



Watford Borough Council
Audit Committee Progress Report
16 September 2021

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 3 September 2021
- Agree the change to the implementation date for 7 recommendations (paragraph 2.5) for the reasons set out in Appendix C
- Agree removal of implemented audit recommendations set out in Appendix C

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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 2021/22 as at 3 September 2021.
 - b) Proposed amendments to the approved 2021/22 Annual Audit Plan.
 - c) Implementation status of all outstanding previously agreed audit recommendations from 2018/19 onwards.
 - d) An update on performance management information as at 3 September 2021.

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 2021/22 Annual Audit Plan was approved by Audit Committee on 11 March 2021.
- 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 29 July 2021.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 3 September 2021, 22% of the 2021/22 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 No 2021/22 audits have yet been finalised.

Status of Audit Recommendations

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

2.4 The table below summarises progress in implementation of all outstanding internal audit recommendations as at September 2021, with full details given in Appendix C:

Year	Recommendations made No.	Implemented	Not yet due	Outstanding & request made for extended time or no update received	Percentage implemented %
2018/19	30	29	0	1	98%
2019/20	24	24	0	0	100%
2020/21	28	17	3	8	61%
2021/22	0				

2.5 Since July 2021 Audit Committee, extension to implementation dates have been requested by action owners for seven recommendations as follows:

- a) One from the 2018/19 Benefits audit,
- b) Two from the 2020/21 Customer Services (Digitalisation) audit,
- c) One from the 2020/21 Communications audit,
- d) One from the 2020/21 Council Tax audit, and
- e) Two from the 2020/21 Debtors audit.

2.6 In respect of two recommendations from the 2020/21 Main Accounting audit no updates were received from the action owner.

Proposed Audit Plan Amendments

2.7 There are no proposed changes to the 2021/22 Audit Plan to bring before this meeting of the Audit Committee.

Performance Management

Reporting of Audit Plan Delivery Progress

2.8 To help the Committee assess the current situation in terms of progress against the projects in the 2021/22 Audit Plan, we have provided an analysis of agreed start dates at Appendix B. These dates have been agreed with management and resources allocated.

2.9 Annual performance indicators and associated targets were approved by the SIAS Board in March 2021. Actual performance for Watford Borough Council against the targets that can be monitored for 2021/22 is shown in the table below.

Performance Indicator	Annual Target	Profiled Target to 3 September 2021	Actual to 3 September 2021
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency).	95%	25% (60/239 days)	22% (52/239 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects.	95%	0% (0/15 projects to draft)	0% (0/15 projects to draft)
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level.	100%	100%	100% (based on 2 received)
4. Number of Critical / High Priority Audit Recommendations agreed	95%	95%	N/A (None yet made in 2021/22)

2.10 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2021/22 Head of Assurance's Annual Report:

- **5. Annual Plan** – prepared in time to present to the March meeting of each Audit Committee. If there is no March meeting, then the plan should be prepared for the first meeting of the civic year.
- **6. Head of Assurance's Annual Report** – presented at the Audit Committee's first meeting of the civic year.

APPENDIX A - PROGRESS AGAINST THE 2021/22 AUDIT PLAN AT 3 SEPTEMBER 2021

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 2020/21 (8 days shared plan; 5 days WBC)						13		12	In Progress
WBC TOTAL						139		34.5	
SHARED SERVICES TOTAL						100		17.5	
COMBINED TOTAL						239		52	

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

APPENDIX B – 2021/22 AUDIT PLAN PROJECTED START DATES

Apr	May	June	July	August	September
		<p>New Payroll System (shared services plan) In Fieldwork</p>	<p>Veolia Contract Payments In Fieldwork</p>	<p>Housing Nomination Policy Terms of Reference Issued</p>	<p>Customer Services (Digitalisation) – Follow Up In Fieldwork</p>
					<p>Revenues and Benefits Audits (shared services plan) In Planning</p>

