

Annual Governance Statement 2011/2012

1.0 Scope of responsibility

- 1.1 Watford Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. Watford Borough 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.
- 1.2 In discharging this overall responsibility, Watford Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the exercise of its functions, which includes arrangements for the management of risk.
- 1.3 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*. A copy of the code is on our website at www.watford.gov.uk or can be obtained from the Head of Legal and Property Services.
- 1.4 This Governance Statement explains how Watford Borough Council has complied with the code and also meets the requirements of Regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

2.0 The purpose of the governance framework

- 2.1 The governance framework comprises the systems and processes, culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community and enables the authority to monitor the achievement of its vision and strategic objectives.
- 2.2 The framework needs to add real value with a corporate ownership at the very highest levels of management and needs to respond to evolving governance issues as they occur. The framework has been fundamentally reviewed and highlights significant issues and weaknesses that have and need to be addressed.
- 2.3 A key component of the Governance framework is the underlying system of internal control which is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.
- 2.4 The governance framework has been in place at Watford Borough Council for the year ended 31 March 2012 and up to the date of approval of the Statement of Accounts for the 2011/2012 financial year

3.0 Strategic Aims and Objectives

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

VISION:

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

OUR OBJECTIVES:

- Improve the health of the town and enhance its heritage
- Enhance the town's 'clean and green' environment

- Enhance the town's sustainability
- Enhance the town's economic prosperity and potential
- Supporting individuals and the community
- Securing an efficient, effective, value for money council
- Influence and partnership delivery

3.2 Underpinning these over arching priorities are a series of measurable, SMART objectives so that every member of staff and our community can feel fully engaged in the process. These objectives were reviewed by Cabinet on 20th March 2012 within the Council's Corporate Plan and covers the period up to 2016 (and can be accessed on the Council's web site).

3.3 The Council, under its statutory duty, also plays a major role in the Local Strategic Partnership, **One Watford**, which is made up of key stakeholders such as Hertfordshire County Council, Hertfordshire Police Authority, West Herts College, Watford and West Herts Chamber of Commerce, Watford Council for Voluntary Service, Hertfordshire NHS, Watford Community Safety Partnership, Watford's Children and Young People's Forum (formerly District Children's Trust Partnership), John Lewis plc, Wenta, Watford Community Housing Trust and Herts Valleys Clinical Commissioning Group. One Watford has produced the borough's Sustainable Community Strategy which cascades down to the Council's Corporate Plan.

4.0 Decision Making Structures

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

4.2 The major check upon executive decisions taken by the Mayor and Cabinet is the Council and key decisions such as setting the Annual Budget and establishing the Constitutional Framework can only be approved by Council.

4.3 In addition the Council has an overarching Overview and Scrutiny Committee which, amongst other responsibilities, oversees the work of Budget Panel and any task groups set up to scrutinise a particular service area. There are also five further committees covering development control, licensing, audit, functions and standards.

4.4 At an officer level, the senior management comprises the Managing Director and two Executive Directors (to be reduced to one in 2012/2013) and is supported by Heads of Service. This combined management comprise the Leadership Team who meet fortnightly to review and progress the key objectives of the Council. There is also an Executive Group comprising the Managing Director, Executive Director and Head of Strategic Finance which meets regularly to review the strategic aims and ambitions of the Council. The Council has two statutory officers (both Heads of Service) with responsibility for monitoring all governance and financial matters.

5.0 The governance framework

5.1 The Council has approved a Code of Corporate Governance which identifies community focus, service delivery arrangements, structures and processes, risk management, internal control arrangements and standards of conduct.

5.2 The key documents driving the governance framework are included in the council's Constitution (published in full on the Council's website www.watford.gov.uk). 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. A wide range of detailed policy and procedure documents supplement this for operational use by officers.

Both the Constitution and these supplementary documents are kept under review and updated as necessary. Training is provided for Members and staff on relevant changes.

