



MEETING : AUDIT COMMITTEE
VENUE : COUNCIL CHAMBER, WALLFIELDS, HERTFORD
DATE : WEDNESDAY 24 SEPTEMBER 2014
TIME : 7.00 PM

PLEASE NOTE TIME AND VENUE

MEMBERS OF THE COMMITTEE

Councillor J Ranger (Chairman)
Councillors D Andrews, W Mortimer, M Pope, R Sharma, N Wilson and
J Wing

Substitutes

Conservative Group: Councillors J Wyllie

*(Note: Substitution arrangements must be notified by the absent Member
to Democratic Services 24 hours before the meeting)*

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DISCLOSABLE PECUNIARY INTERESTS

1. A Member, present at a meeting of the Authority, or any committee, sub-committee, joint committee or joint sub-committee of the Authority, with a Disclosable Pecuniary Interest (DPI) in any matter to be considered or being considered at a meeting:
 - must not participate in any discussion of the matter at the meeting;
 - must not participate in any vote taken on the matter at the meeting;
 - must disclose the interest to the meeting, whether registered or not, subject to the provisions of section 32 of the Localism Act 2011;
 - if the interest is not registered and is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days;
 - must leave the room while any discussion or voting takes place.
2. A DPI is an interest of a Member or their partner (which means spouse or civil partner, a person with whom they are living as husband or wife, or a person with whom they are living as if they were civil partners) within the descriptions as defined in the Localism Act 2011.
3. The Authority may grant a Member dispensation, but only in limited circumstances, to enable him/her to participate and vote on a matter in which they have a DPI.

4. It is a criminal offence to:

- fail to disclose a disclosable pecuniary interest at a meeting if it is not on the register;
- fail to notify the Monitoring Officer, within 28 days, of a DPI that is not on the register that a Member disclosed to a meeting;
- participate in any discussion or vote on a matter in which a Member has a DPI;
- knowingly or recklessly provide information that is false or misleading in notifying the Monitoring Officer of a DPI or in disclosing such interest to a meeting.

(Note: The criminal penalties available to a court are to impose a fine not exceeding level 5 on the standard scale and disqualification from being a councillor for up to 5 years.)

Audio/Visual Recording of meetings

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AGENDA

1. Apologies

To receive apologies for absence.

2. Minutes (Pages 7 - 18)

To confirm the Minutes of the meeting held on 16 July 2014

3. Chairman's Announcements

4. Declarations of Interest

To receive any Member's Declarations of Interest.

5. External Audit Report - Audit Findings

"To Follow"

6. Treasury Management Strategy 2013/14 Outturn

"To Follow"

7. Treasury Management Strategy 2014/15 Mid Year Review

"To Follow"

8. Statement of Accounts 2013/14

"To Follow"

9. Annual Governance statement 2013/14 (Pages 19 - 50)

10. Shared Internal Audit Service Annual Report 2013/14 (Pages 51 - 70)

11. Shared Internal Audit Services - Audit Plan Update Report (Pages 71 - 100)
12. Risk Management Monitoring report 1 April 2014 to 30 June 2014 (Pages 101 - 110)
13. Work Programme (Pages 111 - 116)
14. Urgent Business

To consider such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration and is not likely to involve the disclosure of exempt information.

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MINUTES OF A MEETING OF THE
AUDIT COMMITTEE HELD IN THE
COUNCIL CHAMBER, WALLFIELDS,
HERTFORD ON WEDNESDAY 16 JULY
2014, AT 7.00 PM

PRESENT: Councillors W Mortimer, D Andrews, M Pope,
R Sharma and J Wyllie.

OFFICERS IN ATTENDANCE:

Mandy Barton	- Accountancy Manager
Lorraine Blackburn	- Democratic Services Officer
Margaret Donaldson	- Interim Principal Accountant
Chris Gibson	- Manager of Corporate Risk
Adele Taylor	- Director of Finance and Support Services

ALSO IN ATTENDANCE:

Terry Barnet	- Shared Internal Audit Service
Sarah Ironmonger	- Grant Thornton External Audi

104 **REVISION TO TREASURY MANAGEMENT
ARRANGEMENTS**

The Executive Member for Finance submitted a report setting out a number of revisions to the Treasury Management arrangement, the detail of which was set out in the report now submitted.

The Director of Finance and Support Services explained that these revisions would give the Council the

framework it needed in terms of its roles and responsibilities, to invest in Pooled Property Funds. The Director of Finance and Support Services stated that the strategy would be refreshed as part of the budget setting meeting cycle in conjunction with the Council's Medium Term Finance Plan and capital strategy in February 2015.

The Director of Finance and Support Services explained that this was a strategy document and subject to refresh annually as required by appropriate regulations.

In response to a query by Councillor M Pope regarding "sovereignty support" being withdrawn the Interim Principal Accountant provided an update that the intention was for the United States, Europe and the UK to implement the regulatory changes.

Councillor D Andrews suggested that the Council should be investing locally in property as this would demonstrate a commitment to local residents and communities.

The Director of Finance and Support Services drew Members' attention to the proposed framework by which the Council would invest in terms of property funds and indirect investment in property and explained the differences of each. Once approved, this would allow the Council to move ahead. It was noted that work on selecting an appropriate partner on the property fund had been taking place in the background and the results would be reported for Members' consideration when complete.

The Director of Finance and Support Services explained what considerations needed to be taken into account from a property fund investment viewpoint in terms of risk, liquidity, cash flow and the need to take a balanced view.

The Director of Finance and Support Services drew Members' attention to paragraph 9.6 of Essential Reference Paper "B" of the proposed regulatory changes

to Financial Institutions and paragraph 9.6.2 the steps for mitigating the consequent risks, which are likely to take place of the time period of the strategy.

In response to a query from Councillor M Pope regarding property funds investment selection, the Director of Finance and Support Services stated that the Council would be considering the various risks and also the availability of a secondary markets should there be a need to withdraw from the fund quickly.

Councillor R Sharma advocated a “cautious” approach. The Director of Finance and Support Services stated that the Council would look at a range of issues including past performance.

Councillor J Wyllie asked that officers give consideration to local “seed-bed” units. The Director of Finance and Support Services explained that the Council was constrained by lack of land and that local investment was about finding the right place in which to invest.

The Interim Principal Accountant drew Members’ attention to paragraph 3 of Essential Reference Paper “B” which showed that the Council was investing surplus cash which would attract low rates of interest in its delivery of the approved capital schemes.

The Committee received the report.

RECOMMENDED – that (A) Non-Treasury Investments be included in the Treasury Management Strategy and associated criteria for selection, as now detailed within Essential Reference Papers “B” and “C” (Annex 2c);

(B) the proposed steps to mitigate investment credit risk as now detailed, be noted;

(C) the credit criteria changes for the selection of investment counterparties as now detailed, be

noted;

(D) the revised format for the Treasury Management strategy as now detailed, be noted.

105 APPOINTMENT OF VICE CHAIRMAN

It was moved by Councillor M Pope and seconded by Councillor J Wyllie that Councillor W Mortimer be appointed Vice-Chairman for the civic year 2014/15.

RESOLVED – that Councillor W Mortimer be appointed Vice-Chairman for the civic year 2014/15

106 APOLOGIES

Apologies for absence were submitted from Councillors J Ranger, N Wilson and J Wing. It was noted that Councillor J Wyllie was substituting for Councillor N Wilson.

107 MINUTES

RESOLVED - that the Minutes of the meeting held on 19 March 2014 be confirmed as a correct record and signed by the Vice-Chairman.

108 EXTERNAL AUDIT - AUDIT PLAN

The External Auditor submitted the Audit Plan for the year ending 31 March 2014 which set out the External Audit approach, the risks, significant and other, associated with the plan. The External Auditor provided a summary of the interim audit work undertaken, adding that there was nothing significant to bring to Members' attention. It was noted that in accordance with accounting codes of practice, the External Auditor would be carrying out a Value for Money exercise, the criteria and focus of which was explained.

In response to a query from Councillor M Pope concerning "de-cluttering the accounts" and making them easier to understand, the External Auditor explained how the accounts

would be “de-cluttered” and how this would add value. She assured Members that this would not affect strategic aims.

In response to a query from Councillor R Sharma, the External Auditor confirmed that that there had been no fraudulent transactions identified and that good controls were in place.

In response to a query from Councillor M Pope regarding work undertaken by the External Auditor remotely and “in situ”, the External Auditor explained that the majority of the work was undertaken on site but this depended on what was being audited. The External Auditor stated that in January 2014, housing benefits was audited with auditors spending three weeks at the Council’s offices.

Members received the External Audit Plan.

RESOLVED - that the External Audit Plan be received.

109 DRAFT STATEMENT OF ACCOUNTS 2013 - 2014

The Executive Member for Finance submitted a report setting out the Draft Statement of Accounts for 2013/14.

The Director of Finance and Support Services stressed that the accounts were a draft, (and subject to audit), fully compliant with rules and regulations and that these would be made available on the Council’s website for public inspection. The Director of Finance and Support Services provided a summary of changes, affecting the accounts, the detail of which was set out in the Explanatory Foreword.

The Director of Finance and Support Services explained the background to the underspend of £1.5Million against service budgets for the financial year 2013/14.

In response to a query from Councillor D Andrews concerning planning income which had been offset by a number of planning appeal costs, the Director of Finance and Support

Services explained how variances were managed in terms of timeframes and that many variances could be anticipated as part of the monthly healthcheck to scrutiny committees. She assured Members that monitoring and controls would ensure that the Council would have resources in the right place when needed.

