is expected to take six to eight weeks and it is anticipated that the draft audit results report will be presented to the September committee with delegated authority sought to make any final amendments to the accounts. The External Auditor's 2020/21 Audit Plan is elsewhere on the agenda and sets out the key areas of focus for the 2020/21 audit.

#### **4.3 Statement of Accounts 2021/22**

4.3.1 The Accounts and Audit Regulations 2015 set out the statutory timetable for the publication of the Council's unaudited accounts and completion of the external audit. The amended regulations require that draft accounts are published by 31 July 2022 to enable the period of public inspection to commence no later than 1 August 2022.

4.3.2 The Draft Statement of Accounts for 2021/22 will be authorised for issue by the Director of Finance by 31 July 2022. A link to the draft accounts will be provided to members of the committee.

4.3.3 The Department for Levelling Up, Communities and Housing (DLUCH) has recognised that it will take time for audit firms and local authorities to catch up and the statutory deadline for the publication of audited accounts for 2021/22 has been extended to 30 November 2022.

4.3.4 It is anticipated that the audit of the 2021/22 will commence in January 2023. Estimated completion is therefore February 2023. This is outside of the statutory timeframe, however, this will bring the Council's accounts and audit back within the statutory framework for 2022/23.

#### **4.4 Annual Governance Statement 2021/22**

- 4.4.1 Local authorities are required to prepare an Annual Governance Statement (AGS) to be transparent about their compliance with good governance principles. This includes reporting on how they have monitored and evaluated the effectiveness of their governance arrangements in the previous year and setting out any planned changes in the coming period.
- 4.4.2 The AGS must be published alongside the Statement of Accounts for the period of Public Inspection.
- 4.4.3 The AGS is approved by the Chief Executive and the Leader of the Council. The Audit Committee has the responsibility of reviewing the Council's AGS each year and considering whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
- 4.4.4 The AGS follows the principles and best practice advocated by CIPFA (The Chartered Institute of Public Finance and Accounting), the body which advises on good governance.
- 4.4.5 The AGS for 2021/22 is published at Appendix 3. It includes an outline of the Council's governance framework, a review of the effectiveness of the arrangements, and a conclusion in relation to the effectiveness.
- 4.4.6 Based on the information set out in the AGS, the following conclusion is included:

"It is our opinion that the Council's governance arrangements in 2021/22 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2022/23. It is our opinion that this has remained the case during the COVID-19 pandemic; and that despite the challenges posed by this, the Council's governance in dealing with the pandemic and our ability to maintain sound governance during the outbreak, has been effective."

#### **4.5 Financial Management Code of Practice**

- 4.5.1 The CIPFA Financial Management Code of Practice (FM Code) was published in November 2019. It sets out the 'gold standard' for financial management arrangements in local government. The FM Code does not have statutory status but brings together best practice and statutory guidance including the Prudential Code for Capital Finance in Local Authorities. Local authorities were expected to comply with the FM Code from 2021/22.

4.5.2 The Redmond Review into the effectiveness of Local Government audit suggested that government could consider giving the FM Code statutory status and bringing compliance with code into the remit of the external audit regime. This remains under consideration by DLUCH. In the meantime, CIPFA have mandated local authorities to disclose compliance with the FM Code in the AGS and identify any outstanding areas for improvement or change.

4.5.3 To meet this requirement, a self-assessment against the FM Code for 2021/22 has been completed and is included as Appendix 2 to the AGS. All areas covered by the FM Code are rated green with the exception of the assessment against external reporting requirements in relation to the completion of the annual Statement of Accounts. This is rated amber in recognition that the delay in completing the audit of the accounts for 2019/20 and 2020/21 has impacted on the timeliness of external reporting. As set out in this report, there is a clear plan in place with the Council's external auditors to bring this back on track by April 2023.

## 5.0 **Implications**

### 5.1 **Financial**

5.1.1 The Shared Director of Finance comments that there are no direct financial implications arising from this report.

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

5.2.1 The Group Head of Democracy and Governance comments that the Accounts and Audit Regulations 2015 require councils to undertake an annual review of their governance. The Regulations require that an Annual Governance Statement, prepared to fulfil this requirement, should form part of the Council's Statement of Accounts.

### 5.3 **Equalities, Human Rights and Data Protection**

5.3.1 Under s149 (1) of the Equality Act the council must have due regard, in the exercise of its functions, to the need to –

- eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Act
- advance equality of opportunity between persons who share relevant protected characteristics and persons who do not share them
- foster good relations between persons who share relevant protected characteristics and persons who do not share them.

Having had regard to the council's obligations under s149, it is considered that there are no equalities or human rights implications.

#### 5.4 **Staffing**

5.4.1 There are no staffing implications arising from this report.

#### 5.5 **Accommodation**

5.5.1 There are no accommodation implications arising from this report.

#### 5.6 **Community Safety/Crime and Disorder**

5.6.1 There are no community safety/crime and disorder implications arising from this report.

#### 5.7 **Sustainability**

5.7.1 There are no sustainability implications arising from this report.

#### **Background Papers**

None

#### **Appendices**

Appendix 1 - Annual Governance Statement 2021/22

# Watford Borough Council

## Annual Governance Statement 2021/22

### SCOPE OF RESPONSIBILITY

1. Watford Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
2. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
3. Watford Borough Council has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/Solace Framework 'Delivering Good Governance in Local Government'. It is also in accordance with the requirements of the Accounts and Audit (England & Wales) Regulations 2015.
4. This Governance Statement explains how the Council has maintained sound governance during the 2021/22 financial year and also how the Council meets the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015.

### THE PURPOSE OF THE GOVERNANCE FRAMEWORK

5. The governance framework has been in place at the Council for the year ended 31 March 2022 and up to the date of approval of the annual report and statement of accounts. It comprises the systems and processes as well as the culture and values, by which the Council is directed and controlled and through which accounts to, engages with and leads the community.
6. The governance framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.
7. The system of internal control is a significant part of this framework and is designed to manage risk to a reasonable level. However, it cannot eliminate all risk of failure to achieve policies, aims and objectives and, therefore, can only provide reasonable and not absolute assurance of effectiveness.
8. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and to manage them efficiently, effectively and economically.

## THE GOVERNANCE FRAMEWORK

9. The key elements of the systems and processes that comprise the Council's governance arrangements, as per the CIPFA 'Delivering good governance in local government: Framework – Addendum' include the following:

### General

10. Watford Borough Council operates an elected Mayor and Cabinet model of governance under the Local Government Act 2000 and this places total responsibility for those functions designated as Executive Functions into the hands of the directly elected Mayor. However full Council is responsible for setting the Council's budget and agreeing the key policy framework. The Council also has established an Overview and Scrutiny Committee, and Finance Scrutiny Committee to scrutinise the actions of the elected Mayor and Cabinet and assist with policy development. This is done either directly by those committees or by Overview and Scrutiny Committee establishing task and finish task groups to look at particular areas of interest. In addition, the Council has further committees that cover non-executive functions, these are; Licensing, Development Management, Audit, Functions, Standards, Chief Officer Pay Panel and Appointments. It also has a number of advisory member groups such as Major Projects Board, Planning Advisory Group, Housing Advisory Group, the Health and Wellbeing Forum, the Sustainability Forum, the Constitution Working Party, Member Development Group, and Constitution Working Party.
11. Watford Borough Council has a directly elected Mayor, which means that the community elect that person to lead the council at four yearly intervals. The Mayor is supported by a Cabinet made up of elected councillors that plays a key role in determining the overall budget and policy framework of the Council. Each member of the Cabinet has a portfolio for which they are responsible and can make delegated decisions within their area of responsibility as set out in the Executive Scheme of Delegation, individual officers can also make decisions as set out in both the Executive Scheme of Delegation and the Councils Functions Scheme of Delegation in the Constitution.
12. The Constitution sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to the local community. Some of these procedures are required by law, whilst others are adopted by the Council. The Constitution is reviewed annually and is available on the Council's website and intranet.
13. The Council has an approved Local Code of Governance, Code of Conduct for Councillors and a separate code for Officers, which sets out and describes its commitment to good governance and identifies the arrangements that have been and will continue to be made to ensure its ongoing effective implementation and application in all aspects of the Council's work. The Local Code of Governance is available on the Council's website and intranet.
14. The Council acknowledges its responsibility for internal control, and for ensuring that its systems maintain the integrity of accounting records and safeguard its assets. These systems provide reasonable assurance as to the reliability of financial information and to maintain proper control over the income, expenditure, assets and liabilities of the Council. However, no system of internal control can provide absolute assurance against material misstatement or loss.
15. The Leadership Team is aware of the financial and other procedures and controls outlined in the Constitution, and senior officers are required to sign a declaration of compliance, in the form of a Management Assurance Statement at the end of each year. This evidences, amongst other things, that their staff are aware of and consistently apply the requirements of the Constitution.

16. Elected Members as decision-makers have to fill in a register of disclosable pecuniary and other interest when they are elected and also declare any disclosable pecuniary or non-pecuniary interests as and when they occur.

## Strategic Aims and Objectives

17. The governance framework enables the Council's key objectives as outlined in the Council Plan 2020-24. These can be summarised as follows:

### Our corporate themes

#### **1 A council that serves our residents**

We are a different kind of council - pioneering and always searching for better answers; a bold council that gets things done, focuses on opportunity and challenges old-fashioned thinking. We work as 'one team' and everything we do is to make our town successful and improve the lives of our residents.

#### **2 A thriving, diverse and creative town**

We want Watford to be an outstanding place for everyone: residents, business owners and visitors alike. Our plans have created a thriving and attractive town, but we know we cannot stand still. We must always look to the future and be ambitious for Watford, to guarantee our continued success and prosperity. This has never been more important as we look to thrive post COVID-19.

#### **3 A healthy and happy town**

Our community are the strength and the heart of Watford. We know they have great civic pride and enjoy getting involved in the life of the town. We have seen them care for each other like never before and we want this great spirit to be the launchpad for something very special for Watford in the years to come. Our diverse town inspires us every day and we want its community to really feel a part of our joint future.

#### Our themes:

- A council that serves its residents
- A thriving, diverse and creative town
- A happy and healthy town

#### Our commitments

Under each theme are a series of commitments (see below). Both the themes and commitments are reflected in a detailed Delivery Plan (2020-22), which detail a series of series of measurable (SMART) activities that will make sure the Council delivers what it has set out to do. By establishing this 'golden thread' or strategic alignment, which also informs service plans and individual objectives, every member of staff and our community can feel fully engaged in the process.

18. The Council also plays a major role in the Local Strategic Partnership, One Watford, which is made up of key stakeholders such as Hertfordshire County Council, Herts Valleys Clinical Commissioning Group, the Watford BID, Watford and Three Rivers Trust, Watford Community Housing Trust, and Hertfordshire Constabulary.

#### Decision Making Structures

19. At an Officer level, the Council has a Leadership Board made up of the Managing Director and Group/Executive Heads of Service. The Council also has a Management Board which meets monthly and in addition to members of Leadership Board also comprises Heads of Service. Financial control is primarily the responsibility of a shared Director of Finance with neighbouring Three Rivers District Council. Leadership Board meets fortnightly to review and progress the key objectives of the Council. The Council also has a Strategic Board chaired by the Managing Director to consider the overall strategic direction of the Council. In addition, there are a variety of officer boards that look at the council's commercial and property investments.

20. Overall financial control is monitored regularly by Leadership Board and the Finance Scrutiny Committee, and quarterly by Cabinet. Budget preparation is influenced by the Council's

Medium-Term Financial Strategy (MTFS) which forecasts budget pressures and available resources over a four-year period. This MTFS is reported quarterly to Cabinet and Finance Scrutiny Committee where variations to the strategy are approved. The Council has the ultimate responsibility for approving the annual budget. The final accounts at the end of a financial year are subject to formal approval by the Audit Committee (but is also reported to Cabinet and Finance Scrutiny Committee).