APPENDIX B – 2021/22 AUDIT PLAN PROJECTED START DATES

October	November	December	January	February	March
Finance Audits (shared services plan) In Planning	Payroll (shared services plan)	Development Management - Enforcement	Cyber Security (shared services plan)	Safeguarding	
CIL Spend	Operational Building Compliance	Asset Management System Data		Contract Spend	
	Project Management – Oxhey Activity Park				

APPENDIX C – INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP - SEPTEMBER 2021

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 (Based on conversation with the Head of Revenues & Benefits) Issue has now been escalated with Northgate.</p> <p>Position – November 2019 No update provided by management.</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 1st and 2nd 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</p>	Benefits Manager	31 May 2019	*	<p>31 October 2019</p> <p>30 June 2020</p> <p>30 Sept 2020</p> <p>31 March 2021</p> <p>30 Sept 2021</p> <p>30 November 2021</p>

APPENDIX C – INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP - SEPTEMBER 2021

Benefits 2018/19 Final report issued April 2019							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>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 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 – September 2020 No update received.</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</p>				

APPENDIX C – INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP - SEPTEMBER 2021

Benefits 2018/19							
Final report issued April 2019							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			testing has commenced. 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.				

APPENDIX C – INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP - SEPTEMBER 2021

Audit Plan 2019/20

Benefits 2019/20							
Final report issued October 2020							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
02	We recommend that an exercise should be undertaken to identify historical cases that have outstanding attachment of benefit and Searchlight checks done to identify any that are in receipt of benefits and other actions explored, as appropriate.	Medium	<p>We are currently reviewing all debts that do not have an arrangement in place. Where there is a state benefit in place that we might be able to attach to, we will send the request to the DWP and enter a diary date to review. The Recovery Team Leader and Revenues Manager will monitor that diary dates are reviewed and completed.</p> <p>Position – November 2020 In progress</p> <p>Position – February 2021 In progress.</p> <p>Position – July 2021 On-going and should be completed by end of July 2021.</p> <p>Position – September 2021 This is now complete.</p>	Revenues Manager	31 March 2021	✓	31 July 2021

APPENDIX C – INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP - SEPTEMBER 2021

Audit Plan 2020/21

Customer Services - Digitalisation 2020/21							
Final report issued February 2021							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>Management, in conjunction with relevant stakeholders across the Council, should review and, where necessary update, the Council's Customer Services Business Continuity Plan so that it reflects current practices, processes and procedures.</p> <p>The updated plan should include the procedures for operating without the FirmStep system in the event that the system is unavailable for an extended period of time.</p> <p>The revised plan should be approved and communicated to staff and should be reviewed on a routine basis or following a significant change to the operations of the Council, the Customer Services Department or the FirmStep system.</p>	Medium	<p>Agree. The Customer Service Business Continuity Plan will be updated and will include guidance for handling customer contact should the Firmstep system be unavailable for an extended period of time.</p> <p>Position – July 2021 Review in progress.</p> <p>Position – September 2021 The BCP has been updated to reflect the arrangements for operating without Firmstep for an extended period. The plan has been communicated to key stakeholders.</p>	Head of Customer Services	31 July 2021	✓	
02	<p>Management should put arrangements in place for the FirmStep system to be stress and load tested to ensure user and transaction levels can meet business needs. Testing results should be documented and communicated to Senior Management and, where issues are identified, action plans should be established to ensure that the issues are followed up to resolution.</p>	Medium	<p>Digital Service Improvement Manager to contact supplier and ICT to understand current arrangements for stress and load testing. Appropriate arrangements to be scoped and testing undertaken.</p> <p>Position – July 2021 Advice sought from ICT on how to progress this.</p> <p>Position – September 2021 The supplier has provided the following information in relation to stress and load</p>	Head of Customer Services	31 August 2021	*	31 October 2021

APPENDIX C – INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP - SEPTEMBER 2021