In response to a query from Councillor R Sharma concerning responses from the public once the draft accounts were published, the Director of Finance and Support Services explained that occasionally, someone would request an opportunity to examine the accounts and were entitled to ask questions of the External Auditor. Last year, no objections to the accounts had been received.

The Accountancy Manager provided a response to a query from Councillor J Wyllie concerning the Council's assets held for sale. The Director of Finance and Support Services explained that before any decisions on disposal were taken, the best use of the asset would have been considered and matters such as yields, levels of sustainable income and any liability issue would have been taken into account. The Director of Finance and Support Services explained that the report on the Treasury Management Strategy (see Minute 104) explained the approach to direct property investment in more detail.

The Accountancy Manager provided a response to a query from Councillor M Pope regarding the note on adjustments between the Accounting basis and Funding basis in the accounts. The Accountancy Manager also agreed to provide a written response following Councillor D Andrew's concerns about short term creditors.

In response to a query from Councillor M Pope, the Interim Principal Accountant provided a response regarding the need to restate the pension reserve.

The Director of Finance and Support Service provided background around the level of contingency liabilities. An update in relation to the Municipal Mutual Insurance Scheme

was considered and Members were advised that this had been recognised as a contingent liability in the Accounts.

The Committee received the Draft Statement of Accounts for 2013/14.

RESOLVED – that (A) the Draft Statement of Accounts be received; and

(B) the Director of Finance and Support Services be authorised to issue the Council's 2013/14 draft accounts in line with statutory processes.

110 SHARED INTERNAL AUDIT SERVICE ANNUAL
ASSURANCE STATEMENT AND ANNUAL REPORT
2013/14

The Shared Internal Audit Service submitted a report on the Annual Assurance Statement and Internal Audit Annual Report.

The Shared Internal Audit Service Manager provided a summary of the key points and drew Members' attention to the need to adopt an Audit Charter as required by the Public Sector Internal Audit Standards.

In response to a query from Councillor J Wyllie, the Shared Internal Audit Service Manager explained that the service had completed 32 out of 34 projects by March 2014.

The Director of Finance and Support Services gave assurances that there were no inappropriate limitations on the Internal Audit Service in terms of either scope or resources.

In response to a query from Councillor M Pope concerning recommendation follow-up, the Director of Finance and Support Service explained the process of review and follow-up assuring the Member that follow-up of lower and moderate category recommendations were reported to Corporate Management Team (CMT) by the Audit Champion on a quarterly basis. The External Auditor confirmed that as part of

the Value for Money exercise, recommendations by the Internal Audit Service would be reviewed.

The Committee received the report.

RESOLVED – that (A) the Annual Assurance Statement and Internal Audit Report be noted;

(B) the results of the self-assessment be noted;

(C) the Shared Internal Audit Service Audit Charter be agreed; and

(D) the assurance provided by the Director of Finance and Support Services that the scope and resources for internal audit were not subject to inappropriate limitations in 2013/14, be noted.

111 SHARED INTERNAL AUDIT SERVICE - AUDIT PLAN UPDATE

The Shared Internal Audit Service submitted a report detailing the progress made in delivering the Council's Annual Audit Plan for 2014/15. The report also set out proposed amendments to the approved Audit Plan and sought approval to remove implemented high priority recommendations.

The Shared Internal Audit Service Manager spoke of the difficulties in scheduling internal audit reviews with the Council as its client. A schedule had therefore been drawn up to assist this process.

The Vice-Chairman referred to a number of projects which could not be completed before Quarters 3 and 4. The Shared Internal Audit Service Manager explained how the revised cycle of activities would work.

In response to a query from Councillor D Andrews regarding a follow up of various ICT reviews, the Shared Internal Audit Service Manager explained why this remained on the schedule.

The Vice-Chairman thanked the Shared Internal Audit Service for their report.

The Committee received the report.

RESOLVED - that (A) the Internal Audit Progress report be received;

(B) the amendments to the Audit Plan as at 20 June 2014 be approved; and

(C) high priority recommendations which had been implemented, be removed.

112 UPDATE ON IMPLEMENTATION OF ANNUAL GOVERNANCE STATEMENT ACTION PLAN

The Director of Finance and Support Services submitted a report in relation to the 2012/13 Annual Governance Statement and the seven measures to enhance East Herts' internal control framework during 2013/14.

The Manager of Corporate Risk explained that current positions had been updated, but that there had been insufficient movements to change the "Red", "Green" or "Amber" status of any of the actions which would all remain at Amber. Revised targets dates had been set against a number of outstanding issues, the detail of which was set out in the report now submitted.

In response to a query from Councillor M Pope concerning Section 106 monies, the Director of Finance and Support Services explained that this was still a high profile issue and would remain so with Corporate Management Team receiving reports on a regular basis.

In response to a query from Councillor M Pope regarding governance arrangements at Hertford Theatre, the Director of Finance and Support Services explained that it was a question of examining the most advantageous governance

arrangements for both the Council and the Council Taxpayer.

The Committee received the report.

RESOLVED – that (A) the progress made in implementing the action plan contained in the 2012/13 Annual Governance Statement, be received;

(B) the revised targets for actions, as now detailed, be approved;

(C) the “Amber” rated issues, as now detailed, be carried forward to the 2014/15 Annual Governance Action Plan.

113 DRAFT 2013/14 ANNUAL GOVERNANCE STATEMENT

The Leader of the Council submitted a report detailing proposals for taking forward the 2013/14 Annual Governance Statement.

The Manager of Corporate Risk advised that a self assessment of the Council’s counter-fraud arrangements had been undertaken, the detail of which was set out in the Essential Reference Paper. It was noted that the results of the self-assessment had been very positive and had been reported to Corporate Management Team

The Manager of Corporate Risk summarised the consultation process being undertaken prior to final approval of the Annual Governance Statement at the next Audit Committee. Members were invited to submit input towards the Annual Governance Statement alongside those issues already identified.

In response to a query from Councillor R Sharma regarding housing benefit and interaction with housing associations, the Director of Finance and Support Services explained that it was for Housing Associations to identify any fraud and take action. She assured the Member that there was regular dialogue with housing associations to discuss a range of issues.

The Committee received the report.

RESOLVED – that (A) the Annual Governance Statement be used as a basis for wider consultation;

(B) the process for taking forward the 2013/14 Annual Governance statement be approved; and

(C) the comments made within the self assessment document “Protecting the Public Purse” be supported.

114 RISK MANAGEMENT MONITORING REPORT 1 JANUARY 2014 TO 31 MARCH 2014

The Leader of the Council submitted a report setting out the action taken to mitigate and control strategic risk during the period 1 January to 31 March 2014.

The Manager of Corporate Risk explained that the nine existing strategic risks would remain for 2014/15 together with four additional risks.

The Committee approved the report as now detailed.

RESOLVED – that the actions taken to mitigate and control strategic risks, as now detailed, be approved.

115 AUDIT COMMITTEE WORK PROGRAMME

The Director of Finance and Support Services submitted a report detailing the proposed work programme for the civic year 2014/15.

The Vice-Chairman suggested that Members might wish to have an investment presentation by Capita. The Director of Finance and Support Services reminded Members that the External Auditor had offered to give Members an update on what they had advised nationally in terms of financial resilience. The Director of Finance and Support Services suggested that Members invite the External Auditor to present

to the next meeting of Audit Committee. This was supported.

Members approved the work programme, as now amended.

RESOLVED – that the work programme, as now amended be approved.

The meeting closed at 8.55 pm

Chairman

Date

EAST HERTS COUNCIL

AUDIT COMMITTEE – 24 SEPTEMBER 2014

REPORT BY THE LEADER OF THE COUNCIL

ANNUAL GOVERNANCE STATEMENT 2013/14

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- This report presents the 2013/14 Annual Governance Statement at Essential Reference Paper 'B' and the 2014/15 Annual Governance Statement Action Plan at **Essential Reference Paper 'C'**.

<u>RECOMMENDATIONS FOR AUDIT COMMITTEE:</u>	
That:	
(A)	the Annual Governance Statement 2013/14 and Action Plan 2014/15 be approved.

1.0 Background

- 1.1 The Annual Governance Statement is necessary to meet the requirements set out in the Accounts and Audit Regulations 2011 that requires authorities to carry out an annual review of the effectiveness of its system of internal control.

2.0 Report

- 2.1 The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, used economically, efficiently and effectively.
- 2.2 The Council should undertake regular, at least annual reviews of its governance arrangements by means of an Annual Governance Statement, to ensure continuing compliance with best practice. It is important that such reviews are reported both within the Council, to

the Audit Committee and externally with the published accounts, to provide assurance that:

- governance arrangements are adequate and operating effectively in practice, or
- where reviews of the governance arrangements have revealed gaps, action is planned that will ensure effective governance in the future.

2.3 The process of preparing the governance statement should itself add value to the corporate governance and internal controls framework of the Council.

2.4 A governance statement should include the following information:

- an acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control)
- an indication of the level of assurance that the systems and processes that comprise the Council's governance arrangements can provide
- a brief description of the key elements of the governance framework, including reference to group activities where those activities are significant.
- a brief description of the process that had been applied in maintaining and reviewing the effectiveness of the governance arrangements, including some comment on the role of:
 - ◇ the Council
 - ◇ the Executive
 - ◇ the Audit Committee/ overview and scrutiny function/ Standards Committee
 - ◇ Internal Audit
 - ◇ other explicit review/ assurance mechanisms.
- an outline of the actions taken, or proposed, to deal with significant governance issues.

2.5 It is important to recognise that the governance statement covers all significant corporate systems, processes and controls, spanning the whole range of the Council's activities, including in particular those designed to ensure that:

- the authority's policies are implemented in practice.
- high quality services are delivered efficiently and effectively.
- the authority's values and ethical standards are met.
- laws and regulations are complied with.
- required processes are adhered to.