- 5.3 Council, Cabinet and Committee/ Scrutiny meetings are open to the public and written reports are available to the public through the website. Information is only treated as confidential when it is necessary to do so for legal/ commercial reasons or as a matter of proper practice in accordance with the legal constraints of the Local Government Act 1972 (as amended).
- 5.4 Each year, Council meetings review the Constitution and set key policies and objectives, including the corporate plan and the budget, as well as individual strategies for key activities.
- 5.5 The Council publishes its Corporate Plan annually, which sets out key service improvement priorities for the medium term, with targets for performance and deadlines for achievement. This has been informed by public consultation on the Sustainable Community Strategy and agreed by the Local Strategic Partnership, One Watford, and by consultation and surveys carried out on a range of topics. It is also informed by a detailed analysis and understanding of Watford in terms of what are the key issues and factors influencing the context of the borough. Feedback from members and external review organisations is also taken into account as is the Council's budget and financial planning.
- 5.6 The Corporate Plan is publicised and published on the council's website and distributed in hard copy to various premises. Progress on the Plan is reported to the public through About Watford, including an 'annual report' on the Council's achievements and how well it has delivered its commitments within the Plan.
- 5.7 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 and other appropriate issues such as potential risks to non achievement, all of which ensures that comprehensive advice is provided.
- 5.8 The scrutiny function within a local authority provides a necessary check upon the role of the Executive and is a key component of corporate governance. At Watford it is co-ordinated through the Overview and Scrutiny Committee, which can review Cabinet decisions and service performance. In addition the Standards Committee was chaired by an Independent representative during 2011/2012 (but will need to change in 2012/2013 as a consequence of the Localism Act), and the Budget Panel is chaired by a member of an opposition party. The Panel considers many financial issues at the request of, and prior to consideration by, Cabinet. In addition, 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 as well as Annual Accounts and Treasury Management policies.
- 5.9 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.
- 5.10 Codes of Conduct defining the standards of behaviour for members, staff, our partners and the community have been developed and communicated and are available on the Council's website. These include:
 - Members Code of Conduct
 - Code of Conduct for staff
 - Anti fraud and corruption policy

- Money Laundering detection guidance
- Members and officer protocols
- Regular performance appraisals, linked to service and corporate objectives.
- Service standards that define the behaviour of officers
- A Standards Committee which has a key role in promoting and maintaining high standards of conduct for members.
- Officers are subject to the standards of any professional bodies to which they belong.

5.11 The Head of Legal & Property Services is the Council's Monitoring Officer and her 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.

5.12 The Head of Strategic Finance is the statutory Chief Finance Officer. His 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 Mayor, councillors and officers on the Budget and Medium Term Financial Strategy or issues of maladministration, financial impropriety or probity.

6.0 Operational Issues

6.1 The Council is committed to delivering value for money, and has published its Value for Money Strategy and Action Plan 2008/2014. The principles underpinning this Strategy were applied in developing a detailed Service Prioritisation budgeting process during 2010/11 which identified £3m of efficiencies over a 3 year period (£2.6m is anticipated to be delivered). This work has been further developed with the production of a 'Roadmap' to identify what the Council will look like in the future and which seeks to anticipate and manage change. Service Reviews have commenced and will be used to identify a further £2m of efficiencies which includes exposing some services to potential external providers. The outcomes of this review programme will be used to deliver real improvements in the efficient, effective and economic delivery of services and to inform the development of future budget proposals and the Medium Term Financial Strategy for 2012/2016.

6.2 The Council seeks to ensure continuous improvement through:

- work carried out as part of the annual budget process
- project appraisal and formal project management for all improvement projects and major investment programmes.
- undertaking Best Value/Value for Money and managerial reviews
- implementing the recommendations of Internal Audit
- implementing the recommendations of external auditors and inspectors
- the adoption of best practice where cost-effective
- increasing use of technology to deliver services that customers want
- market testing of services where appropriate
- consultation with the public and staff
- partnership working with companies and other public bodies
- setting challenging targets for improvement

6.3 Budget monitoring reports are produced monthly as a Finance Digest and distributed to all members of the Council. They are also submitted quarterly to Cabinet and six times a year to the Budget Panel and are discussed at quarterly review meetings between Executive Directors, Portfolio Holders and Heads of Service. These reports also include performance data which is also considered monthly by Leadership Team under a 'managing the business' agenda.