Customer Services - Digitalisation 2020/21							
Final report issued February 2021							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	Furthermore, Management should document the interfaces and interactions of the FirmStep system with other systems and applications and establish reconciliation procedures to ensure that the importing and exporting of information and documents, where applicable, is appropriately controlled.		<p>testing: The system leverages AWS capabilities to auto scale based on system load.</p> <p>We use Cloud Watch, Logic Monitor, Pingdom and New Relic to monitor our data and services in AWS.</p> <p>Further clarification from the supplier is being sought on how effective this approach is for our purposes.</p> <p>The interfaces between systems are documented on each of the design documents for each Firmstep process. These integrations are fully automated and therefore issues are identified by exception.</p>				
04	<p>Management should define the mechanisms and procedures for responding to subject access requests and requests for data portability or data erasure with regards to the data held on supporting databases to the FirmStep system.</p> <p>The procedures should be tested, approved 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>	Medium	<p>Digital Service Improvement Manager to develop and document process to fulfil subject access requests and data erasure requests.</p> <p>Position – July 2021 In progress.</p> <p>Position – September 2021 This work is underway however other work priorities have led to a delay in finalising the procedures – a revised deadline of November.</p>	Head of Customer Services	31 August 2021	*	30 November 2021

APPENDIX C – INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP - SEPTEMBER 2021

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>	Head of ICT	31 March 2022	*	

Freedom of Information 2020/21							
Final report issued April 2021							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
02	We recommend that the Council reviews the FOI publications to ensure it is in line with the most recent policies and procedures and that it is periodically reviewed thereafter.	Low	<p>Agreed.</p> <p>Position – July 2021 Scheme being reviewed by services for updating by 1 September.</p> <p>Position – September 2021 Completed. The reviewed Publication Scheme was put on the internet last week.</p>	Group Head of Democracy and Governance / Senior Customer Service Advisor	1 April 2021	✓	1 Sept 2021

APPENDIX C – INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP - SEPTEMBER 2021

Main Accounting 2020/21							
Final report issued April 2021							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	A formal scheme of delegation document should be finalised. Limits inherited from historical system migrations should be reviewed in light of the scheme of delegation and revised where necessary.	Medium	We will review limits for journals and document that in the form of a scheme of delegation. Position - July 2021 Colin South and Stephen Farrer to produce an export of Authorised Limits to be checked and signed off by Director of Finance. Position – September 2021 No update received.	Head of Finance	1 October 2021	*	
03	a) Suspense account balances older than one year should be reviewed by senior management to decide whether any amounts need to be written off.	Medium	We will put a write off process in place for older suspense balances. Position - July 2021 Write off process meeting scheduled for 30/06/21 to put finalise procedures. Position – September 2021 No update received.	Finance Manager and Assistant Finance Manager	1 October 2021	*	

Payroll 2020/21							
Final report issued April 2021							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
02	An appropriate policy and procedure document should be drawn up to provide clear procedural guidance on details of the recovery of overpayments. This document should be readily accessible to all staff and should be	Low	There was one overpayment in this period and it was recovered adequately. The Contract of Employment notes that we will recover any overpayment that occurs and in this instance the employee was sent an overpayment recovery letter setting out the process for recovery.	Head of HR Operations	30 September 2021	*	

APPENDIX C – INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP - SEPTEMBER 2021

Payroll 2020/21 Final report issued April 2021							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	subject to annual review or updated when processes are changed.		<p>However, we will strengthen this and ensure an overpayment policy is drawn up.</p> <p>Position - June 2021 A policy is currently being drafted and will be published by 30 September 2021.</p> <p>Position – September 2021 A policy is currently being drafted and is on track to be finalised and published by 30 September 2021.</p>				
03	Relevant staff should be reminded of the requirement to ensure that third party payments should be reconciled correctly and that evidence of this should be checked before payments are released.	Low	<p>This one occasion of the form not being countersigned was a failing on behalf of Zellis not HR.</p> <p>We will work with the new payroll provider to ensure the proper authorisation process for 3rd party payments is adhered to and issues raised in our contract review meetings.</p> <p>Position - July 2021 The new payroll provider was implemented in April and there was a heavy workload in May and June in getting Elections payments completed. We have now established and diarised the review meetings with the Relationship Manager at I-Trent and we will ensure that proper authorisation for 3rd party payments are adhered to and issues are included on the Agenda for the review meetings.</p> <p>Position – September 2021 The new payroll provider was implemented in April. We have now established and diarised the review meetings with the Relationship Manager at I-Trent and we will continue to ensure that proper authorisation for 3rd party payments are</p>	Head of HR Operations	30 September 2021	✓	

APPENDIX C – INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP - SEPTEMBER 2021

Payroll 2020/21							
Final report issued April 2021							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			adhered to and issues are included on the agenda for the review meetings.				