- financial statements and other published performance information are accurate and reliable.
 - human, financial, environmental and other resources are managed efficiently and effectively.
- 2.6 Grant Thornton, the Council's External Auditors, have previously highlighted that to add real value the Annual Governance Statement should:
- have greater status within the council's management and reporting processes as the key document that records the planned and obtained assurances around the achievement of the vision and strategic objectives.
 - be owned from the top and used to plan and monitor internal and external assurance gathering throughout the year.
 - be fundamentally reviewed each year so that it highlights what is significant and excludes what is not.
 - have only significant weaknesses recorded with SMART action planning.
 - provide a robust, transparent and honest assessment of the year's governance framework.
- 2.7 Those areas of the Annual Governance Statement that are considered to be static have been added to the Constitution as Part 8. The statement outlines the Governance Framework through the six core principles published by CIPFA.
- 2.8 In order to add real value to the Annual Governance Statement officers have considered the current Annual Governance Statement Action Plan, External and Internal Audit reports, Risk registers, Ombudsman reports, 3 C's reports (Comments, Compliments and Complaints), National Fraud Initiative reports and the Annual Report.
- 2.9 The Audit Committee has monitored the 2013/2014 Annual Governance Statement Action Plan throughout the year. At the Audit Committee on 16 July 2014, it was reported that seven significant governance issues remained outstanding and showed their status as "Amber". All these issues are considered to remain significant and have been carried forward to this year's Action Plan with target dates updated to reflect any changes of circumstances.
- 2.10 Any items that are considered to be significant governance issues that have come to light in the past year have been discussed by the Monitoring Officer, the Chief Finance Officer and the Manager of Corporate Risk and an Annual Governance Statement and

2014/2015 Action Plan that identifies required enhancements to internal control arrangements has been drawn up.

- 2.11 The following new issues have been identified and added to the Action Plan:
- Implementation of the Investment Strategy.
 - Development of a District Plan.
 - The effectiveness of the delivery of the “Here to Help” programme.
 - Increased levels of demand for our services.
- 2.12 The static part of the Annual Governance Statement can be found at **Essential Reference Paper ‘B’**. This document shows tracked changes made to last year’s statement. Changes have been made that update the Council’s governance arrangements to ensure the current position is reflected.
- 2.13 The Annual Governance Statement Action Plan 2014/2015 can be found at **Essential Reference Paper ‘C’**. The eleven issues identified will continue to be monitored through Corporate Management Team and Audit Committee.
- 2.14 These documents were considered by Corporate Business Scrutiny Committee on 28 August 2014 and the Executive on 2 September 2014 and some minor amendments were accepted.
- 2.15 Responsibility for approval of the Annual Governance Statement rests with the Audit Committee, as part of the approval of the Annual Accounts.
- 3.0 Implications/Consultations
- 3.1 Consultation documents were sent to the Leader and Executive Members, Chairmen of Committees, Directors and senior managers, the Shared Internal Audit Service and External Audit. Corporate Management Team considered the Annual Governance Statement and Action Plan on 12 August 2014.
- 3.2 The Annual Governance Statement and Action Plan has been considered by Corporate Business Scrutiny Committee and the Executive, prior to approval by Audit Committee.
- 3.3 Information on any corporate issues and consultation associated with this report can be found within Essential Reference Paper ‘A’.

Background Papers

None

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IMPLICATIONS/CONSULTATIONS

Contribution to the Council's Corporate Priorities/ Objectives	<p><i>People – Fair and accessible services for those that use them and opportunities for everyone to contribute</i></p> <p>This priority focuses on delivering strong services and seeking to enhance the quality of life, health and wellbeing, particularly for those who are vulnerable.</p> <p><i>Place – Safe and Clean</i></p> <p>This priority focuses on sustainability, the built environment and ensuring our towns and villages are safe and clean.</p> <p><i>Prosperity – Improving the economic and social opportunities available to our communities</i></p> <p>This priority focuses on safeguarding and enhancing our unique mix of rural and urban communities, promoting sustainable, economic opportunities and delivering cost effective services.</p>
Consultation:	Consultation has taken place with Councillors, Senior Management, Internal and External Audit.
Legal:	There are no additional legal implications to those already contained in this report.
Financial:	There are no additional financial implications to those already contained in this report.
Human Resource:	There are no additional human resources implications to those already contained in this report.
Risk Management:	There are no additional risk management implications to those already contained in this report
Health and wellbeing – issues and impacts:	There are no additional health and wellbeing implications to those already contained in this report.

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ANNUAL GOVERNANCE STATEMENT

20132/20134 AND ACTION PLAN 20143/20154

Scope of responsibility

East Hertfordshire District 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, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

The Council has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (CIPFA 2007).

This statement explains how the Council has complied with the code and also how it meets the requirements of regulation 4 of the Accounts and Audit (England) Regulations 2011 that requires authorities to carry out an annual review of the effectiveness of its system of internal control.

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and by which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. Controls cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify risks to the achievement of the council's policies, aims and objectives. It evaluates the likelihood of those risks being realised and the impact should they be realised, and it prioritises and manages them efficiently, effectively and economically.

The Governance Framework

The Council's governance framework derives from the six core principles identified by the Independent Commission on Good Governance in Public Services – a commission set up by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Office for Public Management. The Commission used work done by, amongst others, Cadbury (1992), Nolan (1995) and CIPFA/SOLACE (2001). These principles were adapted for application to local authorities and published by CIPFA in 2007.

The six core principles are:

- a. focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area;
- b. Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- c. promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour;

- d. taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- e. developing the capacity and capability of Members and officers to be effective; and
- f. engaging with local people and other stakeholders to ensure robust public accountability.

The key elements of East Herts Council's application of each of these core principles are as follows:

a) Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area

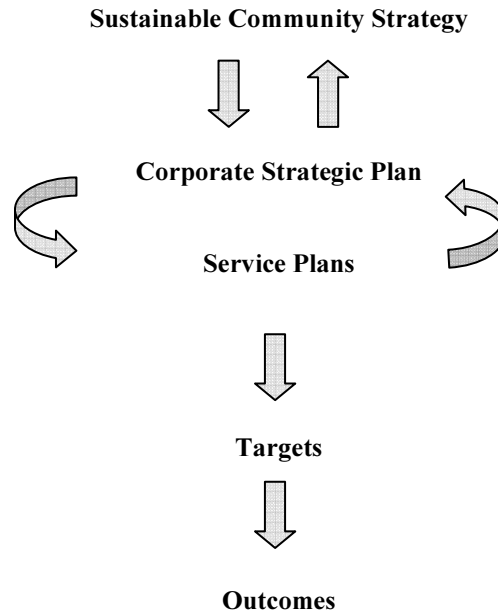
The Sustainable Community Strategy outlines the vision, aims and priority themes for the district. It was produced in conjunction with the East Hertfordshire Local Strategic Partnership, which brings together all relevant stakeholders, including those that deliver services in the area.

The Council's aims and objectives are set out in the annually updated Corporate Strategic Plan. This sets out what the Council expects to deliver over the next four years and, in many cases, beyond this timeframe. The details of how the Council will get there are incorporated in the individual service plans. The Plan will be updated each year to include new service developments and to remove outcomes once they are achieved. The Plan sets the direction for the financial planning of the Council based on the Council's priorities.

The Executive receives the Medium Term Financial Strategy covering a four-year period, which is used to set initial parameters for the coming budget process to ensure that spending proposals are affordable and sustainable over the medium term.

The diagram below sets out the various links in the process of establishing and subsequently monitoring the achievement of the Council's ambitions. It shows the links between the Sustainable Community Strategy and Corporate Strategic Plan which then feed into, and are informed by, service plans, service targets and

individual employees via specific areas of responsibility allocated to them.



The Council has an effective performance management framework using a dedicated IT system to record and report performance. The system is driven by the Service Plans which focus on activities that will deliver the Council's ambitions and priorities. This is cascaded through individual employee appraisals.

This process monitors how the Council is meeting its performance targets and triggers corrective actions where targets are proving challenging, through the Corporate Healthcheck report and Service Plan monitoring reports.

The Council's Executive and its Scrutiny Committees monitor and scrutinise progress against targets and performance in priority areas affecting relevant service areas, and consider and approve corrective action where necessary. For ease of interpretation performance graphs are reported. There are reports which include the results of monthly and quarterly budget monitoring reports covering the revenue expenditure, capital projects, key performance indicators and absence monitoring.

The monitoring process has enabled the Council to concentrate on areas which require particular attention.

The Council is therefore able to monitor all key measures on a monthly basis and respond quickly and effectively to changes at an early stage.

The Council maintains an objective and professional relationship with external auditors and statutory inspectors, as evidenced by the Annual Audit Letter.

| Through reviews by external auditors, external agencies, [the](#) Shared Internal Audit Service (SIAS) and internal review teams, the Council constantly seeks ways of securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness in the use of resources. The Council has regularly reviewed Financial Regulations and has adopted Procurement Regulations to ensure proper arrangements are in place for procurement of goods and services.

All budget cost centres are allocated to a named post holder, who is responsible for controlling spend against those budgets, and who is also responsible for maximising the benefits from assets used in the provision of their service.

b) Members and officers working together to achieve a common purpose with clearly defined functions and roles

The Council has adopted a constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure these are efficient, transparent and accountable to local people.