6.4 The Council has a complaints procedure, and reports on complaints and compliments are circulated to senior officers and discussed at quarterly review meetings and annually at

Leadership Team. Similarly a record is kept of all Freedom Of Information requests and this is continuously monitored to ensure compliance and reported to the Audit Committee.

- 6.5 A revised anti-fraud and corruption strategy (including the whistle blowing policy) was reviewed by Watford's Audit Committee in January 2010 and has subsequently been 'complemented' by a report from the Council's Fraud Manager which was considered by Leadership Team on 17th April 2012 and Audit Committee on 27th June 2012. Both papers bring together best practice and also includes reference to fraud in partnering organisations and the voluntary sector. The Intranet (under Learning and Development) include E Learning modules for Anti Fraud, Money Laundering, and Fraud Awareness. Hard copies are available at Wiggshall Road Depot for staff without access to the intranet and are referred to in the Council's Induction Training Programmes. Fraud reporting arrangements for residents have been improved with new entries in an updated version of the A to Z of Council services which has been distributed to all homes in the Borough.
- 6.6 The development needs of senior officers in relation to their strategic roles are identified within a learning and development process including a comprehensive 'Step Up To Leadership' programme and is supplemented with one to one interviews and review by HR managers. Similarly, member training is well advanced with an individual personal development planning process for every member having been established. The Council continue to meet the IDeA criteria for member development..

7.0 Performance Management

- 7.1 The Council has developed an effective performance management system that underpins the delivery of its priorities and improved outcomes for residents. The development, implementation and review of the Council's key plans and strategies is a key element of its performance management system. As part of this process the Council develops a four year medium term strategy, which it reviews annually and which is published in its Corporate Plan. This, in turn informs the four year service delivery plans for all its services, which are developed through workshop sessions and in discussion with relevant portfolio holders. Performance targets are identified in the Corporate Plan to reflect corporate priorities and disseminated through the service delivery plans, unit plans to individual performance appraisals.
- 7.2 During the year performance is monitored regularly through a number of channels. The council services not within the shared services programme, report performance quarterly as part of the Council's Quarterly Review process when progress against service plans is evaluated with the relevant portfolio holder and Executive Director. Performance of key indicators is also discussed along with financial performance. These reviews include consideration of complaints and progress against the Council's equalities agenda. For those services within shared services, this quarterly monitoring is achieved through reports to a fortnightly meeting of a Shared Services Officer Management Board, regular meetings of lead officers and shared services portfolio holders and more formally through the Shared Services Joint Committee.
- 7.3 Leadership Team receives quarterly updates on progress against the Council's key performance indicators and monthly against 'managing the business' indicators, which are identified each year to measure key priorities and areas relating to the corporate health of the organisation. Quarterly performance reports with updates on all corporate projects and indicators have been reported to Overview and Scrutiny Committee for discussion and, where necessary, relevant heads of service and portfolio holders are invited to attend.
- 7.4 The Council keeps residents and stakeholders informed of its progress through an Annual Report. This is published at the end of the financial year in the Council's magazine so that local people are kept well-informed as to how their Council is performing.