## **Constitution**

21. The Council has a written constitution which identifies community focus, service delivery arrangements, structures and processes, risk management, internal control arrangements and standards of conduct. This sets out how the council takes decisions, roles and responsibilities of members and officers, codes of conduct and procedure rules and also sets out the rights of citizens.
22. The Council's Constitution is available to all on the Council's website.
23. There are regular meetings of the Council, Cabinet and other committees. Council, Cabinet and committee / scrutiny meetings are open to the public and written reports are available to the public through the council's website. Information is only treated as confidential when it is necessary to do so for legal / commercial reasons in accordance with the provisions of the Local Government Act 1972.
24. The council's key strategic document, the Council Plan has a four year focus, supported by a two year Delivery Plan. These sets out key service improvement priorities for the medium term, with targets for performance and deadlines for achievement. This has been informed by public consultation on a range of topics, particularly around priority setting, and a detailed analysis of the Watford context based on information derived from sources such as Census 2011 and the Indices of Multiple Deprivation. Progress on the Delivery Plan is reported to the public through quarterly reports to Cabinet and Overview and Scrutiny Committee and the Council's magazine, About Watford, which is distributed to every household in the Borough and is also available online.
25. Councillors are assisted in their policy and decision-making roles by the advice of staff with suitable qualifications and experience, under the leadership of the Managing Director. All reports requiring a decision from members include comments on financial, legal, equalities, sustainability, community safety (as relevant), risk and other appropriate issues such as potential risks to non-achievement, all of which ensures that comprehensive advice is provided prior to decisions being taken.
26. The Council also has an Officers' Code of Conduct, which includes: Disclosure of Information, Political Neutrality, Potential Conflict of Interest Situation, Bribery, Corruption and Fraud, Appointments and Other Employment Matters, Outside Commitments, Personal Interests, Equality Issues, Information Security, Criminal Offences, Whistle blowing and Breaches of the Code of Conduct.
27. The scrutiny function within a local authority provides a necessary check upon the role of Cabinet and is a key component of corporate governance. At Watford it is co-ordinated through the Overview and Scrutiny Committee, which can review Cabinet decisions and service performance, including those of the Council's outsourced services, it can also set up task and finish groups to look in depth at issues it wishes to scrutinise and it also scrutinises the Community Safety Partnership. In addition, the Standards Committee considers member conduct and the Finance Scrutiny Committee considers financial issues. Finally, the Audit Committee reviews the overall governance arrangements, including the service related control and risk management environment. The Audit Committee also considers the response to Freedom of Information requests, the Ombudsman's annual report, risk management,



Regulation of Investigatory Powers Act as well as annual accounts and treasury management (investment) policies.

28. The Council's protocols and procedures are reviewed and updated on a regular basis for standing orders, financial regulations, a scheme of delegation and supporting procedure notes/ manuals clearly defining how decisions are taken and the process and controls required to manage risks. Compliance with established policies, procedures, laws and regulations is achieved through a combination of training events, written policy and procedural documentation, authorisation procedures, managerial supervision, review by internal and external audit and use of the disciplinary procedure where appropriate.
29. Codes of Conduct defining the standards of behaviour for members, staff, partners and the community have been developed and communicated. These include:
- Members Code of Conduct;
  - Code of Conduct for staff;
  - Anti-fraud and corruption policy (including whistle blowing and anti-bribery);
  - Money Laundering detection guidance;
  - Members and officer protocols;
  - Regular performance appraisals, linked to service and corporate objectives;
  - A Standards Committee which has a key role in promoting and maintaining high standards of conduct for members;
  - Officers are subject to the standards of any professional bodies to which they belong.
30. The Group Head of Democracy and Governance is the Council's Monitoring Officer and duties include: maintaining the Council's Constitution; reporting on any potential or actual illegality or maladministration; and giving advice to the Mayor and councillors on the Constitution or issues of maladministration, financial impropriety or probity.
31. The Shared Director of Finance is the statutory Chief Finance Officer. Duties include: overall responsibility for financial administration, reporting on any actual or potential instances of illegality in expenditure, including unlawful loss or deficiency or illegal items of account, and giving advice to the council on financial planning.

### **Data Quality and Risk Management**

32. The need to develop policies and guidance on data quality and assurance is essential in order to promote consistency and awareness across the organisation. To that end, the Council has a senior member of staff who acts as the Senior Information Risk Officer. Guidance documents include a Data Quality Policy, an Information Security Policy, a Data Asset Register and management training modules, all of which are on the intranet.
33. The governance framework is dependent upon the underlying system of internal control which is designed to manage risk to a reasonable level. The Council's approach to risk management is governed by its Risk Management Strategy which is updated annually and approved by Leadership Board and the Audit Committee. This Strategy underpins the Corporate Risk Register which was updated and approved by the Audit Committee in March 2021 and covers major issues that will affect the achievement of the council's key objectives. The Corporate Risk Register is at a strategic / high level and is complemented by detailed project and service area registers. The Corporate Risk Register is reviewed quarterly by Leadership Board and is reviewed annually by Audit Committee. It was last reviewed by Audit Committee in March 2021.

Business continuity and emergency planning are other key aspects within the corporate governance framework. This is the responsibility of the Group Head of Transformation.

34. All committee reports contain a 'risk implications' section as an aid to decision taking. There is however, a continued need to ensure an effective risk identification process occurs where the Council has outsourced the provision of services to a private sector partner.

#### Shared Services with Three Rivers District Council

35. Watford Borough Council has been a leading authority in developing a shared service for revenues, benefits, ICT, financial services, human resources, pest control and procurement with Three Rivers District Council. Both councils also share the statutory post of Chief Financial Officer (S151) - the Shared Director of Finance.

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

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

#### Community Engagement

37. Corporate governance includes informing our community of the plans and aspirations of the council and is primarily communicated through its published Council Plans, quarterly reports to Cabinet and Overview and Scrutiny Committee and the regular editions of 'About Watford'. The directly elected Mayor, Peter Taylor, takes the lead in ensuring there is open and effective community leadership and provides a focal point for individuals, communities, business and voluntary organisations to engage with the Council. The Mayor is also the Chair of the Borough's Local Strategic Partnership, One Watford, which continues to lead on the successful delivery of the overall vision and objectives for the town and on effectively integrating partnership working and delivery.

38. The Council has established twelve neighbourhood forums, which mirror the Borough's ward boundaries and each has a devolved budget of £3,000. These are organised and managed by the relevant local councillors as part of their commitment to community leadership and engagement.

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

40. A range of consultation and engagement projects are undertaken annually. This includes a regular 'Community Survey', which covers a range of areas relating to the Council's services and activities, including how it spends its money and prioritises areas for focus and improvement. Local residents are also invited to attend a range of Forum (such as the Community Forum, Pensioners Forum, Sustainability Forum), which help build understanding across a range of areas including Council finances and the implications for future service delivery. The Watford Compact provides an agreement between the statutory and voluntary

sectors in Watford to clarify and strengthen their relationship and to achieve better outcomes for individuals and for the Watford community.

## **REVIEW OF EFFECTIVENESS**

41. In accordance with recent external audit guidance, the review of the effectiveness of the governance framework will focus upon significant weaknesses and the 'big picture'. If issues have not been highlighted, it is because current governance arrangements have proved fit for purpose.

42. The review of effectiveness is informed by the work of the Senior Leadership within the Council who have responsibility for the development and maintenance of the governance environment, the Annual Report of the Head of Assurance for the Shared Internal Audit Service and also by comments made by the external auditors and other review agencies and inspectorates. The Mayor and Portfolio Holders maintain a continuous review of the Council's policies, activities and performance of Officers both through regular reviews and on a day to day basis.

## **The Council**

43. Council comprises 36 Members and an Elected Mayor. The main roles are:

- To set Watford Borough Council's Budget and Policy Framework;
- To receive a report from the Mayor, which Councillors can then ask the questions related to the report;
- To receive questions from the public, which are then debated by the Councillors;
- To receive petitions from the public, which are debated by the Councillors;
- To receive questions from Councillors with their response, these are not debated;
- To receive motions from Councillors, which are then debated;
- To consider any recommendations from Committees or Working Parties.

44. Council met five times during 2021/22 and agendas, reports and minutes are available on the Council's website.

## **Cabinet**

45. Cabinet comprises the Mayor and five members and makes decisions which are in line with the Council's overall policies and Budget. It is chaired by the Mayor and includes the Portfolio Holders.

46. Each Member of Cabinet has responsibility for a range of Council functions, known as a portfolio and each Portfolio Holder is required to work closely with Group/Executive Heads of Service and develop an in-depth knowledge of their portfolio area.

47. The dates of all Cabinet meetings are pre-published and all decisions have been taken in public apart from a small number of reports which were considered and determined after the press and public has been lawfully excluded. Agendas, reports and minutes of the meetings are available on the Council's website.

48. Cabinet met eight times during 2021/22.

## **The Review Committees**

49. The Council has two review committees, Overview and Scrutiny Committee and Finance Scrutiny Committee. Their role is to scrutinise the decisions and performance of Cabinet and the Council as a whole.

50. Overview and Scrutiny Committee comprising nine members, is the over-arching scrutiny committee for Watford Borough Council. Its work includes:

- Reviewing called in Executive decisions made by Cabinet, Portfolio Holders and Officers;
- Reviewing the Council's performance measures;
- Monitoring the Executive decisions taken and the key decisions to be taken by Cabinet, Portfolio Holders and Officers;
- Monitoring the progress of recommendations from previous scrutiny reviews;
- Setting up Task Groups to review suggested topics for scrutiny;
- Monitoring the progress of Task Groups and agreeing the final reports;
- Setting a rolling scrutiny work programme.

The committee met nine times in 2021/22.

51. Finance Scrutiny Committee comprises eight members and its work includes:

- To examine the Medium-Term Financial Plan,
- To examine the budget strategy for the relevant financial year,
- To review the service spending priorities for the relevant financial year,
- To challenge, question and test those strategies and plans,
- To examine the draft proposals for the following financial year's budget,
- To challenge if the proposals match the strategy and priorities,
- To forward comments on the budget proposals to Cabinet in time for its January budget meeting;

The Financial Scrutiny Committee met five times in 2021/22.

### **Member Panels**

52. There have been a number of cross-party member panels and scrutiny task groups to review and monitor various areas of Council activity. These included the Sustainable Transport Strategy Task Group (November/December 2021) which looked at the draft strategy and made recommendations to accompany the final report to Cabinet and the Electric Vehicles Task Group (January/February 2022) which made recommendations to further encourage and enable the use of electric vehicles in the borough. The recommendations of both of these task groups were fully accepted by Cabinet.

### **Standards Committee**

53. The Standards Committee is set up as and when required to consider matters of Member conduct. There were no meetings of this committee in 2021/22.

### **Members Remuneration**

54. Members remuneration was reviewed in 2018 by an Independent Remuneration Panel, which was made up of four independent members. The report and recommendations of the Independent Remuneration Panel was approved by the Full Council as part of the Budget Council meeting, details of which are available on the Council's website. The Panel recommend that with effect from April 2019 the Basic Allowance should be linked to local government pay settlements and increased accordingly.

55. The Independent Remuneration Panel now sits on a quadrennial basis and is therefore next due to meet in 2021.

### **Senior Management**

56. There are three Council Officers who have statutory appointments - the Managing Director's role as the Head of Paid Service, the Shared Director of Finance's role as the Section 151 Officer and the Group Head of Democracy & Governance as the Monitoring Officer. Leadership Board comprises the three statutory appointments above, plus the following officers: Group Head of Community and Environmental Services, Executive Head of Strategy & Communications, Group Head of Transformation (post filled until February 2022), Executive Head of Human Resources, Group Head of Place, Executive Head of Commercial and Innovation. Leadership Board meets every 2 weeks.

### **Performance Management**

57. Performance management follows a 'cascade' principle. The Council approves a Council Plan with a medium term – four year focus. The Council plan outlines the Council's high level commitments, linking to themes that have been identified as priority areas for the organisation and the town. The Council Plan is supported by a detailed two year Delivery Plan, which sets out the activities which will deliver the Council's commitments and by which it can be monitored and progressed assessed. The Council Plan and Delivery Plan then cascade down to individual service plans, which in turn translates into team and individual work plans. Performance is monitored regularly by Cabinet, Overview and Scrutiny Committee and Leadership Team.

58. The Council keeps residents and stakeholders informed of its progress through a publication called 'About Watford' which is delivered to every household and covers key issues, events and challenges. This publication is also made available online. It also has a large social media following across Facebook, Twitter and Instagram platforms which are becoming a significant channel for communicating and engaging with residents.

### **Procurement**

59. The Council aims to use its resources efficiently, effectively and economically.

60. The Council has a robust set of documentation to provide guidance and advice to Members and officers to ensure that Procurement is carried out in an effective and ethical manner. This documentation includes Contract Procedure Rules and a Contract Management Toolkit. These documents are regularly reviewed to reflect changes in local requirements and and legislation.