The Council adopted the Leader and Cabinet Executive model. The main features are:

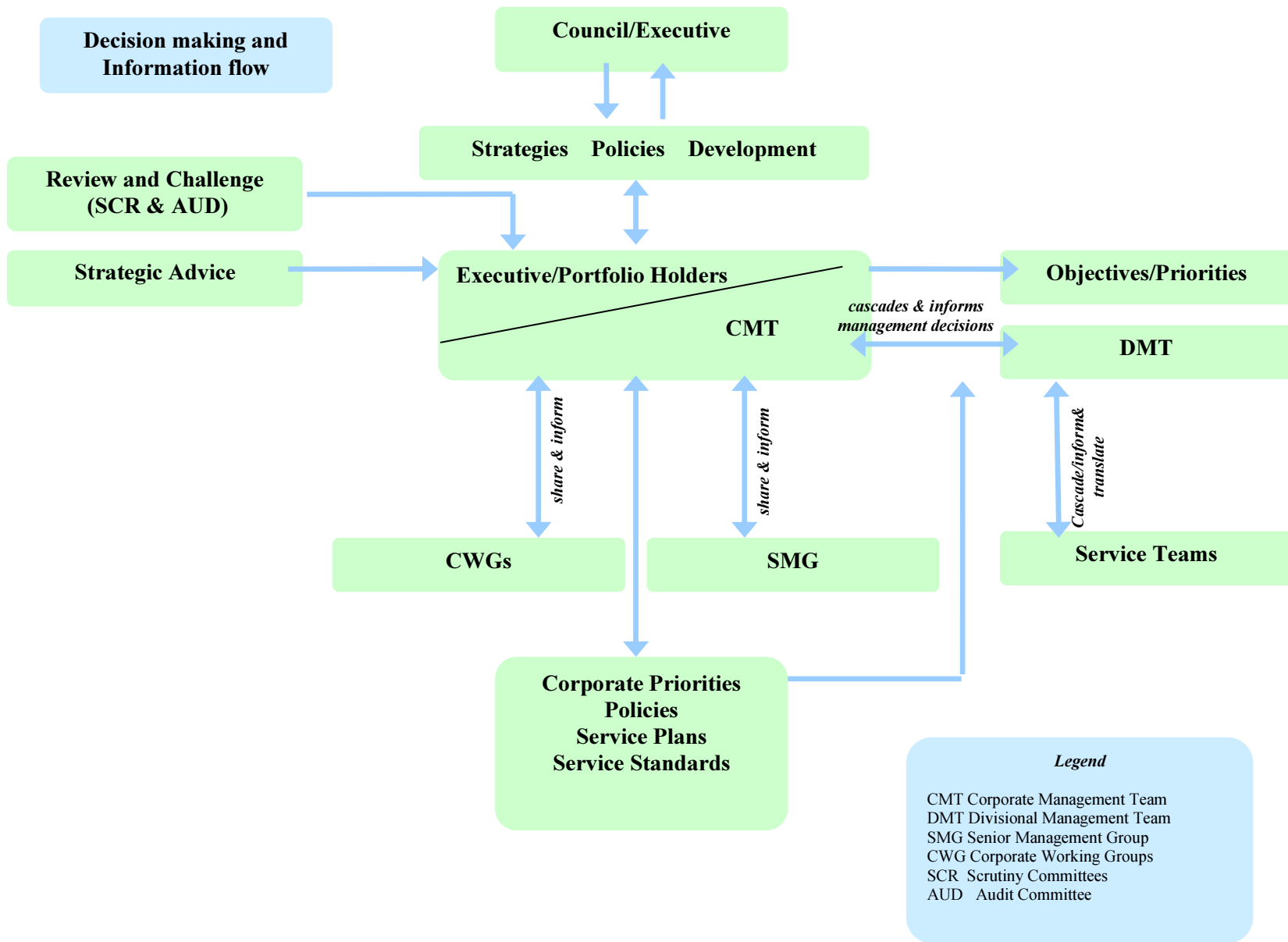
- The Council's Executive consists of a Leader and between two and nine other Councillors.

- The Leader is elected by full Council and will hold office in accordance with the Local Government and Public Involvement in Health Act 2007.
- The other Executive Members will be appointed by the Leader who will decide their portfolios and also which executive functions will be discharged by full Executive, any of its Committees or any individual Executive Member or officers.
- There are currently seven Councillors on the Executive.

The Council's Corporate Management Team (CMT) consisting of the Chief Executive and Director of Customer and Community Services, Directors and the Head of People and Property Services meets on a fortnightly basis to develop policy issues commensurate with the Council's aims, objectives and priorities. CMT also considers internal control issues, including risk management, performance management, compliances, efficiency and value for money, and financial management. Members of CMT meet with Portfolio Holders on a monthly basis to review progress in achieving the Council's ambitions, priorities for action, budget monitoring, performance management and forward planning for major issues. CMT has a corporate responsibility for the messages that the Council produces, both internally and externally.

Below CMT the management structure is well defined. The chart below indicates how decisions are implemented and cascaded:





The Council has adopted a number of codes and protocols that will govern both Member and officer activities. These are:

- Members' Code of Conduct
- Officers' Code of Conduct
- Members' Planning Code of Good Practice
- Member/Officer Relations Protocol

c) Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour

It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations. After consulting the Chief Executive and Section 151 Officer he will report to the full Council if he considers that any proposal, decision or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

Under Section 5 of the Local Government and Housing Act 1989 it is the duty of the Council's Monitoring Officer to report to Council if it appears that the Authority, a Committee or Officer of the Authority has made a decision which is contrary to law.

The Council has responsibility for responding to Freedom of Information Requests (FOI) promptly and within 20 working days.

The Council has taken action to improve its speed of response to FOI's. An important element of that plan is to shift the Council from waiting for FOI requests to proactively reducing the need for individuals to request information by making a wider range of information more easily available through the Council's website.

The Council recognises that expenses of politicians have come under serious scrutiny. The current Members Allowances scheme is published in the Constitution.

All Council services are delivered by trained and experienced people. All posts have a detailed post profile and person specification. Training needs are identified through the Personal Development Review Scheme and addressed via the Human Resources service and/or individual services as appropriate.

The Council achieved re-accreditation for a further three years from April 2012 under the Investors in People Standard, which is a

quality framework to ensure that the Council's employees have the right knowledge, skills and motivation to work effectively.

The financial management of the Council is conducted in accordance with the Constitution and with Financial Regulations. The Director of Finance and Support Services is the statutory Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972.

The Council has a Treasury Management Strategy Statement and Annual Investment Strategy in place. Investments are made in accordance with the Council's approved policy. All investment transactions and transfers undertaken in house are supported by appropriate documentation and are properly authorised. External fund managers are subject to strict regulation by the FSA. The Portfolio holder and the Leader of the Council receive regular updates from the Director of Finance and Support Services. The Chairman of the Audit Committee is invited to participate in review meetings with Fund Managers.

The Council ~~shares~~ utilises an Internal Audit ~~service~~ Service delivered under a shared partnership with seven other Councils. This service operates to the standards set out in the CIPFA Public Sector Internal Audit Standards which came into effect on 1 April 2013. An Anti-Fraud and Anti-Corruption Strategy and a Disclosure (Whistleblowing) Code are in place. A Whistleblowing hotline and email facility operates and has been well publicised. Each year all staff are required to complete Annual Declaration forms. The Council has adopted a policy on bribery. The Council does not tolerate bribery committed by Council employees or its contractors or partners and will take consistent and swift action against those persons committing bribery.

Individual services have produced Service Plans that are updated each year so that services know what they are required to do to achieve the Council's priorities and ambitions.

At individual employee level the Council has established a Personal Development Review Scheme so as to jointly agree individual employee objectives and identify training and development needs. The Scheme provides for a mid-year review as well as an annual appraisal at which past performance is reviewed.

d) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

The Council has several committees which carry out regulatory or scrutiny functions. These are:

- Overview and Scrutiny committees (Corporate Business Scrutiny, Community Scrutiny and Environment Scrutiny) review and/or scrutinise decisions made or actions taken in connection with the discharge of any of the Council's functions, developing the capacity and capability of members and officers to be effective.
- Audit Committee provides assurance about the adequacy of internal controls, financial accounting and reporting arrangements, and that effective risk management is in place. Its work is intended to enhance public trust in the corporate and financial governance of the Council;
- Development ~~ManagementControl~~ Committee determines planning applications and related matters;
- Licensing Committee monitors and reviews the effectiveness of the Council's licensing policy and procedures;
- The Human Resources Committee's functions relate to all aspects of the Council's role as an employer. This includes the monitoring and strategic overview of Human Resources activities.
- Standards Committee promotes and maintains high standards of conduct for the Council's Members, and advises and assists Parish Councils and Councillors to maintain high standards of conduct;

The Council has data protection policies, a Data Protection Action Plan and a data sharing protocol in place to ensure that personal data is maintained securely and used correctly. There is a Data Protection Compliance Governance Framework which involves the Corporate Business Scrutiny Committee in the governance structure. The Committee will take a strategic oversight of the completion of the Data Protection Action Plan and Data Protection compliance through a formal annual report. Data Protection risk assessment is also part of the service planning process.

The Risk Management Strategy defines risk management, explains the benefits of a strategic approach, outlines how it will be implemented, identifies roles and responsibilities and formalises the process. The Strategy sets out the links between risk management, emergency planning and business continuity. It

recognises that risk management is a key part of the management of projects and partnerships.

The Strategy highlights how risk management supports strategic planning, financial planning, policy making and review and performance management.

The Corporate Management Team is responsible for ensuring that the key risks on the strategic risk register are managed. Strategic and service risk registers are reviewed ~~quarterly~~four times a year. Risks will be amended so that they reflect the current situation, obsolete risks deleted and new risks added. This will ensure that the risk register and the resulting risk mitigation measures are appropriate for corporate objectives and services.

Members have received risk management training.