8.0 Data Quality and Risk Management

- 8.1 The need to develop policies and guidance on data quality and assurance is essential in order to promote consistency and awareness across the organisation. To that end, the Council has a senior member of staff who acts as the Senior Information Risk Officer (SIRO) who is concerned with identifying and managing the information risks to the organisation and with its business partners.
- 8.2 There is a Council wide Data Quality Champions Group which meets periodically and adopts a risk based approach to data quality recognising that poor quality can seriously hinder the decision making process. The Council also has a Data Quality Policy and an Information Security Policy (both of which are held on the intranet). A data asset register is in place which provides a framework to monitor the councils information assets and assess risk in relation to these assets against loss, quality and/or achievement of targets. Information management training modules are also available for staff on the intranet.
- 8.3 All senior managers, staff responsible for Key Performance Indicators (KPIs) and staff with a strong information focus have received information governance training which has very much focussed upon accuracy, validity, reliability, timeliness, relevance and completeness. Members of the scrutiny committees have also received this training.
- 8.4 The Council's approach to risk management is governed by its Risk Management Strategy which was updated and reviewed and approved by Leadership Team on 22 February 2011 and by the Audit Committee on 16 March 2011. This Strategy underpins the Strategic Risk register which was updated in March 2012 following approval by Leadership Team and the Audit Committee. This process is overseen by the Risk Management and Business Continuity Steering Group which meets six times a year and ensures a consistent approach to risk management across the Council.
- 8.5 Business Continuity is another key aspect within the corporate governance framework and this again falls within the remit of the Risk Management Corporate group. A revised Business Continuity Plan was approved by this Group at its meeting in June 2012 and is now deposited on the Council's intranet. Disaster 'scenarios' test the efficiency of continuity and emergency planning with the most recent being 'Exercise Brigg' held on 28th February 2012. The report and recommendations of that exercise appear on the Council's intranet along with the Risk Management Strategy; Risk Registers and minutes of each Steering Group Meeting.
- 8.6 Training has been provided in the past for the Audit Committee and key staff in which risk management and the Whistle blowing Policy were presented. The Fraud manager has reported to the Audit Committee on 27th June upon latest guidance relating to the prevention of fraud.
- 8.7 The risk management section within the Partnership Framework has been revised and all committee reports contain a 'risk implications' section as an aid to decision taking.

9.0 Shared Services with Three Rivers District Council

- 9.1 Watford Borough Council has been a leading authority in developing a shared service for revenues, benefits, ICT, financial services, and human resources with the neighbouring district council. In order to monitor and control this arrangement a Shared Services Joint Committee has been formed and comprises members from both councils.
- 9.2 The Joint Committee is required to produce its own statutory Statement of Accounts which are subject to audit by Watford Borough Council's external auditors. This process clearly provides a degree of comfort to both constituent authorities that good governance practices are being followed.

- 9.3 Reliance upon external audit scrutiny is insufficient however and the constituent bodies have put in place:
- a detailed joint agreement which includes all aspects of best practice financial administration and risk management.
 - detailed estimates to be approved by the constituent authorities prior to each financial year. Budget monitoring information provided to the constituent authorities on a regular basis.
 - the Joint Committee to receive detailed quarterly performance management monitoring reports.
 - the draft Statutory Statement of Accounts to be considered and approved by the Joint Committee.
- 9.4 In addition to these embedded controls an assessment of key risks is considered as part of the fortnightly meetings of the officer Shared Services Management Board which also considers Internal Audit reports affecting shared services.
- 9.5 During 2011/12 Internal Audit carried out 198 days of planned audits into the activities of Shared Services and anticipates within the Internal Audit Plan for 2012/2013 allocating 202 audit days in auditing systems and financial administration within the Shared Services operations.

10.0 Community Engagement

- 10.1 The Council exercises community leadership and effectively engages with local people and stakeholders, including partnerships, to ensure accountability, encourage community involvement in decision-making and to strengthen relationships and a sense of belonging within the community. The directly elected Mayor takes the lead in ensuring there is open and effective community leadership and provides an effective means for people, communities, businesses and organisations to engage with the Council. The Mayor is also the Chair of the borough's Local Strategic Partnership, One Watford, which developed the Sustainable Community Strategy through extensive consultation and engagement and which is communicated through its own website and that of the Council. The Community Engagement Strategy provides an overarching framework and key principles for effective engagement.
- 10.2 The Council has established twelve Neighbourhood Forums, which mirror the borough's ward boundaries and each have a devolved budget of £2,500. These are organised and managed by the relevant local councillors as part of their commitment to community leadership and engagement.
- 10.3 The Council has established clear channels of communication with all sections of the community and other stakeholders. It provides citizens and business with information about the Council and its spending through a leaflet that is distributed with council tax and business rate bills and the publication of a summary of its key financial information through the Council magazine 'About Watford', which is distributed to every home in the borough. The magazine is published four times a year and one edition includes an 'Annual Report' so local people can see how well the Council is doing in terms of delivering against its priorities.
- 10.4 The Council's Corporate Plan, which runs for four years, is published both on the website and in paper format and articulates its purpose and vision and shows how consultation and engagement with the local community has shaped its priorities.
- 10.5 The Council has established the 'One Watford Equality Panel', which provides an opportunity for traditionally harder to reach groups to take an active part in Council decision-making and feedback on areas and issues that might impact on their quality of life.
- 10.6 A range of consultation and engagement projects are undertaken annually. This includes a regular 'Community Survey' with the borough's Citizens' Panel, which incorporates the

