



Watford Borough Council  
Audit Committee Progress Report  
9 March 2023

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 24 February 2023
- Approve amendments to the Audit Plan as at 24 February 2023
- Agree the change to the implementation date for five recommendations (paragraph 2.5) for the reasons set out in Appendix C
- Agree removal of implemented audit recommendations set out in Appendix C
- Note the implementation status of high priority recommendations

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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 Internal Audit Plan for 2022/23 as at 24 February 2023.
  - b) Proposed amendments to the approved 2022/23 Internal Annual Audit Plan.
  - c) Implementation status of all outstanding previously agreed internal audit recommendations from 2018/19 onwards.
  - d) An update on performance management information at 24 February 2023.

## 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 24 November 2022.

# 2. Audit Plan Update

## Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 24 February 2023, 79% 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 2022/23 report has been finalised since November 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	Feb '23	Substantial	Two low

## Status of Audit Recommendations

- 2.3 Audit Committee 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 24 February 2023, with full details in Appendix C:

Year	Recommendations made No.	Implemented	Not yet due	Outstanding & a request made for extended time, or no update received	Percentage implemented %
2018/19	30	30	0	0	100%
2020/21	28	26	1	1	93%
2021/22	37	32	1	4	86%
2022/23	8	1	7	0	13%

2.5 Since 24 November 2022 Audit Committee, extension to implementation dates have been requested by action owners for five recommendations as follows:

- a) One from the 2020/21 Debtors audit, with a revised target date of 30 June 2023 (was 31 December 2022).
- b) One from the 2021/22 Safeguarding audit, with a revised target date of 1 June 2023 (was 1 April 2023).
- c) One from the 2021/22 Cyber Security audit, with a revised target date of 30 June 2023 (was 31 March 2023).
- d) One from 2021/22 Creditors audit, with a revised target date of 15 March 2023 (was 31 December 2022).
- e) One from the 2021/22 Operational Buildings Compliance audit, with a revised target date of 31 March 2023 (was 16 December 2022).

2.6 No new high priority recommendations have been made since November 2022 Audit Committee. The target date for the final high priority recommendation (from the 2021/22 Operational Buildings Compliance audit) has been extended from 16 December 2022 to 31 March 2023. Further details of this recommendation is provided within Appendix C of this update report.

#### Proposed Audit Plan Amendments

2.7 Since the November 2022 meeting of Audit Committee, the Asset Management System Data audit has been cancelled at the request of management and the unused audit days returned to contingency.

#### Performance Management

2.8 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.

2.9 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.

<b>Performance Indicator</b>	<b>Annual Target</b>	<b>Profiled Target to 24 February 2023</b>	<b>Actual to 24 February 2023</b>
<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%	83% (185 / 224 days)	79% (177 / 224 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%	50% (9 out of 18 projects to draft)	44% (8 out of 18 projects to draft)
<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 3 received in 22/23)
<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

2.10 With regard to performance indicator 3 (project delivery) in the above table, the project not yet at draft report stage that was originally expected to be completed at this point in the year is the Climate Emergency Follow Up. The audit was scheduled to commence in September, but the start was delayed until late November due to capacity issues in the SIAS Team. Subsequent delays in getting this review completed have been a result of it taking longer than expected for us to obtain information / responses from the service.