The Council also has a Partnership Protocol in place.

The Council is represented on the Joint Committee and the Joint Management Board following the introduction of a shared Revenues and Benefits service with Stevenage Borough Council.

A shared service partnership with Stevenage Borough Council to deliver ICT, Business Improvement, Print and Design services came into operation on 1 August 2013. A Partnership Board with Director representation is responsible for making the key decisions about the way that the partnership operates.

The Shared Internal Audit Service (SIAS) is a partnership of eight Hertfordshire Authorities. The Council is represented on the Board that provides strategic direction and oversight for the partnership. The Manager of Corporate Risk is the Audit Champion for the Council and has monitoring meetings every two months with the Director of Finance and Support Services and SIAS managers. Progress reports are submitted to four Audit Committee meetings per year.

The Council is one of four partners in the Hertfordshire CCTV Partnership. ~~Approval has been given for the incorporation of Aa~~ new company to conduct the commercial trading affairs of the Hertfordshire CCTV Partnership has been created.

e) Developing the capacity and capability of Members and officers to be effective

The Council plans and provides training for members in carrying out their roles effectively including their responsibilities for governance, challenge, scrutiny and review. The Council holds accreditation for the Charter for Member Development.

The Council's vision is to empower Members to be more self sufficient, confident in their community leadership roles and responsive to local issues, problems and challenges in a variety of ways by drawing on existing skills, knowledge, strength, resources and expertise from within. This vision is being taken forward through a comprehensive Member Development programme overseen by a Members' Development Charter Group. A key aspect of peer- peer support for local problem solving is the use of Action Learning Sets.

The Council is taking forward the concept of 'Here to Help' which is an organisational development activity which has been developed in-house to allow Councillors, managers and staff to contribute to the development of the Council's performance, values and behaviours. The purpose of 'Here to Help' is celebrating what is good, sharing good practice, making things better and unlocking barriers to better working. It is about giving employees greater opportunity to think about improvements to their ways of working together to deliver a high quality customer experience every time.- This includes outlining the stages by which it will be implemented. It will be shaped around the needs and demands of individual services. IT should be a significant enabler of this future approach.

The Council has an infrastructure in place to support members' needs in respect of ICT requirements and the Council's Democratic Services team provide advice and assistance.

Protocols have been adopted to ensure clarity of the respective roles of officers and members.

The Council's recruitment process is designed to ensure only well qualified applicants are employed and the subsequent induction process is robust so that employees are effective. The Performance Development Review process ensures individual contributions are effective in meeting corporate priorities and capability issues addressed by training. Internal communications methods and processes are reviewed to ensure staff remain well informed and their feed back is responded to. A biennial staff survey leads to action plans to improve effectiveness.

The Council reviews its organisation and capacity as part of its annual service planning to ensure its staffing is commensurate in both quantitative and qualitative terms with its business plans. The Council is committed to taking forward the shared services agenda which will ensure more effective use of scarce skills by sharing across boundaries.

The Council's HR People Strategy seeks to ensure its pay and terms and conditions are adequate appropriate to attract and retain sufficient staff and to encourage staff to invest in their own development.

The Council seeks to maintain effective employee relations to enable a high standard of service to the public to be maintained. Staff are fully consulted on proposed changes to terms and conditions. The Council engages with the trade union and staff to manage issues arising from pay settlements and changes to the organisation including the Local Joint Panel and the Human Resources Committee. The Council also utilises Staff Surveys.

Use is made of the Intranet to provide staff with ready access to learning material and best practice via a series of tool kits.

f) Engaging with local people and other stakeholders to ensure robust public accountability.

The Council encourages all members of the local communities to contribute to, and participate in, the work of the Council. The Council achieves this through Residents' Surveys and follow-up focus groups~~budget consultation exercises, to ensure that what it is doing meets the needs of its residents. In 2012/ 2013 informal budget consultation took place with businesses.~~ Engagement events around specific issues will be considered where they provide a proportionate and cost effective model for engagement.

The Council's Communications Strategy has identified a need to engage more through social media and reconfirmed the use of the LINK magazine quarterly as a communications and engagement tool.

Individual members are active in their localities and with local groups and serve on a number of external bodies.

The Hertfordshire County LSP and the East Herts District LSP are forums for active engagement with wider stakeholders and a

mutual holding to account in delivering the Community

Strategies~~Plans~~.

The Council publishes an Annual Report setting out progress on its priorities in the prior year. An Annual Report on Overview and Scrutiny is also presented to Council and published every year.

There is a strategic approach to consultation to ensure the information returned is reliable – the Council has adopted a Consultation Toolkit setting out best practice.

The Council's web site is under constant review to ensure it is of a good standard and that information is easily accessed. A consultation section has been introduced so members of the public can easily access open consultations and information on ~~closed~~ past consultations.

The Council manages freedom of information requests effectively to ensure transparency including the corporate governance arrangements. Information is made available on the website to reduce the need for requests. The Council has procedures in place to engage with members of the public to receive Comments, Compliments and Complaints. The Local Government Ombudsman reported on complaints made about the authority for the year ended 31 March 201~~4~~³ that there were no concerns about response times and no issues arising from complaints.

As part of the Council's drive to increase the transparency of its spending, the Council publishes all payments on a weekly basis as opposed to the Government's expectation that spend over £500 is detailed.

The Council has approved a Pay Policy Statement as required under section 38 of the Localism Act. The statement follows three principles when publishing data; responding to public demand; releasing data in open formats available for re-use; and releasing data in a timely way.

Review of Effectiveness

This statement explains the Council's overall governance arrangements. Each year, the Council reviews its governance framework including the system of internal control. The Council produces and monitors an Action Plan each year. The process is detailed below:

- All Directors, Heads of Service, Members of the Executive and Chairmen of Committees given the opportunity to make contributions.
- Consideration by the Audit Committee.
- Production of a draft Annual Governance Statement.
- Consideration by Corporate Management Team
- Consideration by the Corporate Business Scrutiny Committee.
- Consideration by the Executive
- Approval by the Audit Committee.

The review of effectiveness is informed by the work of the Directors within the Council who have responsibility for the development and maintenance of the governance environment, the reports by the SIAS and also by comments made by the Council's External Auditors and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the governance framework includes:

The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council reviews the Constitution annually to incorporate any necessary changes.

The Council has three overview and scrutiny committees. The committees can establish 'task and finish' groups, which can look at particular issues in depth, taking evidence from internal and external sources, before making recommendations to their 'parent' Scrutiny Committee and on to the Executive. Four Members can "call-in" a decision which has been made by the Executive but not yet implemented, to enable it to consider whether the decision is appropriate. In addition the Corporate Business Scrutiny Committee can exercise its scrutiny role in respect of Executive functions, Scrutiny Committees will conduct regular performance monitoring of all services, with particular attention to areas identified as under-performing.

The Council complies with the Regulation of Investigatory Powers Act (RIPA) 2000:

The Audit Committee

Seven Councillors sit on the Audit Committee. The Committee's terms of reference are detailed below:

Audit Activity

1. To consider the Head of Internal Audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
2. To consider summaries of specific Internal Audit reports as requested.
3. To consider reports dealing with the management and performance of the providers of Internal Audit services.
4. To consider reports from Internal Audit on agreed recommendations not implemented within a reasonable timescale.
5. To consider the External Auditor's annual letter, relevant reports and the report to those charged with governance.
6. To consider specific reports as agreed with the External Auditor.
7. To comment on the scope and depth of external audit work and to ensure it gives value for money.
8. To liaise with the Audit Commission over the appointment of the Council's External Auditor.
9. To commission work from internal and external audit.

Regulatory Framework

10. To maintain an overview of the Council's Constitution in respect of rules of procedure relating to contracts, financial regulations and financial procedures and codes of conduct and behaviour.
11. To review any issue referred to it by the Chief Executive or a Director or any Council body.
12. To monitor the effective development and operation of risk management and corporate governance in the Council.
13. To monitor Council policies on "Confidential Reporting" and the anti-fraud and anti-corruption strategy and the Council's complaints process.

14. To oversee the production of the Authority's Annual Governance Statement and to recommend its adoption.
15. To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
16. To consider the Council's compliance with its own and other published standards and controls.
17. To review arrangements for delivering value for money.
18. To review the Council's finances including borrowing, loans, debts investments and banking arrangements.

Accounts

- To approve the annual statement of accounts. Specifically to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- To consider the External Auditors' report to those charged with governance on issues arising from the audit of the accounts.

The Audit Committee's work programme and the minutes of its meetings are public documents and are published on the Council's web site.

The Shared Internal Audit Service (SIAS) has responsibility for delivery of the Internal Audit Plan at the Council. The SIAS also delivers a service to Hertfordshire County Council, Hertsmere Borough Council, North Hertfordshire District Council, Stevenage Borough Council, Welwyn Hatfield Borough Council, [Welwyn Hatfield Community Housing Trust](#), Watford Borough Council and Three Rivers District Council. The three main drivers for this partnership are seen as providing greater resilience, higher levels of performance and greater efficiencies.

The SIAS is responsible for monitoring the quality and effectiveness of systems of internal control. A risk model is used to formulate an annual audit plan. A model for assessing risk against desirability of audit work is used across SIAS and allows for the prioritisation of potential audit projects. Future risks are identified as appropriate and a forward plan for future audit work is in operation.

The reporting process for SIAS requires a report of each audit to be submitted to the relevant chief officer and service manager. The report includes recommendations for improvements that are included within an action plan (and graded as high, medium or merits attention). This requires agreement or rejection by relevant chief officer and/or service manager. The process includes follow-up reviews of high priority recommendations by SIAS and reports to the Audit Committee as part of the SIAS update report. The Audit Champion monitors all other recommendations and reports progress to Corporate Management Team on a quarterly basis~~which are also followed up by SIAS at the time of their next audit~~. All SIAS reports include an opinion on the quality and effectiveness of internal control within the Council's systems, and an assurance assessment.