Council's annual budget survey. The Citizens Panel has been completely refreshed to ensure it is representative of the Watford community. Local residents are also invited to attend the Mayor's annual information seminars, which help build understanding about Council finances and the implications for future service delivery. A young people's online forum has been set up to support the Council's engagement with what is often a harder to reach group. 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. All signatories to this document adhere to the national Compact standards.

10.7 The Council has a strong track record of working in partnership and is increasingly acting in partnership with other organisations in delivering its services and in pursuing its strategic objectives and efficiency targets. It has identified its strategic partnerships and its work within these is supported with a partnership framework, which ensures there are clear and robust governance and management arrangements and accountabilities. The framework ensures that any partnership arrangements are proportionate and strike the right balance between delivering value for money, protecting public funds and minimising risks and ensuring that benefits from organisations collaborating such as innovation and flexibility are realised.

10.8 Other community engagement activities undertaken in 2011/2012 include working with the Police and Watford Community Housing Trust to progress Neighbourhood Agreements; the Environmental Services Service Improvement Group; the Friends of Parks Groups; various Pub Watch and Off (license) Watch Groups, the Cultural Leaders Forum and the Business Advisory Group.

11.0 The Role of Audit

11.1 It is essential to appreciate that the governance framework and its compliance mechanisms must be distinguished from the role of audit which is to review the effectiveness of the compliance framework, not to be a substitute for it.

11.2 The Council's internal audit team carry out a programme of reviews during the year which are based upon a fraud risk assessment. 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 to quarterly reviews and to Leadership Team.

11.3 The Annual Report of the Audit Manager has been reported to the Audit Committee at its meeting on 27th June 2012 and included the following statement... "Audit Opinion: Having reviewed the work undertaken by Internal Audit to date I am able to give a satisfactory assurance of the adequacy and effectiveness of the internal control environment. There have been no significant new concerns arising from the majority of the audits undertaken in 2011/2012 that would necessitate an adverse overall opinion".

11.4 External auditors, appointed by the Audit Commission, provide an external review function through the audit of the annual accounts, assessment of value for money, certification of grant claims and through periodic inspection of services. The Annual Audit and Inspection Letter is circulated to all Members and formally reported to Cabinet and the Audit Committee.

11.5 The Audit Committee's terms of reference are consistent with CIPFA's guidance. It approved the annual plan of internal audit, and receives the quarterly and annual reports of the Audit Manager. 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.

11.6 The 2011/12 Statement of Accounts is due to be formally approved by the Audit Committee on 25th September 2012 (the Draft Accounts having been considered on 27th June).

12.0 Review of effectiveness

- 12.1 In accordance with recent external audit guidance, the review of the effectiveness of the governance framework will focus upon significant weaknesses and the 'big picture'. If issues have not been highlighted then that is because current governance arrangements have proved fit for purpose.
- 12.2 The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Audit Manager's annual report and also by comments made by the external auditors and other review agencies and inspectorates. The Mayor and Portfolio Holders maintain a continuous review of the Council's policies, activities and performance of officers both through quarterly reviews and on a day to day basis. The subsequent paragraphs in this section of the report highlight those issues where there are potential governance issues.
- 12.3 The governance of special projects has raised a number of issues both relating to procurement and evaluation of financial and service offers. In these cases external specialist advice has been sought in order to protect the Council's interests. These projects include the Watford Health Campus, Charter Place re-development, and market testing of waste, refuse, street cleansing, parks and open spaces. All of these projects are ongoing in 2012/2013 when market testing of property and facilities management and the ICT Shared Service will also take place.
- 12.4 The majority of administrative processes occur within the Shared Services environment and it is not surprising that the majority of potential governance issues have arisen in this area and include attempted fraud by an external party, the need for up to date bank reconciliations, and the recording of all government changes to the benefits system and as notified through the 'ATLAS' process. These are all covered in more detail within the next section of the Governance Statement.
- 12.5 It is worthy of note however that Shared Services introduced a new Income Management System without issue and received the plaudits of Internal Audit. In addition the processes for the production of Final Accounts are far advanced than in the previous year. Finally Watford and Three Rivers are the first authorities within Hertfordshire to carry out a comprehensive review of those individuals claiming single persons council tax discount. Early indications are that 5% of claimants were in fact making fraudulent claims.
- 12.6 Outside of the shared services arena, Watford BC has successfully re-tendered its utilities contracts until 2016 with a large consortium (and so should achieve economies relating to bulk purchasing). Vehicle maintenance and treasury management have also been successfully re-tendered and telecoms contracts are currently out to tender. These processes do help to demonstrate that value for money is being sought.