Service Update and Current Plan Delivery Position

- 2.11 As reported above and at the last Audit Committee meeting in November 2022, SIAS are currently behind profile for both billable days and projects delivered to draft report status. In respect of the above, 2022/23 has been a significantly challenging year for SIAS in relation to recruitment and retention, with as many as 6 FTE vacancies (36% of the establishment) during earlier periods of the financial year. Whilst this has now reduced to 4.5 FTE (25% of the establishment), the specialist nature of Internal Audit means that SIAS are competing with the private sector to recruit to our higher-level roles, and this has proved challenging given the pay constraints Local Authorities operate under. In respect of the remaining vacancies, a further recruitment campaign is currently in progress. The internal audit market remains challenging across all sectors, and SIAS's experience has been replicated elsewhere. Our recruitment of trainee auditors has been successful, however our 'grow your own' strategy is a medium to long term solution and does not resolve immediate capacity challenges.
- 2.12 As Committee Members will be aware, SIAS operates as a partnership. The resource gap within the partnership was previously reported to members as being 200 days. Whilst this would normally have been allocated to SIAS's external delivery partner (currently BDO), they reached their delivery and resourcing capacity for the financial year. SIAS therefore undertook a procurement process to commission additional external delivery partners for quarter four to assist in completion of the remaining projects. This led to the appointment of Mazars, with two audit projects at Watford Borough Council and the Shared Services Plan being allocated to them.
- 2.13 It is also important to reiterate that the delivery profile is not straight line, with the profile often impacted not only by delivery capacity, but also by the required timing of some audits, or where council departments at Watford Borough Council and / or other SIAS partners have requested later start dates for audits. This is outside the control of SIAS. When considering the current delivery position, it is important to note that any projects that have had specific key deadlines, such as grant certifications, advice, or support for projects, have been prioritised and agreed deadlines met.
- 2.14 Based on current resource availability (including our external partners), we can provide assurance to the Committee that all but one of the audits within the 2022/23 have been allocated for completion before the end of the financial year. The final audit is expected to be completed during April 2023. However, should additional vacancies occur, SIAS experience significant staff sickness, or there are client engagement issues in relation to the timing or supporting the delivery of audits, there would be a risk to the overall delivery of the 2022/23 audit plan.
- 2.15 The above position is subject to continual monitoring, and we are currently satisfied that all available mitigating actions have been taken forward to manage the above risks, and that any uncompleted projects could be concluded during April 2023 to support the Annual Assurance Opinion if required. However, regular updates will be provided to both the Committee and the Council's Deputy Section 151 Officer as the remainder of the financial year progresses.

**APPENDIX A - PROGRESS AGAINST THE 2022/23 AUDIT PLAN AT 24 FEBRUARY 2023**

**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 (shared services plan)						10	SIAS	9.5	Draft Report Issued
Financial Reconciliations (shared services plan)						13	BDO	8	In Fieldwork
Fixed Asset Register (shared services plan)						10	BDO	8	In Fieldwork
NDR (shared services plan)						10	SIAS	9.5	Draft Report Issued
Payroll (shared services plan)						12	Mazars	8	In Fieldwork
Sundry Debtors (shared services plan)						10	BDO	9.5	Draft Report Issued
Treasury (shared services plan)						8	SIAS	1	In Planning
<b>Operational Audits</b>									
Climate Emergency Follow Up						4	SIAS	3	In Fieldwork
Asset Management System Data						0.5	BDO	0.5	Cancelled
Museum	Limited	0	0	5	1	11	SIAS	11	Final Report Issued
FOI						8	Mazars	1	In Planning
Trees						10	SIAS	5	In Fieldwork
Website Redesign						9	BDO	6	In Fieldwork
Green Homes Grant	Unqualified	-	-	-	-	3	SIAS	3	Final Report Issued
COMF Grant Certification	Unqualified	-	-	-	-	0.5	SIAS	0.5	Final Report Issued

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
<b>Contract Management, Project Management &amp; Procurement</b>									
Project Management	Substantial	0	0	0	2	12	BDO	12	Final Report Issued
Contract Management						12	BDO	8	In Fieldwork
<b>Governance</b>									
Corporate Governance						12	BDO	11.5	Draft Report Issued
<b>IT Audits</b>									
Cyber Security (shared services plan)						15	BDO	10	In Fieldwork
<b>Shared Learning / Joint Reviews</b>									
Shared Learning / Joint Reviews						4		4	Complete
<b>Follow Ups</b>									
Follow up of Audit Recommendations						8		8	Complete
<b>To Be Allocated</b>									
Unused Contingency (shared services plan)						1.5		0	To Be Allocated
<b>Strategic Support</b>									
2023/24 Audit Planning						6		6	Complete
Annual Governance Statement						3		3	Complete