### **The Audit Committee**

61. The Audit Committee comprises five members and met four times during 2021/22.

62. The Audit Committee's terms of reference are consistent with best practice. The Committee approves the annual plan of internal audit and receives the quarterly and annual reports of the Head of Assurance for the Shared Internal Audit Service. It approves the Statement of Accounts, the annual governance statement and the review of the effectiveness of the internal audit system. It receives reports on risk management and reviews the operation of treasury management. It also received the annual letter from the Ombudsman and considers regular reports upon Freedom of Information requests, risk management and the Regulation of Investigatory Powers Act.

### **Internal Audit**

63. Internal Audit is an assurance function that provides an independent and objective opinion to the Council on its control environment - this comprises the systems of governance, internal

control and risk management - by evaluating its effectiveness in achieving the organisation's objectives.

64. The internal audit function is carried out, by the Shared Internal Audit Service (SIAS), a local internal audit partnership hosted by Hertfordshire County Council. This provides greater independence and resilience and a positive step in improving governance. Internal Audit carry out a programme of reviews during the year which are based upon a risk assessment including fraud risk. The audit plan is approved by Audit Committee in March of the preceding financial year. As part of these audits, any failures to comply with legislation, council policy and practice or best practice guidance issued by a relevant body is identified and reported. Circulation of reports to senior officers, reports to the Audit Committee and follow-up procedures ensure action is taken on priority improvements. Progress on implementing internal audit recommendations is reported in quarterly reviews to Audit Committee.
65. In line with Public Sector Internal Audit Standards, an Annual Assurance Statement and Internal Audit Report is compiled and presented to the first Audit Committee of each year, which:
- includes an opinion on the overall adequacy and effectiveness of the Council's internal control environment.
  - discloses any qualifications to that opinion, together with any reasons for the qualification.
  - draws attention to any issues which are judged particularly relevant to the preparation of the Annual Governance Statement.
66. The SIAS Annual Assurance Statement and Internal Audit Annual Report is a key source document for the Council's Annual Governance Statement. For 2021/22 this Report includes the following statements:
- In our opinion the corporate governance and risk management framework substantially complies with the best practice guidance on corporate governance issued by CIPFA/SOLACE. This conclusion is based on the work undertaken by the Council and reported in its Annual Governance Statement for 2021/22.
  - A Reasonable assurance opinion is given on the adequacy and effectiveness of both financial and non-financial systems in the internal control environment, based on the internal audits completed in the year. There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

### **The Council's External Auditors**

67. External auditors, Ernst & Young LLP, provide an external review function through the audit of the annual accounts, assessment of value for money, certification of grant claims and the periodic inspection of services such as revenues and benefits. The Annual Audit and Inspection Letter is circulated to all Members and formally reported to Cabinet and the Audit Committee.
68. The conclusion of the external audits for 2019/20 and 2020/21 has been delayed but a plan is in place to bring the audit back in line with the statutory timetable.
69. The Local Government contract for the Council was awarded to EY (Ernst & Young LLP) following re-tendering by the Audit Commission ahead of its abolition in March 2015. In December 2017 EY were appointed by PSAA as auditor for Watford Borough Council for 2018/19 onwards.

## **The Financial Management Code of Practice**

70. The CIPFA Financial Management Code of Practice (FM Code) was published in November 2019. It sets out the 'gold standard' for financial management arrangements in local government. The FM Code does not have statutory status but brings together best practice and statutory guidance including the Prudential Code for Capital Finance in Local Authorities. Local authorities were expected to comply with the FM Code from 2021/22.
71. Appendix 2 is a self-assessment against the FM Code and includes actions for improvement and enhancement of current practices.

### **SIGNIFICANT GOVERNANCE ISSUES**

72. The 'normal' running of Council business has and can be controlled through the governance framework detailed in this report. No significant governance issues have been identified for 2021/22 and no outstanding matters were brought forward from 2020/21.

### **Certification Statement from the Elected Mayor and the Managing Director**

73. We propose to take steps over the coming financial year to address the above matters to further enhance our governance arrangements. We will also monitor the implementation of any audit recommendations that arise during the course of the year.
74. It is our opinion that the Council's governance arrangements in 2021/22 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2022/23. It is our opinion that this has remained the case during the COVID-19 pandemic; and that despite the challenges posed by this, the Council's governance in dealing with the pandemic and our ability to maintain sound governance during the outbreak, has been effective.

Signed \_\_\_\_\_

Date \_\_\_\_\_

Peter Taylor - Mayor

Signed \_\_\_\_\_

Date \_\_\_\_\_

Donna Nolan - Managing Director

**WBC Annual Governance Statement 2021/22 Action Plan**

<b>No.</b>	<b>Issue</b>	<b>Action</b>	<b>Resolved</b>	<b>Updates</b>
	No significant issues identified.			



## Financial Management Code Compliance Self-Assessment 2021/22

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
<b>1. Responsibilities of the Chief Finance Officer (CFO) and Leadership Team</b>				
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money (VfM)	Services use peer reviews incorporating benchmarking to inform opportunities to improve VfM. All tenders consider VfM by considering the quality of service and not just price.	Developing a Continuous Improvement Plan which will take shape during 2022/23.	GREEN
B	The authority complies with the CIPFA "Statement of the Role of the CFO in Local Government"	The CFO is qualified accountant with significant experience working as an active member of the leadership team. The CFO is a member of Leadership Board and has an influential role with members of the Cabinet, Audit Committee and lead opposition members. Role profiles within the finance team have been refreshed to ensure that the team is suitably resourced and fit for purpose.		GREEN
<b>2. Governance and Financial Management Style</b>				
C	The Leadership Team demonstrates in its actions and behaviours responsibility for governance and internal control	The Statutory Officer Group exists to ensure good governance and internal control, including driving the production of the Annual Governance Statement (AGS) and Action Plan through the completion of Annual Assurance Statements by Leadership Board.	Expansion of the Statutory Officers Group to include the Chief Internal Auditor (role fulfilled by Client Audit Manager through SIAS Partnership)	GREEN
D	The authority applies the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)"	Annual Governance Statement (AGS) includes internal audit opinion on effectiveness of internal control environment and systems of internal control. The Council updates the Local Code of Governance annually.		GREEN
E	The Financial Management style of the authority supports financial sustainability	At the core of the Finance Shared Service is a technical accounting team that provides the accounting framework, treasury management function for the organisation. The budget setting process and support for strategic financial matters is delivered by the Director of Finance and Head of Finance. The Finance Business Partner team provides dedicated support to Heads of Service and budget managers with financial planning and monitoring.	Implementation of the Finance Business Partnering model will strengthen relationships between finance and services.	GREEN

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
<b>3. Long to Medium-Term Financial Management</b>				
F	The authority has carried out a credible and transparent financial resilience assessment	An annual assessment is made for the prudent minimum level of General Balances and this forms the basis of the budget planning process. In addition, the authority holds earmarked reserves to manage specific risks such as the Croxley Business Park Reserve and the Business Rates Reserve. In making this assessment Officers use the CIPFA Financial Resilience index to benchmark against other local authorities.		GREEN
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	The budget papers and MTFS outline the financial challenges and opportunities facing the Council. Budget planning reports to Cabinet clearly set out the financial planning environment and any assumptions made.		GREEN
H	The authority complies with the CIPFA "Prudential Code for Capital Finance in Local Authorities"	An annual Capital and Investment Strategy is set by Council alongside a three-year Capital Investment Programme, Treasury Management Strategy, Annual Investment Strategy and Minimum Revenue Provision Policy. The Capital Programme is monitored monthly with reports produced quarterly for Leadership Board, Finance Scrutiny Committee and Cabinet. Mid-term and Outturn Treasury Management reports are taken to Audit Committee and Cabinet, including monitoring of Prudential Indicators.		GREEN
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	The Council has an integrated Business and Budget Planning Process with a three-year MTFS supported by Service Plans.		GREEN
<b>4. The Annual Budget</b>				
J	The authority complies with its statutory obligations in respect of the budget setting process	The Council produces an annual balanced budget and supporting documentation within the necessary timeframe.		GREEN

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
K	The budget report includes a statement by the CFO on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves	The CFO's S25 report forms part of the budget report to Council and includes a commentary of the adequacy of proposed financial reserves.		GREEN
<b>5. Stakeholder Engagement and Business Plans</b>				
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget	The Council's budget priorities are closely linked to the Council's Corporate Plan and Mayoral manifesto pledges which are voted on every four years. The Finance Scrutiny Committee considers and provides comments to Cabinet on the budget proposals. Specific proposals for service changes are taken through a formal public consultation process as part of the decision making process.	Establishment of Citizen Panels which will help to establish resident priorities in terms of budget allocation.	GREEN
M	The authority uses an appropriate documented options appraisal methodology to demonstrate the value for money of its decisions	A business case is required for all capital schemes which sets out alternative options, the reasons for discounting them and benefits of progressing with the scheme. All tenders consider VfM by considering the quality of service and not just price – the appraisal process is documented. Cost estimates for capital projects are subject to robust challenge. Projects are managed within the Council's project management framework and supported by the Council's well established Enterprise Programme Management Office (EPMO).		GREEN
<b>6. Monitoring Financial Performance</b>				
N	The Leadership Team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	The quarterly monitoring report to Cabinet enables Leadership Board and Cabinet to respond to emerging risks – the effectiveness was evidenced during 2020/21 and 2021/22 as the Council agreed an in year budget changes to respond to the financial impact of COVID-19. The report is also considered by Finance Scrutiny Committee.	During 2022/23 the reporting framework will be enhanced to provide greater transparency.	GREEN

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
O	The Leadership Team monitors the elements of its balance sheet that pose a significant risk to financial sustainability	The quarterly monitoring report to Cabinet includes monitoring of key balance sheet items including balances, reserves, debtors, and cash (including the performance of Treasury Management).	Increase the visibility of relevant balance sheet items for service managers through improving service level reporting on earmarked reserves and aged debtors.	GREEN
<b>7. External Financial Reporting</b>				
P	The CFO has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the "Code of Practice on Local Authority Accounting in the United Kingdom" (The Code)	The annual accounts are produced in compliance with The Code. The accounts receive an unqualified audit opinion. Issues raised by the External auditors in relation to the 2019/20 accounts have been addressed by Officers.	The delay to the audit of the 2019/20 and 2020/21 accounts has impacted on the timeliness of financial reporting. However, a plan is in place with the Council's external auditors to bring the audit timetable back within the statutory framework by April 2023.	AMBER
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions	Leadership Board and Cabinet consider outturn report and year end variances in a timely manner enabling strategic financial decisions to be made as necessary including transfers to reserves and agreed carry forwards for both revenue and capital budgets.		GREEN

**Watford Borough Council  
Annual Governance Statement  
2021/22  
Local Code of Governance**

## **What do we mean by Governance?**

1. The International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (the 'International Framework') defines governance as follows:

“Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.”

2. The International Framework also states that:

“To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.”

3. Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
4. Governance comprises the systems and processes, and cultures and values, by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads its communities.
5. Good governance leads to:
  - good management,
  - good performance,
  - good stewardship of public money,
  - good public engagement,
  - good outcomes for citizens and service users.
6. Good governance enables the Council to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk.
7. The Council, along with each and every other local authority, aims to meet the standards of the best and its governance arrangements should not only be sound but also be seen to be sound.

## **Governance Framework**

8. The Council operates through a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes.
9. The Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) drew together a Working Group to compile a framework document entitled “Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016) (‘the Framework’).”
10. This Framework document is intended to be followed as best practice for developing and maintaining a local code of governance and for discharging accountability for the

proper conduct of public business, through the publication of an annual governance statement that will make the adopted practice open and explicit.

11. To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in this Framework. It should therefore develop and maintain a local code of governance/governance arrangements reflecting the principles set out.
12. It is also crucial that the Framework is applied in a way that demonstrates the spirit and ethos of good governance which cannot be achieved by rules and procedures alone. Shared values that are integrated into the culture of an organisation, and are reflected in behaviour and policy, are hallmarks of good governance.