All final versions of SIAS reports are circulated to members of the Audit Committee. All reports for the key financial systems audits are also sent to the Council's External Auditors who place reliance on the work carried out by SIAS. In order to comply with the requirements of the Public Sector Internal Audit Standards, SIAS will be required to have an independent external review of performance at least every five years.

For performance management, a traffic light monitoring and reporting system is in place. Performance data is reported to the Scrutiny committees on a frequent basis, with corrective action plans put in place for any under-performing areas.

Significant governance issues are reviewed each year and required enhancements to internal control arrangements are identified. These required enhancements form an Action Plan that is monitored through the Audit Committee.

The Annual Governance Statement is certificated by the Council Leader and the Head of Paid Service.

Further copies of this Statement and the Action Plan are available within the Annual Statement of Accounts on the Council's website www.eastherts.gov.uk; alternatively paper copies can be obtained from:

East Hertfordshire District Council
Manager of Corporate Risk
Wallfields
Pegs Lane,

Hertford
SG13 8EQ

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ESSENTIAL REFERENCE PAPER 'C'

ACTION PLAN 2014/15

Significant governance issues

The following required enhancements to internal control arrangements were identified during 2013/14 as a result of the review of arrangements and by the work of external and internal audit:

Required enhancements to internal control arrangements:

Issue	Resp. Off.	Initial Target Date	Actions needed to achieve milestone
Risk of failure to deliver an effective, efficient and economic IT service (from 2010/11 Action Plan)	Director of Finance and Support Services/ Head of Business and Technology Services	October 2014	<ul style="list-style-type: none">• All outstanding high risk IT audit recommendations implemented.• Resilient IT business continuity arrangements in place.
IT Risk Diagnostic (Highlighted by SIAS during 2012/13)	CMT	October 2014	<ul style="list-style-type: none">• Develop an IT strategy which is aligned with the business objectives of the Council and sets out the vision and core priorities for ICT over the next 3 years.
Hertford Theatre future governance arrangements (from 2011/12 Action Plan)	CMT	October 2014	<ul style="list-style-type: none">• Review to identify options for alternative governance models and the financial implications of adopting any of those models.
Asset Management Plan {formerly- Pro-actively seek opportunities	CMT	Dec 2014	<ul style="list-style-type: none">• Review assets held by the Council.

to improve performance Plan} (from 2012/13 Action Plan)			
Impact of Welfare Reform changes (2013/14 strategic risk)	CMT	March 2015	<ul style="list-style-type: none"> New Legislation will have an adverse financial impact on a significant number of residents. Provide residents more support for services across the Council to staffing levels, manage the budget and the public expectations. Implement Council policies effectively.
Operating effectively in Revenues and Benefits and Business and Technology Shared Services (taken forward from 2012/13 Action Plan)	CMT	Dec 2014	<ul style="list-style-type: none"> Complete a review of the operation of all shared service partnership arrangements.
Risk that S106 Monies remain unspent (Highlighted by SIAS during 2012/13)	Head of Comms, Engagement and Cultural Services/ Head of Planning and Building Control	Dec 2014	<ul style="list-style-type: none"> Ensure that funds are spent on appropriate schemes in accordance with the terms of the Section 106 agreement which provide value for money for the community.
Implementat'n of the Investment Strategy with sufficient levels of governance	CMT	March 2015	<ul style="list-style-type: none"> Find the optimum position of balancing risk and return and having financial strength to contribute to the local economy.

and due diligence (Identified as a new strategic risk)			
Development of a District Plan that is approved by the planning inspectorate. (Identified as a new strategic risk)	CMT	March 2015	<ul style="list-style-type: none"> Plan to be agreed within required timeframe.
The effectiveness of the delivery of the Here to Help programme (Identified as a new strategic risk)	CMT	March 2015	<ul style="list-style-type: none"> Ensuring challenges are met, particularly staff engagement, communications and adequate resources.
Increased levels of demand for our services. (Identified as a new strategic risk)	CMT	March 2015	<ul style="list-style-type: none"> Demonstrate ability to adequately manage increased volume of contact from the public. Demonstrate improvements, removal of barriers and increased capacity.

We propose to address the above matters to further enhance our governance arrangements. 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.

Certification by the Leader of the Council and the Head of Paid Service:

Signed.....Dated.....

**Councillor A P Jackson
Leader of the Council**

Signed.....Dated.....

**George A Robertson
Chief Executive and Director of Customer and Community
Services**



East Herts Council

Audit Committee

SIAS Annual Report 2013/14

24 September 2014

Recommendation

<p>Members of the Committee are recommended to note the Shared Internal Audit Service Annual Report 2013/14</p>



Shared Internal Audit Service

Hertfordshire in Partnership

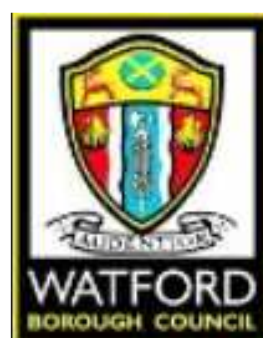
Shared Internal Audit Service

Annual Report

2013/14

Annual Report Contents

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Hertfordshire County Council

Introduction



*Helen Maneuf
Head of Assurance for the
Shared Internal Audit
Service*

Welcome to the third SIAS annual report which highlights the work of the partnership during its third year of activity.

During the year we hit our stride as a team that can be trusted to deliver. For the first time we achieved both our key performance targets. That we were able to do so speaks volumes about the energy, imagination and commitment of the team. Learning, adapting and striving to improve our service underpin everything we do. Coupled with the continued support of the SIAS Board for the team's mission, this has made for a powerful success story.

We now deliver a core assurance service which provides for resilience, efficiency, access to specialisms, high standards of customer service and career development opportunities for our employees, in line with the original vision of the partners.

Our Annual Report begins by highlighting key areas of success in the year before describing the performance of the partnership during 2013/14. We then look ahead to the future and the developments we plan so that we continue to deliver the partners' vision.

The Shared Internal Audit Service is, again, very grateful for the enthusiastic and active support it has received from all stakeholders during the period. This has helped the service make significant steps forward and demonstrate the benefits of real collaboration and partnership working.



Helen Maneuf

Head of Assurance for the Shared Internal Audit Service

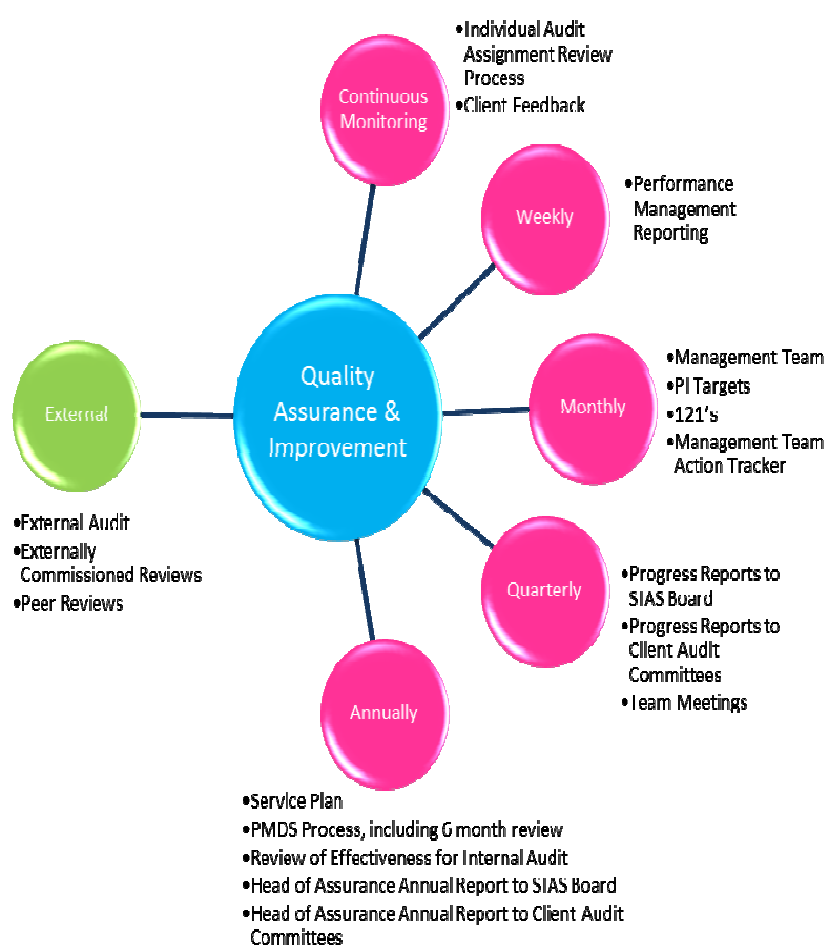
May 2014



A focus on assurance, risk and quality

April 2013 saw the introduction of the Public Sector Internal Audit Standards (PSIAS) which aim to further professionalise the discipline of Internal Audit. Responding to the new requirements saw SIAS develop its thinking on its Quality Assurance and Improvement Programme or QAIP, which ensures that the service has the process it requires to deliver robust assurance work.

Figure 1: SIAS Quality Assurance and Improvement



The PSIAS standards place emphasis on good audit planning to ensure that assurance effort is targeted at the most important areas of activity. In response, we developed new arrangements for discussing and agreeing with managers the areas our audit plans will cover, linking these to the assessment of risk, and, where available, the work of other assurance providers.