**APPENDIX A - PROGRESS AGAINST THE 2022/23 AUDIT PLAN AT 24 FEBRUARY 2023**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Audit Committee						10		9	Through Year
Head of Internal Audit Opinion 2021/22						3		3	Complete
Monitoring & Client Meetings						7		6	Through Year
SIAS Development						3		3	Complete
<b>Completion of 2021/22 audits</b>									
Time required to complete work commenced in 2021/22 (7 days shared plan; 3 days WBC)						10	N/A	10	Complete
<b>WBC TOTAL</b>						<b>129</b>		<b>106.5</b>	
<b>SHARED SERVICES TOTAL</b>						<b>96.5</b>		<b>70.5</b>	
<b>COMBINED TOTAL</b>		<b>0</b>	<b>0</b>	<b>5</b>	<b>3</b>	<b>225.5</b>		<b>177</b>	

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

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

Apr	May	June	July	August	September
	Museum <b>Final Report Issued</b>	Corporate Governance <b>Draft Report Issued</b>	Website Redesign* <b>(See Footnote)</b>		Sundry Debtors (Shared services plan) <b>Draft Report Issued</b>
		Green Homes Grant <b>Final Report Issued</b>	COMF Grant Certification <b>Final Report Issued</b>		Contract Management* <b>(See Footnote)</b>

October	November	December	January	February	March
Project Management <b>Final Report Issued</b>	Asset Management System Data <b>Cancelled</b>	FOI <b>(See Footnote)</b>	Trees <b>In Fieldwork</b>	Cyber Security (Shared services plan) <b>In Fieldwork</b>	
Climate Emergency Follow Up <b>In Fieldwork</b>	Council Tax (Shared services plan) <b>Draft Report Issued</b>	Financial Reconciliations (Shared services plan) <b>In Fieldwork</b>	Treasury (Shared services plan) <b>In Planning</b>	Payroll (Shared services plan) <b>In Fieldwork</b>	

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

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<p>NDR (Shared services plan) <b>Draft Report Issued</b></p>	<p>Contract Management <b>In Fieldwork</b></p>	<p>Fixed Asset Register (Shared services plan) <b>In Fieldwork</b></p>	<p>Website Redesign* <b>In Fieldwork</b></p>	<p>FOI <b>In Planning</b></p>	
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\* Website Redesign audit moved from July 2022 to January 2023 at the request of the service due to staff absence.

\* Contract Management audit moved from September to November 2022 to meet resourcing availability at BDO, the SIAS external partner.

\* FOI audit moved from December 2022 to February 2023 to meet resourcing availability at Mazars, the SIAS external partner.

**APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – FEBRUARY 2023**

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 has 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 – 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 – 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>	Benefits Manager	31 May 2019	✓	<del>31 October 2019</del> <del>30 June 2020</del> <del>30 Sept 2020</del> <del>31 March 2021</del> <del>30 Sept 2021</del> <del>30 November 2021</del> <del>31 January 2022</del> <del>15 March 2022</del> <del>31 August 2022</del> <del>31 October 2022</del> 30 November 2022

**APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – FEBRUARY 2023**

Benefits 2018/19 Final report issued April 2019							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<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> <p>Position – February 2022 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>Position – July 2022 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.</p> <p>Update received September 2022 but after reporting deadline for September 2022 Audit Committee: Training on how to write the script required to make the retention &amp; destruction module work took place on 12.09.22 (a re-write of the scripts was necessary as the original script could not be located and the officers who wrote and</p>				

**APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – FEBRUARY 2023**

Benefits 2018/19 Final report issued April 2019							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>implemented the original scripts no longer work for the authority). We have a few matters to check in terms of the corporate retention polices and a few system parameters to check and then we can switch the module on. Once the script has run once, we will know how many documents we have to destroy and how long it will take to destroy them all on the basis we can run the script for a couple of hours every evening and longer at the weekend.</p> <p>Position – November 2022 Some testing and prep work carried out, things were delayed a little due to delivery of the Energy Fuel Rebates and testing for a server migration. Going live week commencing 14.11.22 with a selection of document types which will be increased until all document types are included.</p> <p><b>Position – February 2023</b> <b>The Retention &amp; Destruction Module went live on 17.12.22 and the recommendation is now resolved.</b></p>				

**Audit Plan 2020/21**

## APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – FEBRUARY 2023

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> <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>Position – July 2022 Review of all policies underway for 2022/23.</p> <p>Position – August 2022 Main policies updated – additional ones under review.</p> <p>Position – November 2022 In progress.</p> <p><b>Position – February 2023 In progress to meet March deadline.</b></p>	Communications and Engagement Lead	31 October 2021	*	<p><del>28 February 2022</del></p> <p>31 March 2023</p>

## APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – FEBRUARY 2023

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>Position – July 2022 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.</p> <p>Position – August 2022 No update received – target date not yet reached.</p> <p>Update received September 2022 but after reporting deadline for September 2022 Audit Committee: Finance are going to run and extract this data from the Finance System which Revs &amp; Bens will then check. It may be completed before 30 October 2022, it really depends on how many are on the list.</p> <p>Position – November 2022 The lists were provide by Finance mid-September but work has not yet commenced</p>	Recovery Team Leader, Revenues Manager and Finance.	31 August 2021	*	<p><del>31 October 2021</del></p> <p><del>31 October 2022</del></p> <p><del>31 December 2022</del></p> <p><b>30 June 2023</b></p>



**APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – FEBRUARY 2023**

Debtors 2020/21 Final report issued June 2021							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>as the entire Revs and Bens Service was delivering the Energy Fuel Rebate payments. Work will commence on the lists week commencing 14.11.22.</p> <p><b>Position – February 2023</b>  <b>Revs and Bens have not had the capacity to carry out this work yet as resource has diverted to Energy Fuel Rebate schemes and resource has been very low due to long term staff sickness. Revs and Bens will take ownership of checking duplicate customer account and deleting those where we are certain there is no current billing rule. Finance and the individual services will need to take responsibility for deleting or de-activating old accounts. We will remind them of this requirement.</b></p>				

**Audit Plan 2021/22**

**APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – FEBRUARY 2023**

<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 commencement of staff in post and the different requirements if agency staff come through Comensura or direct through agency to the council.</p> <p>Position – July 2022 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> <p>Position – August 2022 All recommendations are complete except the one action in progress (spot checks) This has a due date of 1 April 2023.</p>	HR Operations Lead	<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>	<p><b>1 June 2023</b></p>

## APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – FEBRUARY 2023

Safeguarding 2021/22							
Final report issued April 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>Position – November 2022 The position regarding spot checks will be taken up with Hays (the new contractor/agency partner who commence their contract with the Council on 05 December 2022).</p> <p><b>Position – February 2023</b> <b>Hays took up the contractor/agency partner in December 2022. Spot checks will be carried out after 6 months of the contract running when sufficient appointments for spot checking have been made.</b></p>				

Main Accounting 2021/22							
Final report issued April 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
03	<p>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.</p> <p>We also recommend that Benefits system reconciliations are signed and dated by another person in Finance.</p>	Low	<p>Procedure documents will be reviewed and updated/created as required.</p> <p>Timeliness of reconciliation will be monitored and managed as part of the tracking processes referenced in the response recommendation 2, above.</p> <p>Position – July 2022 On target.</p> <p>Position – August 2022 In progress and on target - target date is 31 October 2022.</p> <p>Position – November 2022 In progress – we have a reconciliation tracker and have most of the procedures notes</p>	Finance Section Head / Finance Systems Manager	31 October 2022	✓	31 December 2022

**APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – FEBRUARY 2023**

Main Accounting 2021/22							
Final report issued April 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>however this has provided an opportunity to rework and improve a small number of processes, which is currently being done as part of this work.</p> <p>Target date is now 31 December 2022.</p> <p><b>Position – February 2023</b>  <b>We have process notes for each reconciliation on our Tracker. Each reconciliation is signed off by another person. We are currently undertaking an internal audit on reconciliations. Resolved.</b></p>				

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> </ul>	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 passwords.</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>Position – July 2022                      Third party tools currently being reviewed and costed. Item not yet due.</p>	Associate Director of ICT and Shared Services	31 March 2023	*	31 March 2024

**APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – FEBRUARY 2023**

<b>Cyber Security 2021/22</b> <b>Final report issued April 2022</b>							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	<ul style="list-style-type: none"> <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>		<p><b>Position – August 2022</b>                      1.1 - Third party tools have been evaluated and Netwrix has been selected as the preferred tool.</p> <p>1.2 – Netwrix had demonstrated the tool in detail and a 30-day trial to test the system further is available.</p> <p>1.3 – Quotation for 1- and 3-year option has been provided.</p> <ul style="list-style-type: none"> <li>1-year option - £7,806</li> <li>3-year option - £16,483</li> </ul> <p>1.4 – Implementation of the tool will be dependent on the ability to fund the third-party tool, this will require an approval by ITSG for an additional spend. A paper to review this recommendation and request any growth in budget 2022.</p> <p><b>Position – November 2022</b>                      1.1 – Due to the audit which was performed by DLUHC, the scope of the security posture has extended. The grant to address the sections of the new recommendations within the scope has been successfully secured.                      1.2 – The evaluation of the third-party tool has been extended, due to the new requirements within the scope presented post the DLUHC audit.                      1.3 The new proposed completion dates recommended by DLUHC is end of Q4 March 2024.</p> <p><b>Position – February 2023</b>  <b>In progress. Produce options and costs continue to be reviewed and costed</b></p>				

**APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – FEBRUARY 2023**

<b>Cyber Security 2021/22</b> Final report issued April 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<b>against all recommendations included within the DLUHC cyber grant budget.</b>				
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.  Position – July 2022 Extension of current third-party tools currently being reviewed and costed. Item not yet due.  Position – August 2022 1.1- Third party Qualys had introduced a new module which will enable the management of remote devices through the cloud.  1.2 – Both options are currently being evaluated and costed. Decision made will be based on cost, functionality, and management.  Position – November 2022 1.1 – Due to the allocation of a new Account Manager at Qualys and the changes within the licensing structure, Qualys are currently reviewing the proposed quotation to align the requirements with the new licensing structure.  1.2 – Workshop with Qualys has been scheduled to discuss the new proposed licensing structure and the modules which are required to enable the management of the devices remotely through the cloud and not relaying on the VPN.  <b>Position – February 2023</b>	Associate Director of ICT and Shared Services	31 March 2023	*	<b>30 June 2023</b>

## APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – FEBRUARY 2023

Cyber Security 2021/22							
Final report issued April 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>Remains in progress, however Associate Director of ICT and Shared services requests an extension of 3 months. This is due to</p> <ul style="list-style-type: none"> <li>a. Qualys licencing for public sector has recently changed. Awaiting updated quotations.</li> <li>b. In terms of funding, a recent grant award from DLUHC will cover this item. Therefore no requirement for additional growth within the ICT service budget.</li> </ul>				

Creditors 2021/22							
Final report issued July 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
02	<p>We recommend:</p> <ol style="list-style-type: none"> <li>1. The Council creates a policy/procedure covering the use of CHAPS and Faster Payments. This will include: <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> </li> <li>2. The Council updates the Payment Voucher request procedure to outline the types of payments which are</li> </ol>	Medium	<p>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.</p> <p>Agreed and will be published as per the above.</p>	Finance Manager (Systems)	26 August 2022	* - part 1 and 2 resolved. Revised deadline for part 3.	<p><del>31 October 2022</del></p> <p><del>31 December 2022</del></p> <p>15 March 2023</p>

**APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – FEBRUARY 2023**

Creditors 2021/22							
Final report issued July 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	<p>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 they will be published on the intranets and a communication to all staff.</p> <p>Position - July 2022 Not yet due.</p> <p>Position – August 2022 1 is resolved ✓ process note created. 2 is resolved ✓ process updated.</p> <p>3 We will publish revised note and new note on the intranet along with Delegated authority listings.</p> <p>New deadline: 31 October 2022</p> <p>Position – November 2022 Process notes have been written.</p> <p>There are issues with intranet, so these will be circulated by email,</p> <p>Delegated authority lists to be run and agreed.</p> <p>Again, there are issues with intranet so these will be published when intranet issues resolved.</p> <p><b>Position – February 2023</b> <b>There has been an issue with intranet however two Finance staff undertake training next week and will publish as agreed. New deadline 15<sup>th</sup> March 23.</b></p>				



## APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – FEBRUARY 2023

Operational Buildings Compliance 2021/22							
Final report issued July 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
03	<p>The Compliance &amp; Maintenance Officer should generate monthly reports for the Facilities Manager and the Leadership Board to review on the compliance rates in relation to the following health and safety areas:</p> <ul style="list-style-type: none"> <li>• Gas Safety</li> <li>• Electrical Safety</li> <li>• Fire Safety</li> <li>• Legionella Safety</li> <li>• Lift Safety</li> </ul> <p>The reports should outline the risk assessments undertaken, progress, outcomes, remedial actions completed, due and those delayed for greater oversight. The remedial actions should have an assigned action owner and due date for completion.</p>	High	<p>FM to provide programme on a monthly basis to Leadership Board. This will include information on risk assessments and progress with remedial actions.</p> <p><b>Position – August 2022</b> Compliance report to be provided to senior management on a monthly basis. New asset management system (concerto) will be able to generate regular management reports. FM produce a spreadsheet on current status of compliance that can be provided in the meantime.</p> <p><b>Position – November 2022</b> All compliance information has been uploaded on asset management system but testing and training still required for FM. Training to be undertaken in November with reports generated from December.</p> <p><b>Position – February 2023</b> <b>All compliance information has now been uploaded on the asset management system (Concerto) and is now operational. Specific training in how to generate compliance reports in Concerto is scheduled for week beginning 6<sup>th</sup> March and compliance reports will then be generated from end March on a regular basis using Concerto. In the meantime, manual reports are capable of being produced and are available to senior management, FM are approaching the agenda organiser to ensure that a regular spot is included in the Corporate Management Teams' agenda for these reports.</b></p>	Head of Corporate Asset Management / Facilities Manager	31 July 2022	*	<p><del>30 September 2022</del></p> <p><del>16 December 2022</del></p> <p><b>31 March 2023</b></p>

### Audit Plan 2022/23

## APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – FEBRUARY 2023

Watford Museum 2022/23 Final report issued October 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>We recommend that the statement of purpose for the Watford Museum provides a clear link and reference to the Council's cultural strategy.</p> <p>We also recommend that the existing delegated authority arrangements are reviewed to ensure that they are sufficiently clear, with a local scheme of delegation created where sub-delegations are in place (for example responsibilities assigned from the Group Head or Head of Service to the Museum Curator).</p>	Medium	<p>The statement of purpose will be developed as the forward plan is revised and to align with the ambitions for the Town Hall Quarter and to link to the cultural strategy.</p> <p>Position – November 2022 Being planned.</p> <p><b>Position – February 2023 Being planned, resources allocated and work commencing in April 23 to align with Town Hall Quarter Programme and ACE requirements.</b></p> <p>Museum Governance will be reviewed as part of the process of developing the Arts Council Accreditation Forward Plan and Associated Policies (Action 2) and Town Hall Quarter redevelopment plans.</p> <p>Position – November 2022 Being planned.</p> <p><b>Position – February 2023 Being planned, resources allocated and work commencing in April 23 to align with Town Hall Quarter Programme and ACE requirements.</b></p> <p>Longer term a more substantive governance model will be developed in key areas such as exhibitions, audience development and collections management.</p> <p>Position – November 2022</p>	Associate Director of Environment	<p>30 April 2023 (subject to Arts Council Submission date)</p> <p>30 April 2023 (subject to Arts Council Submission date)</p> <p>30 April 2023 (subject to Arts Council Submission date)</p>		

## APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – FEBRUARY 2023

Watford Museum 2022/23 Final report issued October 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			Being planned.  <b>Position – February 2023</b> <b>Being planned, resources allocated and work commencing in April 23 to align with Town Hall Quarter Programme and ACE requirements.</b>				
02	<p>We recommend that all documents or policies are fully completed or subject to review and update prior to the end of the financial year, with policies passed to the Executive for approval.</p> <p>We also recommend that a log is kept of all policies, including the last and the next review dates, to ensure that they are reviewed in a timely manner in future years.</p>	Medium	<p>Arts Council re accreditation is due for submission in April 2023 at the earliest. (The Arts Council will inform us when they require us to submit). A project will be created using EPMO protocols to oversee delivery and approval of the forward plan and policies, linked to the Museum Project and THQ programme boards and revised governance. Some policies are in development already.</p> <p>Monitoring of policies will be brought into service delivery and as a KPI or service plan output.</p> <p>Position – November 2022 Being planned.</p> <p><b>Position – February 2023</b> <b>Being planned, resources allocated and work commencing in April 23 to align with Town Hall Quarter Programme and ACE requirements.</b></p>	Associate Director of Environment	30 April 2023 (subject to Arts Council Submission date)		
03	The current investigation of the one item identified as missing should be concluded at the earliest opportunity, with further advice on required actions being sought if the item cannot be located.	Medium	<p>Complete investigation.</p> <p>Position – November 2022 On hold due to staff absence, deadline will be met.</p> <p><b>Position – February 2023</b></p>		31 December 2023		

## APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – FEBRUARY 2023

Watford Museum 2022/23 Final report issued October 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<b>Due to staff absence this has been on hold. To be completed by 1<sup>st</sup> May 2023.</b>				
04	<p>We recommend that all staff are reminded of what paperwork needs to be completed for loans including the log which would summarise what items were currently on loan.</p> <p>We also recommend that policies are updated to reflect the approval delegation authorities included within the constitution.</p> <p>Finally, consideration should be given to clarifying within the constitution the value and time thresholds above which loans of objects are required to be authorised, and below this value the local delegation that has been agreed.</p>	Medium	<p>Staff training on loans process to be implemented. Develop log of loans and regularly monitor.</p> <p>Position – November 2022 On hold due to staff absence, deadline will be met.</p> <p><b>Position – February 2023 Due to staff absence this has been on hold. To be completed by 1<sup>st</sup> May 2023.</b></p> <p>See action against recommendation 1.</p> <p>Position – November 2022 Being planned.</p> <p><b>Position – February 2023 Being planned, resources allocated and work commencing in April 23 to align with Town Hall Quarter Programme and ACE requirements.</b></p> <p>See action against recommendation 1.</p> <p>Position – November 2022 Being planned.</p> <p><b>Position – February 2023 Being planned, resources allocated and work commencing in April 23 to align with Town Hall Quarter Programme and ACE requirements. Constitution has had an interim update to reflect this.</b></p>	Curator	31 December 2023		

**APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – FEBRUARY 2023**

<b>Watford Museum 2022/23</b> <b>Final report issued October 2022</b>							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
05	<p>We recommend that an action plan is put in place to support the identification, control and monitoring of remaining key actions in respect of the accreditation preparation. This should include the actions required, target dates and action owners.</p> <p>The above action plan should also include the recommendations made in this report and progress should be monitored by Senior Managers on a monthly basis.</p>	Medium	<p>See actions against recommendations 2 and 3.</p> <p>Position – November 2022 Being planned.</p> <p><b>Position – February 2023</b> <b>This is now part of the Museum Project board to oversee.</b></p>	Associate Director of Environment			
06	<p>We recommend that advice is sought from the Council’s insurers as to the frequency of review of valuations. Upon completion of any future revaluations, this should also support a review of the existing levels of insurance.</p> <p>Upon the above clarity being obtained, the required frequencies (or process for determining review periods) should be incorporated into the relevant policies and procedures.</p>	Low	<p>Follow recommendation and link to action against recommendation 2.</p> <p>Response from Zurich Commercial Insurance: Our Fine Arts team in Zurich Commercial usually work to a valuation every 3 years, however we would be comfortable with valuations every 5 years. That said I would always apply a flexible common-sense approach to the 5-year average guide. If for instance you know some items are subject to rapid increases in value then obviously, I would look to revalue every 3 years, whereas you may have some other items that don’t move much at all in value and these items you could push out to say 7 years and everything else falls in between.</p> <p>Naturally the onus is on the council to prove the value of an item in the event of a loss and this is always made harder after the event if the item is stolen or destroyed with no recent valuations to hand.</p> <p>Position – November 2022</p>	Curator	1 May 2023		

## APPENDIX C – AUDIT RECOMMENDATIONS FOLLOW UPS – FEBRUARY 2023

<b>Watford Museum 2022/23</b>							
<b>Final report issued October 2022</b>							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			Existing valuations being reviewed by staff and considering commissioning new valuations.  <b>Position – February 2023</b> <b>Due to staff absence this has been on hold.</b> <b>Quotes for valuation to be obtained by 1<sup>st</sup> May 2023.</b>				

<b>Project Management 2022/23</b>							
<b>Final report issued February 2023</b>							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	All projects should either have a Project Brief or Project Initiation Document completed and retained to evidence a clear audit trail and compliance alongside the Project Management Framework.  The Council may also want to consider introducing a checklist or audit review document to ensure all key information is completed and in place, as per the Project Management Framework.	Low	This recommendation is noted and accepted. It will be implemented over the next period.	Associate Director of Customer and Corporate Services and Project Manager	1 April 2023	*	
02	For all documents that require approval, including Project initiation Documents and Closure reports, ensure approval has been documented to evidence a clear audit trail of review and approval from appropriate members.	Low	This recommendation is noted and accepted. This point has already been raised at the EPMO Assurance Group and a process is now in place whereby the EPMO Coordinator received final versions of the documents with the approval date attached.	Associate Director of Customer and Corporate Services and Project Manager	1 February 2023	✓	

## APPENDIX D – ASSURANCE AND PRIORITY LEVEL DEFINITIONS

Audit Opinions		
Assurance Level	Definition	
Assurance Reviews		
<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 is inadequate to effectively manage risks to the achievement of objectives in the area audited.	
<b>Not Assessed</b>	This opinion is used in relation to consultancy or embedded assurance activities, where the nature of the work is to provide support and advice to management and is not of a sufficient depth to provide an opinion on the adequacy of governance or internal control arrangements. Recommendations will however be made where required to support system or process improvements.	
Grant / Funding Certification Reviews		
<b>Unqualified</b>	No material matters have been identified in relation the eligibility, accounting and expenditure associated with the funding received that would cause SIAS to believe that the related funding conditions have not been met.	
<b>Qualified</b>	Except for the matters identified within the audit report, the eligibility, accounting and expenditure associated with the funding received meets the requirements of the funding conditions.	
<b>Disclaimer Opinion</b>	Based on the limitations indicated within the report, SIAS are unable to provide an opinion in relation to the Council's compliance with the eligibility, accounting and expenditure requirements contained within the funding conditions.	
<b>Adverse Opinion</b>	Based on the significance of the matters included within the report, the Council have not complied with the funding conditions associated with the funding received.	
Recommendation Priority Levels		
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</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.