### **The Council's Commitment**

13. The Council is committed to the principles of good governance and wishes to confirm its ongoing commitment and intentions through this Local Code of Governance.
14. This Code sets out and describes the Council's commitment to governance and identifies the arrangements that have been and will continue to be made to ensure its ongoing effective implementation and application in all aspects of the Council's work.
15. Accordingly, the Council will test its arrangements by:
  - reviewing its existing governance arrangements against this revised Code,
  - maintaining an up-to-date Local Code of Governance including arrangements for ensuring its ongoing application and effectiveness,
  - on an annual basis, prepare a governance statement in order to report publicly on the extent to which the Council complies with this code, including how the effectiveness of its governance arrangements have been monitored in the year and on any planned changes in the coming period.

### **The Principles of Good Governance**

16. The core principles and sub-principles of good governance set out below are taken from the International Framework. In turn they have been interpreted for a local government context.

#### ***The Seven Core Principles***

17. Principles A and B permeate implementation of principles C to G.

***A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law***

*Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.*

The core principle is supported by three supporting principles:

- a) Behaving with integrity,
- b) Demonstrating strong commitment to ethical values, and
- c) Respecting the rule of law.

## **B. Ensuring openness and comprehensive stakeholder engagement**

*Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.*

The core principle is supported by three supporting principles:

- a) Openness,
- b) Engaging comprehensively with institutional stakeholders, and
- c) Engaging with individual citizens and service users effectively.

18. In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance also requires a commitment to and effective arrangements for principles C to G.

## **C. Defining outcomes in terms of sustainable economic, social, and environmental benefits**

*The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.*



The core principle is supported by two supporting principles:

- a) Defining outcomes, and
- b) Sustainable economic, social and environmental benefits.

**D. Determining the interventions necessary to optimise the achievement of the intended outcomes**

*Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.*

The core principle is supported by three supporting principles:

- a) Determining interventions,
- b) Planning interventions, and
- c) Optimising achievement of intended outcomes.

**E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**

*Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.*

The core principle is supported by two supporting principles:

- a) Developing the entity's capacity
- b) Developing the capability of the entity's leadership and other individuals

## **F. Managing risks and performance through robust internal control and strong public financial management**

*Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.*

*A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.*

*It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.*

The core principle is supported by five supporting principles:

- a) Managing risk,
- b) Managing performance,
- c) Robust internal control,
- d) Managing data, and
- e) Strong public financial management.

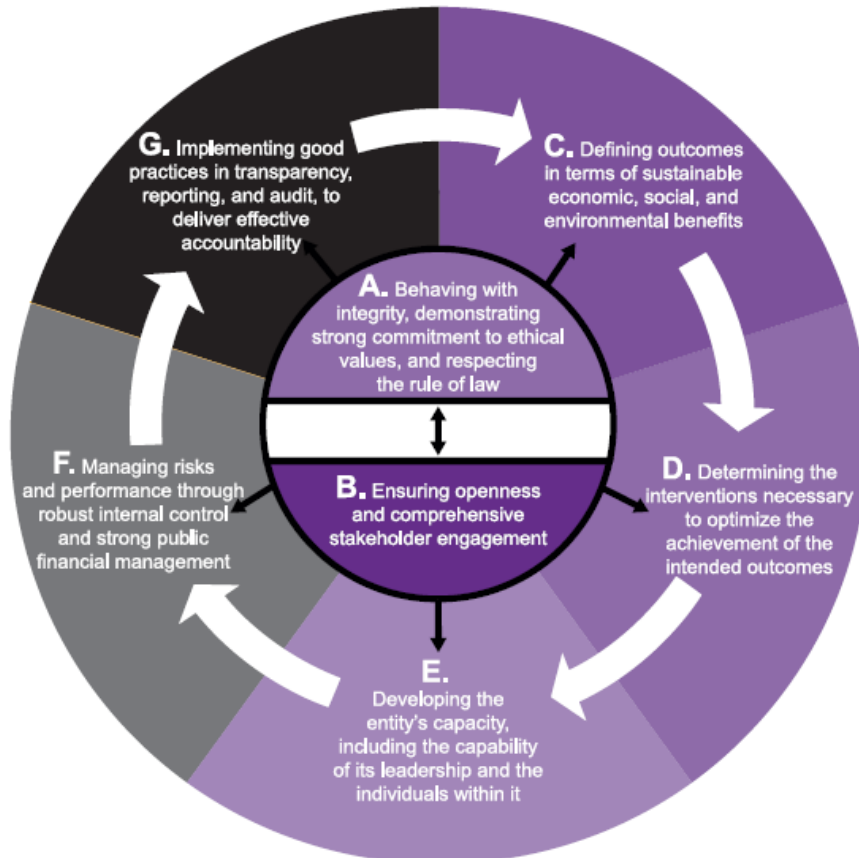
## **G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

*Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.*

The core principle is supported by three supporting principles:

- a) Implementing good practice in transparency,
- b) Implementing good practices in reporting, and
- c) Assurance and effective accountability.

19. These principles are illustrated in the following diagram: (from CIPFA/SOLACE)



### **Monitoring and Review**

20. The Council will carry out an ongoing review and monitoring of its governance arrangements (see Appendix A) and how these arrangements comply with the Framework document and this Local Code. This review and monitoring will include references to, amongst other things:

- Group/Executive Heads of Service Management Assurance Statements,
- Constitution Review arrangements,
- Ethics arrangements,
- Shared Internal Audit Service's Annual Report,
- Performance management arrangements,
- Risk management arrangements,
- Council's decision making arrangements,
- Freedom of information and data protection arrangements, and
- Council's complaints procedures (3C's).

21. The results of this process will be incorporated into an Annual Governance Statement (AGS), the preparation and publication of which is necessary to meet the statutory requirement of the Accounts and Audit Regulations 2015.

22. The purpose of the AGS is to provide an assurance that:

- governance arrangements are adequate and operating effectively

- where the review has revealed gaps, action is planned that will ensure effective governance in future

23. The AGS will be presented to the Council's Audit Committee and then Cabinet.

24. Once approved, the AGS will be signed by the Elected Mayor and the Managing Director and will be published with the Annual Statement of Accounts, prior to being reviewed by the Council's External Auditors.

**May 2022**

Core Principles	A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	B - Ensuring openness and comprehensive stakeholder engagement	C - Defining outcomes in terms of sustainable economic, social, and environmental benefits	D - Determining the interventions necessary to optimise the achievement of the intended outcomes	E - Developing the entity's capacity, including the capability of its leadership and the individuals within it	F - Managing risks and performance through robust internal control and strong public financial management	G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability
<b>Evidence of Good Governance</b>	Constitution Financial Procedure Rules Contract Procedure Rules Responsibility for Executive functions (delegation) Responsibility for Council functions (delegation) Councillor and Officer Codes of Conduct Annual Governance Statement Members Remuneration Scheme Contract Management Toolkit Project Management Toolkit	Constitution Local Strategic Partnership – One Watford Service Level and Partnership Agreements Transparency and Open Data Freedom of Information Act 2000 Freedom of Information Publication Scheme Watford Observer Community Survey Communications and Engagement Plan In Touch Ask the MD	Council Plan (2020-24) Delivery Plan (2020-22) Strategic Group Community Safety Plan Local Development Plan Watford Parking Strategy Gambling Policy Economic Growth Strategy Homelessness Review Housing Strategy Waste Management & Recycling Policy	Constitution Council Plan (2020-24) Delivery Plan (2020-22) Medium Term Financial Strategy Service Plans Committee Meetings, Agendas and Minutes Finance Scrutiny Committee Local Strategic Partnership – One Watford Communications and Engagement Plan Leadership Board	Organisational Development Strategy and Delivery Plan HR Policies Performance Development Review (appraisals) Job / Person Specifications Employee Health and wellbeing Strategy Health and Safety Group Safeguarding Policy Members and Staff Induction Programme Sickness Absence Policy	Medium Term Financial Strategy Treasury Management Strategy Finance Scrutiny Committee Audited Annual Statement of Accounts Revenue and Capital Budgets Risk Management Strategy Corporate and Service Risk Registers Annual Management Assurance Statements	Facility for Council to receive petitions Residents / business owners submit relevant questions in writing for consideration and response at Council meetings Freedom of Information Publication Scheme Notice of Executive Decisions Committee Meetings, Agendas and Minutes Local Government Transparency Code – Transparency and Open Data

<b>Evidence of Good Governance</b>	Whistleblowing Policy	Contracts Register	Cabinet	Management Board		Annual Governance Statement	Shared Internal Audit Service (SIAS)
	Anti-Fraud and Anti-Corruption Policy	Customer Feedback / Complaints Process		Cabinet		Shared Internal Audit Service (SIAS)	Head of Assurance Opinion and SIAS Annual Report
	Bribery Policy	Citizens Panel		Council		Annual Audit Plan Report	Annual Fraud Report
	RIPA Policy	Website		Annual Council		SIAS Progress Reports	Treasury Management Reports
	Equality Impact Assessments	Intranet				Head of Assurance Opinion and SIAS Annual Report	
	Bullying and Harassment Policy	Social Media Channels				External Auditors	
	Register of Members' Interests					External Audit Annual Audit Letter	
	Notification of Gifts & Hospitality (members and officers)					Committee Meetings, Agendas and Minutes	
	Audit Committee					Data sharing protocols	
	Overview and Scrutiny Committee						
	Finance Scrutiny Committee						
	Task Groups and Member Panels						
	Ombudsman Reports						

Core Principles	A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	B - Ensuring openness and comprehensive stakeholder engagement	C - Defining outcomes in terms of sustainable economic, social, and environmental benefits	D - Determining the interventions necessary to optimise the achievement of the intended outcomes	E - Developing the entity's capacity, including the capability of its leadership and the individuals within it	F - Managing risks and performance through robust internal control and strong public financial management	G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability
Evidence of Good Governance	<p>Protocol on Member / Officer Relations</p> <p>Standards Committee</p> <p>Fraud Service and Annual Report</p> <p>Leadership Board:  - Managing Director (Head of Paid Service)  - Shared Director of Finance (Section 151 Officer)  - Group Head of Democracy and Governance (Monitoring Officer)  - Executive / Group -Heads of Service</p> <p>Data Protection Policy</p> <p>Customer Feedback / Complaints Process</p>					<p>Budget Monitoring</p> <p>Finance Digest</p> <p>Overview and Scrutiny Committee</p> <p>Audit Committee</p> <p>Financial Procedure Rules</p> <p>Contract Procedure Rules</p>	

# Watford Borough Council Draft Audit planning report

Year ended 31 March 2021

15th July 2022





**Private and Confidential**

**15 July 2022**

Watford Borough Council  
Town Hall,  
Watford  
WD17 3EX

**Dear Audit Committee Members**

**Draft audit planning report**

We are pleased to attach our Draft Audit Plan which sets out how we intend to carry out our responsibilities as your auditor. Its purpose is to provide the Audit Committee with a basis to review our proposed audit approach and scope for the 2020/21 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This Provisional Audit Plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council and outlines our planned audit strategy in response to those risks. Our planning procedures remain ongoing; we will inform the Audit Committee if there any significant changes or revisions once we have completed these procedures and will provide an update to the next meeting of the committee.

This report is intended solely for the information and use of the Audit Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 28 July 2022 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

**Maria Grindley**

For and on behalf of Ernst & Young LLP

# Contents



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/>). 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 and further guidance (updated April 2018)" issued by the 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 in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the **Audit Committee and management of Watford Borough Council** in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the **Audit Committee, and management of Watford Borough Council** those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the **Audit Committee and management of Watford Borough Council** for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



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**01**

# Overview of our 2020/21 audit strategy





# Overview of our 2020/21 audit strategy

The following 'dashboard' summarises the draft significant accounting and auditing matters outlined in this report. It seeks to provide the Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

## Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Incorrect Accounting for Manual Accruals - Risk of fraud in revenue and expenditure recognition	Fraud risk/ Significant risk	No change in risk or focus	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. Manual accruals are an area where estimation is a key factor in ensuring appropriate levels of accruals are included in the financial statements. Therefore due to the judgements involved it is one of the areas where this risk could manifest and one of the relevant accounts we associate revenue and expenditure recognition risk to.
Misstatements due to fraud or error	Fraud risk	No change in risk or focus	As identified in ISA 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 would otherwise appear to be operating effectively.
Incorrect accounting for income from investment and leasehold properties - risk of fraud in revenue and expenditure recognition	Fraud risk / Significant risk	No change in risk or focus	The Council has a significant income stream from investment and leasehold properties. Linking to our "Misstatements due to fraud or error" fraud risk identified above, we have determined that the way in which management could override controls is through the incorrect recognition of this income.
Inappropriate capitalisation of revenue expenditure	Fraud risk	New significant risk	Linking to our "Misstatements due to fraud or error" fraud risk identified above, we have determined that the way in which management could override controls is through the inappropriate capitalisation of revenue expenditure to understate revenue expenditure reported in the financial statements.