We continued to deliver our Control Risk Self-Assessment approach. This technique adds value and contributes to embedding risk management. It achieves this by increasing an operating unit's involvement in designing and maintaining risk management and control systems, as well as identifying risk exposures and determining corrective action.

Solid Business Performance

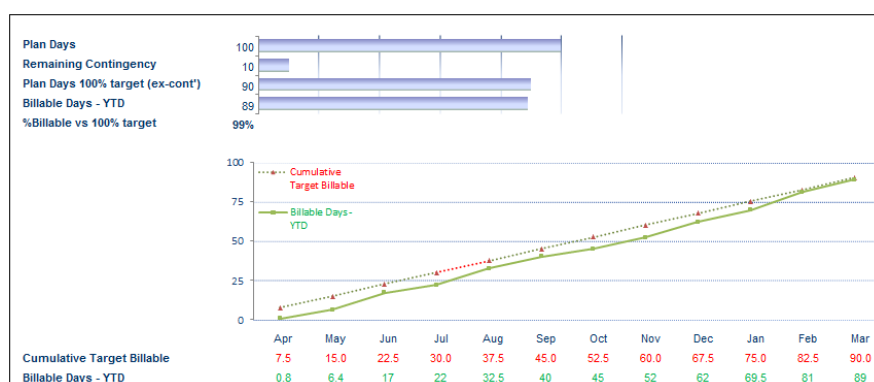


With ever increasing financial pressures facing Local Government, the SIAS business model has contributed combined efficiency savings in order of £350k for its partner organisations. The SIAS risk focused approach has delivered high quality value added assurance work with less resource.

A note on our financial performance can be found in Appendix B.

We have continued our work to ensure our process and procedures are efficient and effective which have helped us significantly in meeting our performance targets.

During the year we introduced new performance reports for clients:



We also improved our in-audit monitoring capability allowing us to track audit progress and take corrective action where necessary; and we developed tools for improving work allocation arrangements:

Client	Audit Name	Preferred Qtr
SBC	Members Locality Budgets	2
SBC	HRA Business Plan	2
SBC	Data Protection & FOI	2
SBC	Asset Management	2
	Change Control	2
	Service Desk Operations	2
SBC	Single Status	2

Investing in our team

Our SIAS team members have responded to the particular challenges of partnership working with determination and commitment. All of our team have had to adapt to new ways of working since the creation of SIAS. In autumn 2013 the team took part in the Hertfordshire County Council staff survey. Results were positive: since the previous survey the level of engagement in the team had risen by twelve percentage points. The highlights are here:

Highlights (strengths)

% Positive
2013

1. I understand how my work contributes to the organisation's goals and objectives	94
14. My manager demonstrates the organisation's Values and Behaviours	94
15. Having clear values and behaviours for the organisation is important	94
48. In my team, we are encouraged to look for ways to save costs and operate more effectively	93

We shall continue to work to improve the engagement and motivation levels within the team over the year ahead by building on the activities described in Table 1.

Table 1: SIAS Development Activities

Professional Training & Development	<p>Supporting the team in obtaining qualifications from the Chartered Institute of Internal Auditors. In addition, trainees from HCC's CIPFA scheme are now routinely placed in our service.</p> <p>The team participate in Hertfordshire County Council's Performance Management and Development Scheme which underpins the Council's Investors in People accreditation.</p> <p>Team members with full professional qualifications participate in the continuing professional development requirements of their respective institutes.</p>
Technical	<p>Members of our team attended a variety of technical briefings during the year.</p> <p>A technical update is given at every SIAS team meeting. We can source technical training through both our partnership with PwC and our excellent professional networks.</p>

*Investing in our
talented staff*

	<p>We hosted a course focussed on approaches to the audit of major projects.</p>
Relationship Skills	<p>We have identified five core attributes that we believe form the basis of effective internal audit relationships:</p> <ul style="list-style-type: none"> ○ communication ○ relationship building ○ persuasion ○ negotiation ○ influencing <p>We held an away day to support our staff in developing these skills and monitor individual performance through feedback questionnaires.</p> <p>In addition, we work closely with Hertfordshire County Council's Learning and Organisational Development team to equip ourselves with the skills needed in the modern audit environment, through initiatives such as coaching and mentoring, 360 degree feedback, and Myers Briggs Type Indicator profiling, as well as by accessing a range of courses delivered by Reed Learning.</p>
Management and Development	<p>Five of the team have participated in 'LEAP', a management development programme. In addition, all Audit Managers have completed a set of recommended management courses.</p> <p>We have built commercial skills within the team in partnership with PwC.</p>

**Bringing partners
together to
facilitate
exchange of
ideas**

A vision for sharing across the partnership

Our partners have always seen the potential for a shared service to be a force for sharing learning and ideas. In line with this we organised a seminar for Audit Committee Members for councils and public bodies in Hertfordshire and beyond.

Speakers covered: the role of Audit Committees in ensuring good governance approaches to development of assurance frameworks, and real life examples of when governance fails. Two group sessions covered audit committee effectiveness and assurance requirements in respect of emerging risks respectively. Feedback on the event was resoundingly positive.

Effective Budgetary Control is high on the watch list of Hertfordshire's Chief Financial Officers who commissioned SIAS to deliver a joint review entitled 'Managing Money' to give those involved in this critical process an opportunity to compare the approach used at their own authority against best practice, and to share intelligence on this topic.

The review culminated in a workshop session attended by authority leads who examined key issues in this area and identified priorities and challenges for the future.

We published a report to share the key conclusions of the workshop session and summarise the thoughts of authority leads, along with supplementary questionnaire results to provide a detailed overview of current practice across participating councils.

Figure 2: What Finance Teams are Focussing On – as identified in the Managing Money Review





First Class Customer Service

In order to monitor our effectiveness and improve our service, at the end of each assignment we request the completion of a short satisfaction survey. We have been given and have acted upon invaluable improvement ideas, and we are proud of the fact that we have received 99% satisfactory or higher feedback rating from our customers.

'I have found the audit team extremely supportive and have always viewed them as a critical friend.'

'The auditor worked very hard to make this a positive and useful experience. She took time to understand our complex area of work.'

'Both auditors showed great sensitivity in a potentially "difficult" area. The output was exactly what we were looking for to move forwards'

Performance

SIAS worked on 433 assurance and other projects during the year, giving assurance opinions and recommendations as demonstrated in the charts below. For those pieces which resulted in a formal opinion the distribution is set out in figures 4 and 5 below:

Figure 3: Distribution of Audit Opinions 2013/14

433 assurance and other projects identifying 939 recommendations

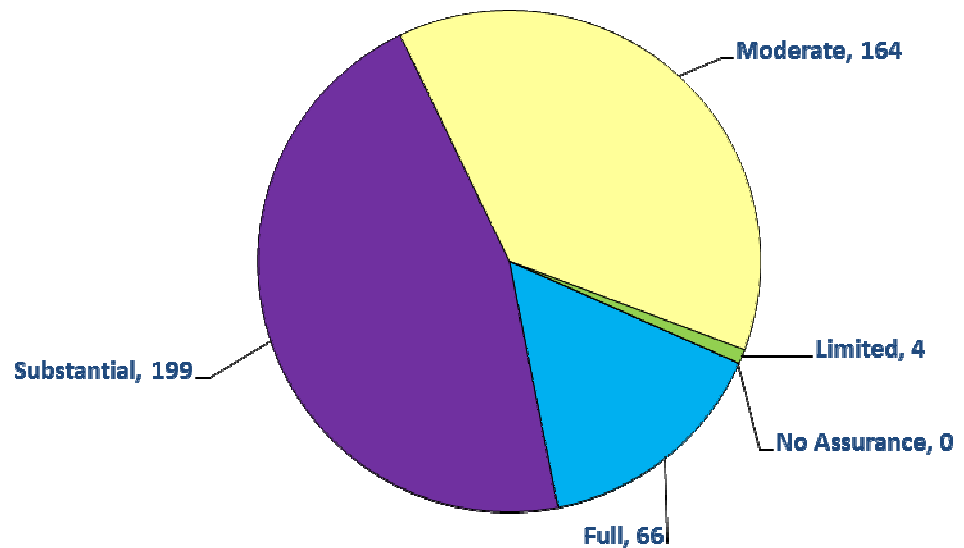
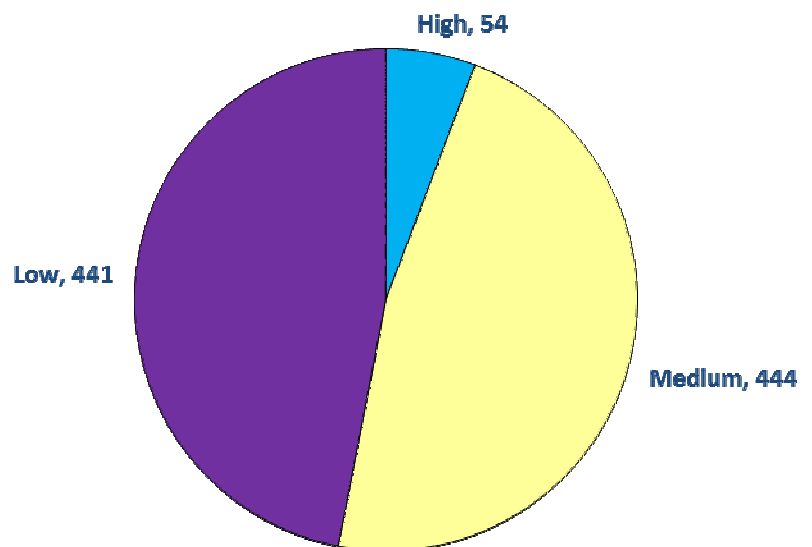


Figure 4: Prioritisation of Recommendations 2013/4



Business Performance of SIAS

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

The full balanced scorecard for 2013/14 is provided in Appendix A to this report, and the headlines are summarised in the table below.