Communications 2020/21							
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>	Head of Communications and Engagement	31 October 2021		
02	<p>We recommend that the service assess any gathered information against predetermined targets of number of likes received for the posts, number of people visiting the post, number of people engaging with the posts etc.</p> <p>The service should also maintain a year on year comparison of the</p>	Medium	<p>Agreed.</p> <p>Position – July 2021 No update received.</p> <p>Position – September 2021 The service is collating data on a regular basis to assess the success of campaigns. This allows for year on year comparison and is being used to provide intelligence to</p>	Head of Communications and Engagement	From June 2021	✓	

APPENDIX C – INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP - SEPTEMBER 2021

Communications 2020/21							
Final report issued May 2021							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	monitoring activities. This information will be useful in formulating future Communications Strategies/plans.		future communications and engagement planning.				
03	We recommend that the service should report periodically the analysis of social media usage and any reactions to Leadership Board.	Medium	Agreed. Position – July 2021 No update received. Position – September 2021 First report planned for October 2021.	Executive Head of Strategy and Communications	From June 2021	*	31 October 2021

Council Tax 2020/21							
Final report issued June 2021							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	We recommend that Revenues Officers be reminded to enter review dates for discounts and exemptions on the Academy system. The nature of the review should be determined on a case-by-case basis. The service should check that reviews have been undertaken by the review date noted in the system where required. Where there is a valid reason for not undertaking a review, this should be noted, and the review date updated.	Medium	Position – July 2021 We will check all accounts with a discount or exemption, regardless of the type, and check they all have review dates and will enter a review date where one is missing. Position – September 2021 On-going. We are currently reviewing all accounts with a Single Persons Discount. Once this discount review is complete, we will move on to another discount.	Billing Team Leader and Interim Revenues Manager	30 September 2021	*	31 December 2021

APPENDIX C – INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP - SEPTEMBER 2021

Revenues Payments 2020/21							
Final report issued June 2021							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
02	Refund letter templates should be reviewed and updated to ensure they reflect current processes and to minimise confusion for the rate payer.	Low	Position – July 2021 Recommendation accepted. Position – September 2021 Complete	Billing Team Leader & Interim Revenues Manager	31 July 2021	✓	

Debtors 2020/21							
Final report issued June 2021							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	We recommend that the Revenues Service ensures that the list is checked to ensure that all debts are included on the reminder runs prior to the reminders being produced.	Medium	Position – July 2021 Before BID reminders are issued we provide the BID with a list of those businesses due to receive a reminder and they advise if they want the reminders issued or not. In 2020/21 no reminders were issued at the instruction of the BID due to the pandemic. More generally we are about to commence producing '6 week no-pay reports' across all debtor types which will identify all debtors who have not made a payment in the last 6 weeks. These cases will all be checked and we will be able to identify any where a reminder should have been produced but has not been for whatever reason. A reminder will then be issued. Position – September 2021 Complete	Recovery Team Leader and Revenues Manager	31 August 2021	✓	

APPENDIX C – INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP - SEPTEMBER 2021

Debtors 2020/21							
Final report issued June 2021							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
02	We recommend that the proposed write-offs are authorised and cleared from the system.	Medium	<p>Position – July 2021 An exercise is underway to clear any outstanding debts with a pending write-off code which will clear any that are outstanding.</p> <p>Position – September 2021 Underway for all debtor types.</p>	Recovery Team Leader and Revenues Manager.	31 July 2021	*	31 October 2021
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>	Recovery Team Leader, Revenues Manager and Finance.	31 August 2021	*	31 October 2021