# Overview of our 2020/21 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

## Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Valuation of Other Land and Buildings in Plant Property and Equipment, Investment Properties, and surplus assets	Significant risk	No change in risk	<p>Management is required to provide material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. Detailed valuation work for 2020/21 has been undertaken by the Council's valuers Avison Young. We will review the methodology, assumptions, and calculations used as part of the valuations to ensure they are appropriate.</p> <p>Valuation of L&amp;B is performed 1 year in arrear; we will also confirm that these are correctly indexed to reflect valuation as at YE 31/03/2021.</p>
Valuation of Pension Fund Assets and Liabilities	Inherent risk	No change in risk or focus	Asset and Liability values captured in Watford Borough Council's 2020-21 accounts will derive from information issued to the Council by the actuary to Hertfordshire County Council and will involve significant estimation and judgement.
Accounting for Covid-19 related Government Grants	Inherent risk	New area of focus	The Council has received a significant level of government funding in relation to Covid-19. There is a need for the Council to ensure that it accounts for these grants appropriately, taking into account any associated restrictions and conditions.
Going Concern compliance with ISA570	Inherent risk	No change in risk or focus	The financial landscape for the Council remains challenging and it will need to undertake a going concern assessment covering a period up to 12 months from the expected date of final authorisation. It will also need to make an appropriate disclosure in the financial statements. In addition, the revised auditing standard on going concern requires additional challenge from auditors on the assertions being made by management.
Incorrect classification of fixed assets (L&B, IP and surplus assets)	Inherent risk	New area of focus	In the PY19/20 audit we have noted a number of misclassifications of assets between L&B subclasses, and also between L&B, IP, and surplus assets. Therefore in the CY20/21 audit there is an inherent risk for the misclassification of fixed assets.

# Overview of our 2020/21 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

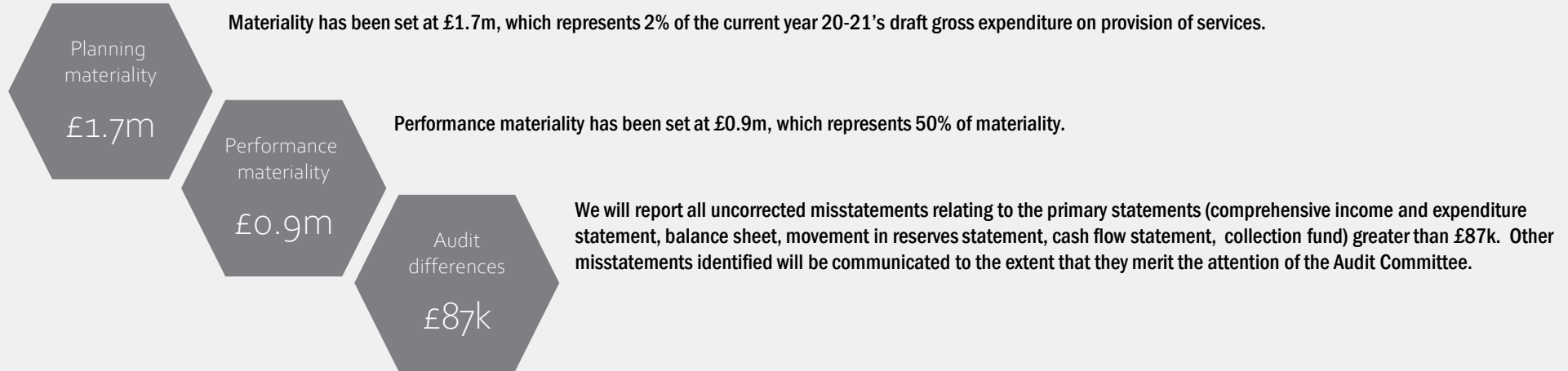
## Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
<p>Lack of prudence in estimation of Minimum Revenue Provision (MRP)</p>	<p>Inherent risk</p>	<p>New area of focus</p>	<p>In the PY 19/20 audit, we have noted that management has not included MRP as part of its capital financing requirements (CFR) calculations. We have also identified a control deficiency in relation to the Council's capital financing requirement (CFR) and minimum revenue provision (MRP) record keeping as they were not able to produce a breakdown of its £32.4 million outstanding CFR on an asset by asset basis.</p> <p>Management has later agreed to amend the accounts to include a provision of £83,000; while we accept that the Council has complied with its statutory duty to make a revenue provision it considers to be prudent, in our view the MRP is aggressive as it would take the Council 384 years to cover its capital financing requirement of £32.4 million at that level of provision. In the PY we have therefore recommend the Council reconsiders whether its current MRP policy leads to prudent provision.</p> <p>In addition to the issues identified in the PY, in the CY there is additional CFR for the material new Croxley Park finance lease that is likely to have a large impact on MRP calculations. In the CY 20/21 audit therefore included management's estimation of the MRP as an area of audit focus to confirm that a prudent level of MRP is provided for.</p>

# Overview of our 20xx/xx audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the **Audit Committee** with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

## Materiality



### Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of Watford Borough Council give a true and fair view of the financial position as at 31 March 2021 and of the income and expenditure for the year then ended; and
- Our conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

Taking the above into account, and as articulated in this audit plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, the valuations of land and buildings, the auditing of groups, the valuation of pension obligations, the introduction of new accounting standards such as IFRS 9 and 15 in recent years as well as the expansion of factors impacting the value for money conclusion. Therefore to the extent any of these or any other risks are relevant in the context of Watford Borough Council's audit, we will discuss these with management as to the impact on the scale fee.



### Value for money conclusion

One of the main changes in the NAO's 2020 Code is in relation to the value for money conclusion. We include details in Section 03 but in summary:

- We are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.
- Planning on VFM and the associated risk assessment is now focused on gathering sufficient evidence to enable us to document our evaluation of the Council's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.
- We will be required to provide a commentary on the Council's arrangements against three reporting criteria:
  - Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services;
  - Governance - How the Council ensures that it makes informed decisions and properly manages its risks; and
  - Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.
- Within the audit opinion we will still only report by exception where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- The commentary on arrangements will be included in a new Auditor's Annual Report which we will be required to issue at a date to be determined by the NAO.

### Timeline

Due to the delay in the completion of the PY 2019-20 audit, the Council's publication of the approved and audited accounts by the MHCLG target date of 30 September 2021 has also been delayed. In Section 07 we therefore include a provisional timeline for the audit.

### Fees

We remain in discussion with PSAA about our proposed increase to the scale fee which we consider to be appropriate to deliver a Code compliant audit. We include in Section 08, our current view of the fees required to carry out the 2020/21 audit. We will update the Committee on any determinations by PSAA on fees.



**02**

Audit risks



## Our response to significant risks

We have set out the significant risks (including fraud risks denoted by\*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Incorrect accounting for manual accruals - risk of fraud in revenue and expenditure recognition\*

### Financial statement impact

Misstatements that occur in relation to the risk of fraud or error in revenue and expenditure recognition could affect income and expenditure accounts. Manual accruals is one of the relevant accounts we associate revenue and expenditure recognition risk to. Manual accruals supported the following balances in the draft 2020-21 financial statements:

Net cost of services expenditure: £34.2 million.

Manual accruals: £4.5 million.

### What is the risk?

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.

In considering how the risk of management override may present itself, we conclude that this is primarily through management taking action to override controls and manipulate in year financial transactions that impact the financial position.

A key way of improving the revenue position is through inappropriate timing or measurement of estimates, manual accruals around the year end being a typical estimate that could be affected.

### What will we do?

We will focus our journals testing strategy around the year-end period, with a particular focus on those manual entries that impact income and expenditure.

Where there is any management estimation or assumptions involved in the calculation of year end accruals we will ensure that the rationale provided by management is appropriate and clearly documented on file via minutes of conversations held by management.

In addition to the focused review of manual accruals our work will be part of a suite of mandatory procedures performed regardless of specifically identified fraud risks, including:

- Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- Assessing accounting estimates for evidence of management bias; and
- Evaluating the business rationale for significant unusual transactions.

To support our work on mandatory procedures, we will utilise our data analytics capabilities to assist with our work, including carrying out testing on the income and expenditure accounts and journal entry testing.

## Our response to significant risks (continued)

We have set out the significant risks (including fraud risks denoted by\*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Misstatements due to fraud or error\*

### What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 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.

### What will we do?

- Identifying fraud risks during the planning stages.
- Inquiry of management about risks of fraud and the controls put in place to address those risks.
- Understanding the oversight given by those charged with governance of management's processes over fraud.
- Consideration of the effectiveness of management's controls designed to address the risk of fraud.
- Testing the appropriateness of journal entries recorded in the general ledger and other adjustments
- made in the preparation of the financial statements
- Assessing accounting estimates for evidence of management bias, and
- Evaluating the business rationale for significant unusual transactions.

We will utilise our data analytics capabilities to assist with our work.

Having evaluated this risk we have considered whether we need to perform other audit procedures not referred to above. We concluded that only those procedures included under "Incorrect accounting for income from investment and leasehold properties " and 'Inappropriate capitalisation of revenue expenditure' are required.

## Our response to significant risks (continued)

We have set out the significant risks (including fraud risks denoted by\*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Incorrect accounting for income from investment and leasehold properties - risk of fraud in revenue and expenditure recognition\*

### What is the risk?

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.

In considering how the risk of management override may present itself, we conclude that this is primarily through management taking action to override controls and manipulate in year financial transactions that impact the financial position.

A key way of improving the revenue position is through the inappropriate recognition of Investment property rental income from the properties held by the council and from leasehold properties.

### What will we do?

We will review a sample of investment property and leasehold property income at a lower testing threshold to confirm it is appropriately accounted for,

### Financial statement impact

Misstatements that occur in relation to the risk of fraud or error in revenue and expenditure recognition could affect income and expenditure accounts. Income from Investment Properties and Leasehold Properties is one of the relevant accounts we associate revenue and expenditure recognition risk to. Such income supported the following balances in the draft 2020-21 financial statements:

(Income) / Expenditure in relation to investment property: £17.4 million.

Total Reserves: £350.1 million.

## Our response to significant risks (continued)

We have set out the significant risks (including fraud risks denoted by\*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Inappropriate capitalisation of revenue expenditure\*

### What is the risk?

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.

We have identified an opportunity and incentive to capitalise expenditure under the accounting framework, to remove it from the general fund. In arriving at this conclusion we have considered the continuing pressure on the revenue budget and the financial value of its annual capital programme which is many times out materiality level.

This could then result in funding of that expenditure, that should properly be defined as revenue, through inappropriate sources such as capital receipts, capital grants, or borrowing.

### What will we do?

We will:

- ▶ Test PPE additions, and REFCUS if material, to ensure that the expenditure incurred and capitalised is clearly capital in nature or appropriate to be treated as REFCUS.
- ▶ Seek to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

We will utilise our data analytics capabilities to assist with our work, including journal entry testing. We will assess journal entries more generally for evidence of management bias and evaluate for business rationale.

### Financial statement impact

We have assessed that the risk of misreporting revenue outturn in the financial statements is most likely to be achieved through:

- ▶ Revenue expenditure being inappropriately recognised as capital expenditure at the point it is posted to the general ledger.
- ▶ Expenditure being inappropriately transferred by journal from revenue to capital codes on the general ledger at the end of the year.

If this were to happen it would have the impact of understating revenue expenditure and overstating PPE additions and/or Revenue Expenditure Financed as Capital Under Statute (REFCUS) in the financial statements.

## Our response to significant risks (continued)

We have set out the significant risks (including fraud risks denoted by\*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Valuation of land and buildings in Plant, Property and Equipment, Investment Property and Surplus Assets

### Financial statement impact

The net book value of Land & Building for YE 31<sup>st</sup> March 2021 is £347m.

The fair value of investment properties and surplus assets for YE 31<sup>st</sup> March 2021 are £161m and £1.7m respectively.

### What is the risk?

The fair value of land and buildings, investment properties, and surplus assets, represent a significant balance in the Council's accounts and is subject to valuation changes and impairment reviews. In addition land and buildings are also subject to 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.