13.0 Significant Governance Issues

13.1 The following significant issues have been identified as a result of review, with target dates for correction:

No.	Issue	Action	Lead	Update
1	Revenues and Benefits reconciliations within Academy and between Academy and the Cedar Finance Management System need to be completed for 2011/2012.	External help has been engaged to bring this up to date. BY: Immediate	Head of Revenues and Benefits Shared Services.	This was an issue in 2010/2011. Great progress has been made and it just requires one last effort to remove this as a governance issue.
2	Revenues and Benefits received a detailed Health Check report in Summer 2010. A few recommendations have still to be achieved.	Solid progress has been made but the Revenues and Benefits health check should continue to be revisited until all accepted recommendations are completed. BY: 31 st December 2012.	Head of Revenue and Benefits Shared Services	Until all recommendations have been actioned the service will continue to be 'average' at too high a cost.

No.	Issue	Action	Lead	Update
3	<p>Revenues and Benefits received an Inspection from the Department of Works and Pensions at year end. The report indicated good progress had been made but highlighted two issues of concern. The first issue related to the fact that notification of regulation amendments from the DWP (ATLAS) have not been actioned since July 2011. This will increase the probability of overpayments being made. The second issue relates to the fact that the Shared Services 'local authority error' for Watford is higher than acceptable levels.</p>	<p>Retrospective action needs to be taken to action all ATLAS notifications.</p> <p>BY: Immediate</p> <p>Improvements in timescales for dealing with outstanding benefit claimants should result in the level of local authority error falling to acceptable levels.</p> <p>BY: September 2012.</p>	<p>Head of Revenues and Benefits Shared Services</p>	<p>ATLAS work has now commenced. Improvement in turn around times for claimants is being maintained.</p>
4	<p>The incidence of Fraud has increased across the economy generally. This fraud includes false supplier details, syndicates submitting fictitious benefits claims, cyber crime by hacking into ICT systems, and the lack of proper vetting procedures relating to key staff appointments.</p>	<p>The most vulnerable areas of Council activity have been reviewed but all financial procedure rules need to be reviewed. ICT security systems need a 'health check' to ensure they are robust to cyber hacking. Additional staff vetting procedures should be introduced when appointing ICT or Benefits staff in particular.</p> <p>BY: 30/9/12</p>	<p>Head of Finance Shared Services</p> <p>Head of ICT Shared Services</p> <p>Head of HR Shared Services</p>	<p>Immediate vulnerable areas such as payment of creditors has been addressed. A comprehensive review now needs to take place.</p>

No.	Issue	Action	Lead	Update
5	Issues relating to the ICT operating platforms need to continue to be addressed so that there is greater resilience for all users.	Progress has been made in improving server resilience and issues relating to the 'thin client' environment. This progress needs to continue. BY: October 2012	Head of ICT Shared Services	An Action Plan has been developed. The service is being market tested during 2012/2013 with the evaluation criteria having a heavy emphasis on 'quality of product'.

13.2 We propose over the coming year to liaise with Three Rivers District Council in order to take steps to address the above matters. Subject to the necessary approvals from TRDC, we are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

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Mayor

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Managing Director

Date

Date