As one of the largest accounting estimates on the balance sheet and one dependent on a high degree of subjectivity, and also in light of a number of material misstatements relating to property valuations identified in the PY19-20 audit, we have continued to associate a significant risk to the valuation of land & buildings in the 2020/21 audit.

### What will we do?

The significant risk lies with the assumptions made in the estimation of the valuations. Our expectation is that assets of the same class (e.g. schools, libraries) valued under the same methodology should include similar assumptions, Therefore the selection of at least one sample per valuation methodology and also asset class should give sufficient coverage over the assumptions used in the valuations calculations.

We will therefore stratify the properties in PPE, IP and surplus assets by valuation methodology and also asset class (e.g. schools, libraries etc). We will then judgementally select a representative sample for testing.

Due to the extent of subjectivity and professional judgement that management's expert applies we will engage our own expert (EYRE) to enable us to audit a sample of valuations, challenging management on key assumptions and judgements.

The audit team will in addition review the base data that supports the valuations calculations, such as floor areas of buildings, site areas, build costs etc.

## Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

### What is the risk/area of focus?

#### Valuation of Pension Fund Assets and Liabilities

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.

Watford Borough Council's pension fund assets and liabilities are material estimated balances and the Code requires that the liability be disclosed on the Council's balance sheet. At 31 March 2021 the net liability was valued at £55.935m.

The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the Pension Fund.

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.

### What will we do?

#### **We will:**

- Liaise with the auditors of Hertfordshire County Council Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Watford Borough Council;
- Assess the work of the Pension Fund actuary (Hymans Robertson) including the assumptions they have used; and
- Review and test the accounting entries and disclosures made within Watford Borough Council's financial statements in relation to IAS19.

We will consider outturn information available at the time we undertake our work after production of the Council's draft financial statements, for example the year-end actual valuation of pension fund assets. We will use this to inform our assessment of the accuracy of estimated information included in the financial statements and whether any adjustments are required.



## Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

### What is the risk/area of focus?

### What will we do?

#### Accounting for Covid-19 related grant funding

The Council has received a significant level of government funding in relation to Covid-19. Whilst there is no change in the CIPFA Code or accounting standard (IFRS 15) in respect of accounting for grant funding, the emergency nature of some of the grants received and in some cases the lack of clarity on any associated restrictions and conditions, means that the Council will need to apply a greater degree of assessment and judgement to determine the appropriate accounting treatment in the 2020/21 statements.

We will consider the Council's judgement on material grants received in relation to whether it is acting as:

- An Agent, where it has determined that it is acting as an intermediary; or
- A Principal, where the Council has determined that it is acting on its own behalf.

We will encourage the finance team to provide its assessment of grant accounting well before it prepares the statements so that we can provide an early view on its proposed accounting treatment.

#### Going Concern Compliance with ISA 570

There is a presumption that the Council will continue as a going concern for the foreseeable future. However, the Council is required to carry out a going concern assessment that is proportionate to the risks it faces. In light of the continued impact of Covid-19 on the Council's day to day finances, its annual budget, its cashflow and its medium term financial strategy, there is a need for the Council to ensure its going concern assessment is thorough and appropriately comprehensive.

The Council is then required to ensure that its going concern disclosure within the statement of accounts adequately reflects its going concern assessment and in particular highlights any uncertainties it has identified.

In addition, the auditing standard in relation to going concern (ISA570) has been revised with effect for the 2020/21 accounts audit.

We will meet the requirements of the revised auditing standard on going concern (ISA 570) and consider the adequacy of the Council's going concern assessment and its disclosure in the accounts by:

- Challenging management's identification of events or conditions impacting going concern.
- Testing management's resulting assessment of going concern by evaluating supporting evidence (including consideration of the risk of management bias).
- Reviewing the Council's cashflow forecast covering the foreseeable future, to ensure that it has sufficient liquidity to continue to operate as a going concern.
- Undertaking a 'stand back' review to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern.
- Challenging the disclosure made in the accounts in respect of going concern and any material uncertainties.

We will discuss the detailed implications of the revised auditing standard with finance staff shortly and seek to agree with management to receive an early draft of the Council's going concern assessment in advance of the 2020/21 year-end audit in order to provide management with feedback on the adequacy and sufficiency of the proposed disclosures in relation to going concern.

## Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

### What is the risk/area of focus?

#### **Incorrect classification of fixed assets (L&B, IP and surplus assets)**

In the PY19/20 audit we have noted a number of misclassifications of assets between L&B subclasses, and also between L&B, IP, and surplus assets. Therefore in the CY20/21 audit there is an inherent risk for the misclassification of fixed assets.

### What will we do?

We will perform a substantive approach on L&B (PPE), IP and surplus asset, including test for existence, in-year additions and disposals, and also valuations of these assets. As part of our work we will also review the correct classification of these assets into L&B, IP, and surplus assets.

We will also perform a high level review of asset names within the fixed asset register to test for the reasonableness of their classification into the various asset subclasses.

#### **Lack of prudence in estimation of Minimum Revenue Provision (MRP)**

In the PY 19/20 audit, we have noted that management has not included MRP as part of its capital financing requirements (CFR) calculations. We have also identified a control deficiency in relation to the Council's capital financing requirement (CFR) and minimum revenue provision (MRP) record keeping as they were not able to produce a breakdown of its £32.4 million outstanding CFR on an asset by asset basis.

Management has later agreed to amend the accounts to include a provision of £83,000; while we accept that the Council has complied with its statutory duty to make a revenue provision it considers to be prudent, in our view the MRP is aggressive as it would take the Council 384 years to cover its capital financing requirement of £32.4 million at that level of provision. In the PY we have therefore recommend the Council reconsiders whether its current MRP policy leads to prudent provision.

In addition to the issues identified in the PY, in the CY there is additional CFR for the material new Croxley Park finance lease that is likely to have a large impact on MRP calculations. In the CY 20/21 audit therefore included management's estimation of the MRP as an area of audit focus to confirm that a prudent level of MRP is provided for.

We will seek to review the breakdown of the Council's capital financing requirement on an asset by asset basis. We will then form our own estimate of the MRP in accordance to the Prudential Code and compare this against the Council's own estimate. We will also involve our EY technical expert to assist with this MRP calculation.



**03**

## Value for Money Risks



**The Council's responsibilities for value for money**

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

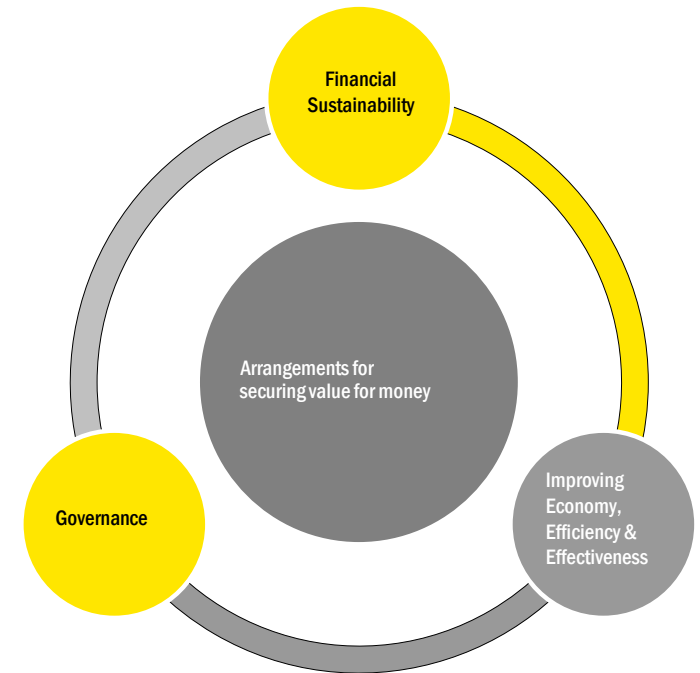
As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Council tailor's the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

**Auditor responsibilities under the new Code**

Under the 2020 Code we are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. However, there is no longer overall evaluation criterion which we need to conclude on. Instead the 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance - How the Council ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.





## Planning and identifying VFM risks

The NAO's guidance notes require us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the Council's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations. This is a change to 2015 Code guidance notes where the NAO required auditors as part of planning, to consider the risk of reaching an incorrect conclusion in relation to the overall criterion.

In considering the Council's arrangements, we are required to consider:

- The Council's governance statement;
- Evidence that the Council's arrangements were in place during the reporting period;
- Evidence obtained from our work on the accounts;
- The work of inspectorates (such as OfSTED) and other bodies and
- Any other evidence source that we regard as necessary to facilitate the performance of our statutory duties.

We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO's guidance is clear that the assessment of what constitutes a significant weakness and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement. However, the NAO states that a weakness may be said to be significant if it:

- Exposes – or could reasonably be expected to expose – the Council to significant financial loss or risk;
- Leads to – or could reasonably be expected to lead to – significant impact on the quality or effectiveness of service or on the Council's reputation;
- Leads to – or could reasonably be expected to lead to – unlawful actions; or
- Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

We should also be informed by a consideration of:

- The magnitude of the issue in relation to the size of the Council;
- Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves, or impact on budgets or cashflow forecasts;
- The impact of the weakness on the Council's reported performance;
- Whether the issue has been identified by the Council's own internal arrangements and what corrective action has been taken or planned;
- Whether any legal judgements have been made including judicial review;
- Whether there has been any intervention by a regulator or Secretary of State;
- Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
- The impact on delivery of services to local taxpayers; and
- The length of time the Council has had to respond to the issue.



## Responding to identified risks

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the audit committee.

## Reporting on VfM

In addition to the commentary on arrangements, where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the 2020 Code has the same requirement as the 2015 Code in that we should refer to this by exception in the audit report on the financial statements.

However, a new requirement under the 2020 Code is for us to include the commentary on arrangements in a new Auditor's Annual Report. The 2020 Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Council's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

## Status of our 2020/21 VFM planning

We have yet to commence our detailed VFM planning. We will update the next Committee meeting on the outcome of our VFM planning and our planned response to any identified risks of significant weaknesses in arrangements.



04

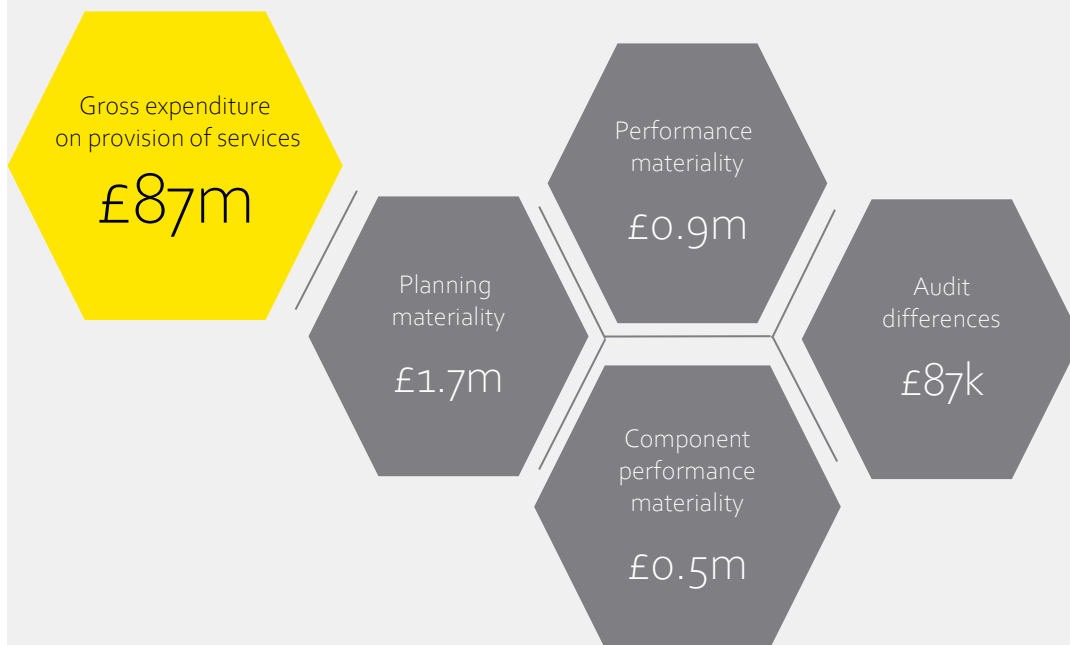
# Audit materiality



# Materiality

## Materiality

For planning purposes, materiality for 2020/21 has been set at £1.7m. This represents 2% of the Council's current year draft gross expenditure on provision of services. It will be reassessed throughout the audit process. We have used gross expenditure on provision of services to determine our planning materiality as the users of the financial statements, such as regulators and legislators, are focused on the management of expenditure.



We request that the Audit Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

## Key definitions

**Planning materiality** – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

**Performance materiality** – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £0.9m which represents 50% of planning materiality. We have selected a lower threshold in the current year due to the large number of material misstatements identified in the PY 2019-20 audit.

**Component performance materiality range** – we determine component performance materiality as a percentage of Group performance materiality based on risk and relative size to the Group.

**Audit difference threshold** – we propose that misstatements identified below this threshold are deemed clearly trivial. The same threshold for misstatements is used for component reporting. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet, and collection fund that have an effect on income or that relate to other comprehensive income.

**Other uncorrected misstatements**, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the audit committee, or are important from a qualitative perspective.

**Specific materiality** – We have set a materiality of £1k for audit fees, £5k for remuneration disclosures and exit packages as these areas are qualitatively material. We also review related party transaction disclosures, This reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements in relation to this.





**05**

## Scope of our audit



## Our Audit Process and Strategy

### Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Council's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

#### 1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

##### Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

##### Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO [delete if not applicable]

#### 2. Arrangements for securing economy, efficiency and effectiveness (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.

## Our Audit Process and Strategy (continued)

### Audit Process Overview

#### Our audit involves:

- Identifying and understanding the key processes and internal controls; and
- Substantive tests of detail of transactions and amounts.

For 2020/21 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

#### Analytics:

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

- Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit Committee.

#### Internal audit:

We will review internal audit plans and the results of their work. We will reflect on these when designing our overall audit approach and when developing our detailed testing strategy. We may also reflect relevant findings from their work in our reporting, where it raises issues that could have a material impact on the financial statements.

# Scoping the group audit

## Group scoping

Our audit strategy for performing an audit of an entity with multiple locations is risk based. We identify components as:

1. Significant components: A component is significant when it is likely to include risks of material misstatement of the group financial statements, either because of its relative financial size to the group (quantitative criteria), or because of its specific nature or circumstances (qualitative criteria). We generally assign significant components a full or specific scope given their importance to the financial statements.
2. Not significant components: The number of additional components and extent of procedures performed depended primarily on: evidence from significant components, the effectiveness of group wide controls and the results of analytical procedures.

For all other components we perform other procedures to confirm that there is no risk of material misstatement within those locations. These procedures are detailed below. We have determined that Watford Health Campus Partnership (WHCP) LLP is significant based on size and have applied a full scope to this entity. We have also considered the Council's other subsidiaries, investments and joint ventures, as part of our group scoping assessment but based on information available at the planning stage of the audit do not consider its financial activity in the period will be material to the Group and therefore not consolidated.

## Scoping by Entity

Our preliminary audit scopes by number of locations we have adopted are set out below. We provide scope details for each component within Appendix E.

1	A	Full scope audits
0	B	Specific scope audits
0	C	Review scope audits
0	D	Specified procedures
0	E	Other procedures

## Scope definitions

**Full scope:** WHCP LLP - locations where a full audit is performed to the materiality levels assigned by the Group audit team for purposes of the consolidated audit. Procedures performed at full scope locations support an interoffice conclusion on the reporting package. These may not be sufficient to issue a stand-alone audit opinion on the local statutory financial statements because of the materiality used and any additional procedures required to comply with local laws and regulations.

**Specific scope:** locations where the audit is limited to specific accounts or disclosures identified by the Group audit team based on the size and/or risk profile of those accounts.

**Review scope:** locations where procedures primarily consist of analytical procedures and inquiries of management. On-site or desk top reviews may be performed, according to our assessment of risk and the availability of information centrally.

**Specified Procedures:** locations where the component team performs procedures specified by the Group audit team in order to respond to a risk identified.

**Other procedures:** For those locations that we do not consider material to the Group financial statements in terms of size relative to the Group and risk, we perform other procedures to confirm that there is no risk of material misstatement within those locations.

## Scoping the group audit (continued)

### Group audit team involvement in component audits

Auditing standards require us to be involved in the work of our component teams. We have listed our planned involvement below.

We have communicated with the component auditor for WHCP LLP and provided them with group instructions, including component materiality, significant risks pertaining to the group audit, and also reporting templates for the completion of the component audit.



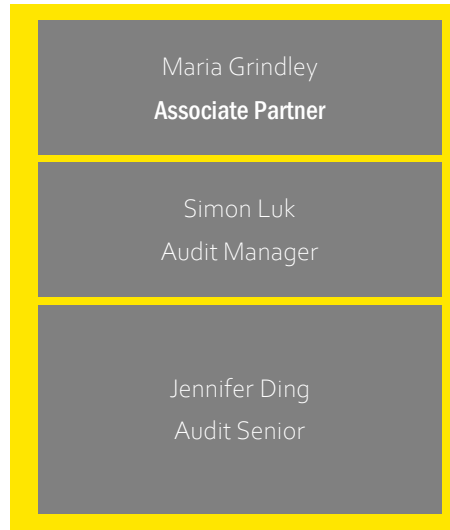
**06**

Audit team



# Audit team

Audit team structure:



## Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	EY Valuations Team
Pensions disclosure	PWC and EY Actuaries

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- Assess the reasonableness of the assumptions and methods used;
- Consider the appropriateness of the timing of when the specialist carried out the work; and
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements.





07

# Audit timeline





# Timetable of communication and deliverables

## Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2020/21.

From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Audit Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

Audit phase	Timetable	Audit committee timetable	Deliverables
Planning: Risk assessment and setting of scopes.	July 2022		
Walkthrough of key systems and processes	July 2022		
Year end audit Quality Report/Account testing	July and August 2022	Audit Committee	Audit Planning Report
Year end audit Audit Completion procedures	August 2022		
	September 2022	Audit Committee	Audit Results Report Audit opinions and completion certificates
	November 2022	Audit Committee	Auditor's Annual Report



**08**

# Independence



## Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

### Required communications

#### Planning stage

- ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us;
- ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- ▶ The overall assessment of threats and safeguards;
- ▶ Information about the general policies and process within EY to maintain objectivity and independence.
- ▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard [note: additional wording should be included in the communication reflecting the client specific situation]

#### Final stage

- ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;
- ▶ Details of non-audit services provided and the fees charged in relation thereto;
- ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;
- ▶ Written confirmation that all covered persons are independent;
- ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;
- ▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and
- ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

## Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non –audit services if the service has been pre-approved in accordance with your policy.

### Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Maria Grindley, your audit engagement partner and the audit engagement team have not been compromised.

### Self interest threats

A self interest threat arises when EY has financial or other interests in the Council. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved

When the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report

### Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements. There are no self review threats at the date of this report.

### Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Council. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work. There are no management threats at the date of this report.

### Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise. There are no other threats at the date of this report.

## Other communications

### EY Transparency Report 2021

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 1 July 2021 and can be found here:

[EY UK 2021 Transparency Report | EY UK](#)



**09**

Appendices



## Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Planned fee 2020/21	Scale fee 2020/21	Final Fee 2019/20
	£	£	£
Total Fee – Code work	40,021	40,021	40,021 (Note 1)
Other	TBC		TBC
Total audit	TBC		0
Other non-audit services not covered above (Housing Benefits)	TBC		TBC (Note 2)
Total other non-audit services	0		0
Total fees	TBC		TBC

All fees exclude VAT

The agreed fee presented is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Council; and
- The Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

(1) We are currently in discussion with PSAA nationally about an increase to the scale fee.

The 19/20 Code work includes an additional fee of £50,729.66, which relates to additional work reviewing property valuations, accounting for Croxley Park lease, pensions valuation, increased challenged from the FRC, and also quality issues with regards to working papers. We have agreed the variation with officers, but are awaiting approval from PSAA.


(2) At the time of writing this report, the 2019/20 Code work additional fees were still under calculation and the amount of any 40+ work for 2019/20 was still under consideration.



(3) For 2020/21, the scale fee will be impacted by a range of factors (see page 7) which will result in additional work. We set out an estimate of the potential additional fee for this below. The issues we have identified at the planning stage which will impact on the fee include:







## Required communications with the Audit Committee

We have detailed the communications that we must provide to the **Audit Committee**.





 **Our Reporting to you**

Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report, Audit Committee at 28 <sup>th</sup> July 2022
Significant findings from the audit	<ul style="list-style-type: none"> <li>• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>• Significant difficulties, if any, encountered during the audit</li> <li>• Significant matters, if any, arising from the audit that were discussed with management</li> <li>• Written representations that we are seeking</li> <li>• Expected modifications to the audit report</li> <li>• Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	Audit results report, Audit Committee at 15 <sup>th</sup> September 2022





## Required communications with the Audit Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity’s ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>• Whether the events or conditions constitute a material uncertainty</li> <li>• Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>• The adequacy of related disclosures in the financial statements</li> </ul>	Audit results report, Audit Committee at 15 <sup>th</sup> September 2022
Misstatements	<ul style="list-style-type: none"> <li>• Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>• The effect of uncorrected misstatements related to prior periods</li> <li>• A request that any uncorrected misstatement be corrected</li> <li>• Corrected misstatements that are significant</li> <li>• Material misstatements corrected by management</li> </ul>	Audit results report, Audit Committee at 15 <sup>th</sup> September 2022
Fraud	<ul style="list-style-type: none"> <li>• Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>• Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>• A discussion of any other matters related to fraud</li> </ul>	Audit results report, Audit Committee at 15 <sup>th</sup> September 2022
Related parties	<ul style="list-style-type: none"> <li>• Significant matters arising during the audit in connection with the entity’s related parties including, when applicable:                             <ul style="list-style-type: none"> <li>• Non-disclosure by management</li> <li>• Inappropriate authorisation and approval of transactions</li> <li>• Disagreement over disclosures</li> <li>• Non-compliance with laws and regulations</li> <li>• Difficulty in identifying the party that ultimately controls the entity</li> </ul> </li> </ul>	Audit results report, Audit Committee at 15 <sup>th</sup> September 2022





## Required communications with the Audit Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>• The principal threats</li> <li>• Safeguards adopted and their effectiveness</li> <li>• An overall assessment of threats and safeguards</li> <li>• Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul>	<p>Audit planning report, Audit Committee at 28<sup>th</sup> July 2022</p> <p>Audit results report, Audit Committee at 15<sup>th</sup> September 2022</p>

## Required communications with the Audit Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	  When and where
External confirmations	<ul style="list-style-type: none"> <li>• Management’s refusal for us to request confirmations</li> <li>• Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	Audit results report, Audit Committee at 15 <sup>th</sup> September 2022
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>• Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off</li> <li>• Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of</li> </ul>	Audit results report, Audit Committee at 15 <sup>th</sup> September 2022
Internal controls	<ul style="list-style-type: none"> <li>• Significant deficiencies in internal controls identified during the audit</li> </ul>	Audit results report, Audit Committee at 15 <sup>th</sup> September 2022
Group audits	<ul style="list-style-type: none"> <li>• An overview of the type of work to be performed on the financial information of the components</li> <li>• An overview of the nature of the group audit team’s planned involvement in the work to be performed by the component auditors on the financial information of significant components</li> <li>• Instances where the group audit team’s evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor’s work</li> <li>• Any limitations on the group audit, for example, where the group engagement team’s access to information may have been restricted</li> <li>• Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements</li> </ul>	<p>Audit planning report, Audit Committee at 28<sup>th</sup> July 2022</p> <p>Audit results report, Audit Committee at 15<sup>th</sup> September 2022</p>

## Required communications with the Audit Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report, Audit Committee at 15 <sup>th</sup> September 2022
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report, Audit Committee at 15 <sup>th</sup> September 2022
Auditors report	<ul style="list-style-type: none"> <li>Any circumstances identified that affect the form and content of our auditor's report</li> </ul>	Audit results report, Audit Committee at 15 <sup>th</sup> September 2022
Fee Reporting	<ul style="list-style-type: none"> <li>Breakdown of fee information when the audit plan is agreed</li> <li>Breakdown of fee information at the completion of the audit</li> <li>Any non-audit work</li> </ul>	Audit planning report, Audit Committee at 28 <sup>th</sup> July 2022  Audit results report, Audit Committee at 15 <sup>th</sup> September 2022
Certification work	Summary of certification work undertaken	Certification report
Value for Money	Results of our considerations on the arrangements in place for value for money	Auditor's Annual Report – November 2022

## Additional audit information

### Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the **Audit Committee** reporting appropriately addresses matters communicated by us to the **Audit Committee** and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- Maintaining auditor independence.

## Additional audit information (continued)

### Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- The locations at which we conduct audit procedures to support the opinion given on the Group financial statements; and
- The level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

# Agenda Item 12

Part A

**Report to:**           **Audit Committee**

**Date of meeting:**   **Thursday, 28 July 2022**

**Report author:**     **Head of Finance**

**Title:**               **Treasury Management Annual Report 2021/22**

## 1.0 **Summary**

1.1 This report gives details of the 2021/22 year-end review of the Treasury Management function.

## 2.0 **Risks**

1.2 The Council's Treasury Management Strategy sets out the risks that it is seeking to manage. These risks are:

### **Liquidity Risk**

1.3 That the Council may not have the cash it needs on a day to day basis to pay its bills. This risk is managed through forecasting and the retention by the Council of an adequate working capital balance. In addition, through the Public Works Loan Board and other organisations, the Council is able to access short term borrowing, usually within 24 hours.

### **Interest Rate Risk**

1.4 That the costs and benefits expected do not materialise due to changes in interest rates. This risk is managed through the placing of different types and maturities of investments, the forecasting and monitoring of the interest budget (with assistance from the Council's retained advisors).

### **Exchange Rate Risk**

1.5 That losses or gains are made due to fluctuations in the prices of currency. The Council does not engage in any significant non-sterling transactions.

### **Credit and Counterparty Risk**

1.6 That the entity holding Council funds is unable to repay them when due. This risk is managed through the maintenance of a list of authorised counterparties, with separate limits to ensure that the exposure to this risk is limited



### **Refinancing Risk**

- 1.7 That the loans taken by the Council will become due for repayment and need replacing at a time when there is limited finance available or interest rates are significantly higher. The timing of loan maturities is monitored along with interest rate forecasts. Officers ensure that due dates are monitored and seek advice from the Council's advisors about when to raise any finance needed.

### **Legal and Regulatory Risk**

- 1.8 That the Council operates outside its legal powers. This risk is managed through the Council's training and development of Officers involved in Treasury Management, the independent oversight of Internal and External Audit, and the advice (for example on the contents of this strategy) taken from the Council's Treasury advisors.

### **Fraud, Error and Corruption**

- 1.9 The risk that losses will be caused by impropriety or incompetence is managed through the controls in the Council's financial procedures. For example, the segregation of duties between those making investment decisions and those transferring funds

### **Market Risk**

- 1.10 That the price of investments held fluctuates, principally in secondary markets. The majority of the Council's investments are not traded, but where they are (e.g. Property investment portfolio) the main investments' value comes from the income they generate which is generally long term and secure

## **3.0 Recommendations**

- 3.1 That the Committee notes the Annual Treasury Management Report.

### **Further information:**

Robert Thurlow

Robert.Thurlow@threerivers.gov.uk

### **Report approved by:**

Hannah Doney, Head of Finance

#### 4.0 Detailed proposal

4.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as: “the management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.

4.2 The Council’s 2021/22 Treasury Management Strategy (TMS) as approved by Council on 26 January 2021 has the primary objectives of safeguarding the repayment of the principal and interest of its investments on time, and then ensuring adequate liquidity, with the investment return being the final objective.

4.3 This report provides the Committee with an overview of Treasury Management performance for 2021/22.

4.4 The Council has appointed treasury advisors to assist with our treasury management, Link Asset Services.

#### 4.5 The Council’s Capital Position (Prudential Indicators)

4.5.1 The Council’s capital expenditure plans are one of the key drivers of treasury management activity. The outputs of the capital expenditure plans are reflected in prudential indicators, which are designed to assist members’ overview and confirm capital expenditure plans.

#### 4.6 Capital Financing Requirement (CFR), External Debt and Operational Boundary

4.6.1 The CFR is the underlying debt in relation to capital expenditure.

4.6.2 The CFR and Operational Boundary estimates are shown below:

Prudential Indicator	2021/22 Original Estimate	2021/22 Revised Estimate (mid-year)	2021/22 Outturn
Capital Financing Requirement*	£146.0m	£108.3m	£58.0m
External Debt / the Operational Boundary			
Borrowing	£135.0m	£35.0m	£49.0m

Note: The CFR is likely to be subject to restatement following the completion of the 2019/20 and 2020/21 audits.

4.6.3 The CFR excludes the liability in relation to the Croxley Park Finance Lease.

4.6.4 External borrowing is well below the operational boundary for external debt predominantly due to re-phasing of the capital programme. The difference between the CFR and external borrowing is met by internal borrowing. This is the use of cash balances (arising from working capital, earmarked reserves and general balances) to finance the expenditure on a short term basis.

#### 4.7 Limits to Borrowing Activity

4.7.1 The first key control over the treasury activity is a Performance Indicator (PI) to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. External borrowing should not exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2021/22 and next two financial years. This allows some flexibility for limited early borrowing for future years.

#### 4.8 The Authorised Limit

4.8.1 This PI, which is required to be set and revised by Members, controls the overall level of borrowing and represents the limit beyond which borrowing is prohibited. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised Limit For External Debt	2021/22 Original Indicator	2021/22 Revised Limit	2021/22 Outturn
Borrowing	£150.0m	£150.0m	£49.0m

#### 4.9 Investment Portfolio 2021/22

4.9.1 In accordance with the CIPFA Prudential Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As set out in Section 2 of the Code, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low, in line with the Bank of England base rate.

4.9.2 In response to the Covid-19 public health emergency, the Bank reduced base rate to 0.10% in March 2020 in order to support the UK economy. Market rates remained extremely low during the first three quarters of 2021/22, improving later in the year as a result of action by the Bank of England. Overnight rates with the

UK Government's Debt Management Office (DMO) were nil or negative in September 2021, and were as high as 0.55% by March 2022.

- 4.9.3 During 2021/22, significant inflationary pressures, resulting from the impacts of the pandemic on supply chains, increasing energy costs and the war in Ukraine, led the bank of England to increase the base rate three times. Consequently investment returns have improved.
- 4.9.4 Base Rates were 0.10% in March 2021. The rate remained at 0.10% until they changed to 0.25% in December 2021 and 0.50% in February 2022, and then again to 0.75% in March. This upward trend is reflected in our returns from short term cash deposits used to manage normal operations.
- 4.9.5 Given the ongoing conflict in Ukraine, and the long-term impact of the pandemic on supply chains, the outlook is for continued elevated volatility and risk in financial markets.
- 4.9.6 As part of the acquisition of Croxley Park, the council received £24.0m in respect of Rent Guarantee and £68.0m in respect of future planned programme maintenance.
- 4.9.7 The Council's treasury advisers, Link, provided advice to the Council on the investment of this sum in order to best match the drawdown profile under the financial model and to balance the inflation and property risks inherent in the underlying investment. Following a tender process, this cash was invested in a range of Money Market Funds managed by Royal London Asset Management from November 2020.
- 4.9.8 The Croxley Park cash is ring-fenced from the Council's day-to-day treasury activities, and the performance of the investments is excluded from this report. Performance reports will be made to the Property Investment Board
- 4.9.9 The Council held £8.4m of investments as at 31 March 2022 (see table below). This information is reported in the monthly Members Information Bulletin.

<b>Institution</b>	<b>Principal (£'000)</b>
Lloyds Bank – Current Account	8,379
<b>Total</b>	<b>8,379</b>

- 4.9.10 This excludes reserved balances related to the Croxley Business Park investment held with Royal London Asset Management. Performance of these investments is reported to and monitored by Commercial Investment Board

4.9.11 There was one breach of the approved limits within the Annual Investment Strategy during 2021/22. Details are provided at 4.17 – 4.20, below.

#### 4.10 **Security**

4.10.1 The Council uses benchmarks as simple guides to maximum risk, and these may be breached from time to time, depending on movements in interest rates and counterparty criteria. Any breach of the benchmarks will be reported, with supporting reasons, in this report. There were no breaches to report during 2021/22.

4.10.2 There have been no breaches of the Council's counterparty limit with Lloyds bank during the period. The Council has made use of the DMO to deposit cash in excess of the counterparty limit for short periods during the period, as this offers the best possible security.

4.10.3 Members are invited to note that the definition of the security of an investment is defined as receiving contractually agreed amounts at the contractually agreed date. When a negative return is applicable on an investment the amount repaid on maturity will be lower than originally invested but not less than contractually agreed. This represents the prioritisation of security over investment yield, in line with the principals of the Treasury Management Code.

#### 4.11 **Liquidity**

4.11.1 The Council set liquidity facilities/benchmarks to maintain:

- Authorised bank overdraft of £nil.
- Liquid short term deposits of at least £1m available with a week's notice.

4.11.2 The liquidity arrangements were adequate during the year to date.

#### 4.12 **Yield**

4.12.1 Yield on treasury investments is benchmarked against SONIA – The Sterling Overnight Index Average. This is a measure of market rates for short-term investments. The average yield for the year was 0.04% against Sonia average of 0.10% for the year. The following tables shows performance against benchmark for each quarter of 2021/22.

Period	Benchmark Rate (%)	Actual Rate (%)	Difference (%)
Q1: April-June	0.05	0.01	-0.04
Q2: June-July	0.05	0.01	-0.04
Q3: July-December	0.07	0.01	-0.06
Q4: January-March	0.12	0.10	-0.02
<b>2021-22</b>	<b>0.10</b>	<b>0.04</b>	<b>-0.06</b>

4.12.2 The Council keeps all treasury investments short term. There are no sums within the TMS invested for greater than 364 days. Due to uncertainty over the impact of the Covid-19 pandemic on the creditworthiness of Counterparties, and the need to increase liquidity of cash balances to ensure prompt payment of suppliers and emergency grant funding, investing activity has been limited to short-term deposits with the UK debt management office. This has resulted in lower interest rates being achieved.

#### 4.13 Compliance

4.13.1 The current investment counterparty criteria selection approved in the TMS was met throughout the year, with the exception an overnight breach of the approved counterparty limit with the Council's own bank, Lloyds Bank Plc.

4.13.2 On 8th March 2022, the Council had an overnight balance of £26.03m with Lloyds. This exceeded the counterparty limit of £10m. The breach occurred as a result of the failure to execute a repayment of S.31 Grant, paid on account by DHCLG (as was) in 2019/20.

4.13.3 The payment was not executed, due to a breakdown in email communication related to the Mimecast implementation which was identified at around 5pm. Despite the probably being identified, it was not possible to execute the CHAPS payment prior to the 5.15pm cut-off.

4.13.4 There was no financial loss resulting from this breach. In order to mitigate a recurrence of such an issue, Treasury Officers are required to verify that all CHAPS payments are executed by the earlier of the counterparty's cut-off or 3pm.

#### 4.14 Credit Ratings

4.14.1 Credit rating information is supplied by our treasury consultants, Link Asset Services, on all counterparties that comply with the Council's criteria. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing.

## 5.0 Implications

### 5.1 Financial

5.1.1 The Shared Director of Finance comments that this report provides formal assurance on the Council's compliance with its Treasury Management Strategy during the year. The financial implications are set out in the main body of the report and the impact of interest rates on investment income and borrowing costs have been reported through the financial monitoring report during the year.

### 5.2 Legal Issues (Monitoring Officer)

5.2.1 The Group Head of Democracy and Governance comments that there are no legal implications arising from this report.

### 5.3 Equalities, Human Rights and Data Protection

5.3.1 Under s149 (1) of the Equality Act the council must have due regard, in the exercise of its functions, to the need to –

- eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Act
- advance equality of opportunity between persons who share relevant protected characteristics and persons who do not share them
- foster good relations between persons who share relevant protected characteristics and persons who do not share them.

Having had regard to the council's obligations under s149, it is considered that there are no equalities or human rights implications.

### 5.4 Staffing

5.4.1 There are no staffing implications arising from this report.

### 5.5 Accommodation

5.5.1 There are no accommodation implications arising from this report.

### 5.6 Community Safety/Crime and Disorder

5.6.1 There are no community safety/crime and disorder implications arising from this report.

## 5.7 Sustainability

5.7.1 There are no sustainability implications arising from this report.

### Appendices

None

### Background papers

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

- Capital Strategy and Treasury Management Strategy 2021/22 (published as part of the 2021/22 Budget)