Table 2: SIAS Business Performance

Indicator	Target	Actual as at 31 March 2013	Actual as at 31 March 2014	Commentary
Progress against plan: actual days delivered as a percentage of planned days.	95%	98%	97%	A one percentage point reduction reflecting in-year sickness absences were delivered Days by 31 March 2013.
Progress against plan: audits issued in draft by 31 March 2012	95%	91%	95%	383 pieces of assurance work were delivered to at least draft stage by 31 March 2014
Client satisfaction	Satisfactory and above	99%	99%	All but one audit met the minimum target; 19% rated as very good; 80% rated as excellent.
Financials: income recovered	N/A	£1,119k	£1,248k	No target was set for this indicator.

Financial Performance of SIAS

SIAS began operating on a fully traded basis in 2012/13; Appendix B sets out the summary financial position at 31 March 2014. The service showed a small deficit outturn resulting from in year sickness absence.

Professional Performance

Professional standards are fundamental to the effectiveness and credibility of internal audit, and are therefore taken extremely seriously by the SIAS Board.

In April 2013 the Public Sector Internal Audit Standards (PSIAS) came into effect, replacing previous provisions in relation to the delivery of internal

audit. We reviewed our audit delivery arrangements in the light of these standards and made changes and enhancements in relation to:

- the requirement to develop an audit charter, which was agreed by all partners during June 2013. A plain English 'Easy Charter' was also developed for communicating with those we work with to deliver our audits
- audit planning, where we redesigned our planning templates to ensure demonstrable compliance with PSIAS through the planning process
- documentation of the Quality Assurance and Improvement Programme, as noted above
- the performance appraisal of the Head of Assurance, where we ensured that feedback from all partners was incorporated into the appraisal process
- the Audit Manual, which was updated to reflect the new standards
- training and briefing for the audit team in relation to the standards.

Future Development

The final section of this Annual Report looks forward to the future. The partnership has signed off this vision for SIAS:

‘SIAS aims to operate at industry-standard levels of productivity and output and to demonstrate best practice by being at the leading edge of audit service delivery. The service aims to operate as an exemplar shared service and provide a return on investment for the partner councils by identifying opportunities to grow the business’.

Four priority areas have been identified for development activity in the year ahead:

1. Establish a leading reputation in respect of governance, risk assurance and internal control services – ensuring SIAS delivers a good quality service
2. Be at leading edge of audit service delivery –ensuring SIAS delivers an efficient, resilient, cost-effective service
3. Build a team ready to meet the challenges of the future – ensuring SIAS has the right skills to deliver in the changing public sector environment
4. Be an exemplar shared service with a ‘return on investment’ for partners and first choice public sector internal audit provider in the region with a growing client base.

The detailed development actions which feed into each of these priority areas were agreed by the Board in March 2014 and are monitored regularly by the SIAS Management Team. The table below sets out the main activities.

Table 3: SIAS Mission Critical Activities

Priority	Activity
Leading reputation in governance, risk and control	<ul style="list-style-type: none"> • Review the SIAS methodology to ensure it is sufficiently LEAN, easy to use and builds in opportunities to add value / insight and share this across the partnership • Continue to develop joint learning approaches, seeking opportunities to share learning information across the partnership • Offer joint workshop opportunity to Audit Committee members • Reconsider approach to external firm support to SIAS and carry out a procurement exercise in accordance with this
Leading edge of service delivery	<ul style="list-style-type: none"> • Piloting communication / advance warning to clients of upcoming audits / booking in processes – consistency and standardisation. • Audit work allocation – refine work allocation

Priority	Activity
	<p>process</p> <ul style="list-style-type: none">• Working papers – exploiting the functionality available in Excel and Word to make the working papers as user friendly as possible
Team are ambassadors with the right skills	<ul style="list-style-type: none">• Individual and team development plans agreed and maintained• Team development day
Exemplar shared service	<ul style="list-style-type: none">• Continue to explore opportunities to expand the service as these arise

Building on the strong foundations already in place, these activities will take SIAS forward in the year ahead in a way that we believe will be to the benefit of all the partnership stakeholders.

Our Board Members

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



Scott Crudgington, SBC
Director of Resources



Sajida Bijle, HBC
Director of Resources



Sarah Pickup, Herts CC
Deputy Chief Executive



Norma Atlay, NHDC
Director Finance, Policy & Governance



Pam Kettle, WHBC
Director of Finance & Operations



Adele Taylor, EHDC
Director of Finance & Support Services



Jo Wagstaffe, WBC and TRDC
Shared Director of Finance



Helen Maneuf, SIAS
Head of Assurance

SIAS Rolling Audit Balance Scorecard 2013/14

Progress Against Plan		Audit Progress		Level of Assurance		Recommendations		Client Satisfaction	
<i>Total Plan Days</i>	4077	<i>Allocated</i>	1	<i>Full</i>	66	<i>High</i>	54	<i>Excellent</i>	80%
<i>Billable Days to Date</i>	3969	<i>In Planning</i>	0	<i>Substantial</i>	199	<i>Medium</i>	444	<i>Very Good</i>	19%
<i>Percentage progress*</i>	97%	<i>ToR Issued</i>	1	<i>Moderate</i>	164	<i>Low</i>	441	<i>Satisfactory</i>	1%
<i>*expresses total Billables against total plan days</i>		<i>In Field Work</i>	2	<i>Limited</i>	4			<i>Potential for Improvement</i>	0%
		<i>Drafting Report</i>	1	<i>No Assurance</i>	0			<i>Unsatisfactory</i>	0%
		<i>Quality Review</i>	1	<i>Not Assessed</i>	21				
		<i>Draft Report Issued</i>	29						
		<i>Final Report Issued</i>	336						
		<i>Audit Closed</i>	31						
		<i>Cancelled</i>	24						
		<i>Audit progress to Draft</i>	99%						
<i>Targets</i>		<i>Targets</i>		<i>No Targets</i>		<i>No Targets</i>		<i>Targets</i>	
2013/14	100%	2013/14 - To Draft	95%					Min satisfactory and 39/65	60%

Please note that for the purpose of producing information on performance against in-year targets, figures represent the position at the cut-off point of 31 March 2014. Work to complete the 2013/14 activity was undertaken after year-end.

SIAS cost centre: revised budget against outturn 2013/14

	<u>Budget</u>	<u>Outturn</u>
	£	
Salaries & Salary Related	1,119,486	1,070,795
Partner / consultancy costs	127,774	158,428
Transport	13,000	10,097
Supplies	41,112	34,454
Office Accommodation cost	<u>20,036</u>	<u>20,036</u>
 Total expenditure	 1,321,408	 1,293,810
 Income	 <u>(1,311,036)</u>	 <u>(1,284,337)</u>
Net deficit	10,372	9,473

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

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

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East Herts Council Audit Committee Progress Report 24 September 2014

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report;
- Approve the amendments to the Audit Plan as at 5 September 2014; and
- Agree removal of implemented high priority recommendations.

Contents

- 1 Introduction and Background
 - 1.1 Purpose
 - 1.2 Background
- 2 Audit Plan Update
 - 2.1 Delivery of Audit Plan and Key Findings
 - 2.3 High Priority Recommendations
 - 2.4 Proposed Amendments to Audit Plan
 - 2.5 Performance Management

Appendices

- A Progress against the 2014/15 Audit Plan
- B Implementation Status of High Priority Recommendations
- C Audit Plan Items (April 2014 to March 2015) – Start Dates Agreed with Management

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 2014/15 as at 5 September 2014.
- b) Proposed amendments to the approved 2014/15 Audit Plan.
- c) Implementation status of previously agreed high priority audit recommendations.
- d) An update on performance management information as at 5 September 2014.

Background

- 1.2 The 2014/15 Audit Plan was approved by Audit Committee on 19 March 2014.
- 1.3 The Audit Committee receives periodic updates against the Annual Internal Audit Plan, the most recent of which was brought to this Committee on 16 July 2014.
- 1.4 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.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 5 September 2014, 26% of the 2014/15 Audit Plan days had been delivered. Appendix A provides a status update on each individual project within the audit plan.

2.2 The following 2014/15 reports have been finalised since 20 June 2014 (cut-off date for July 2014 Audit Committee):

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
NDR Avoidance	Jul '14	Substantial	One merits attention
Recruitment	Aug '14	Moderate	One high One medium One merits attention

High Priority Recommendations

2.3 Members will be aware that a Final Audit Report is issued when it has been agreed by management; this includes an agreement to implement the recommendations that have been made. It is SIAS's responsibility to bring to Members' attention the implementation status of high priority recommendations; it is the responsibility of Officers to implement the recommendations by the agreed date.

Proposed Audit Plan Amendments

2.4 Members are asked to approve the addition of a Business Continuity Planning audit to the 2014/15 Audit Plan. This reviews follows on from previous assurance work undertaken in this area and will consider the relevance and status of the outstanding high priority recommendations as reported in Appendix B. The work will be undertaken by PwC on behalf of SIAS and the 12 days for the review will be taken from the contingency budget.

Performance Management

2.5 Annual performance indicators and associated targets were approved by the SIAS Board in 2011.

- 2.6 As at 5 September 2014 actual performance for East Herts against the targets that can be monitored in year was as shown in the table below.

Performance Indicator	Annual Target	Profiled Target to 5 September 2014	Actual to 5 September 2014
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	30%	26%
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	14%	14%
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100%
4. Number of High Priority Audit Recommendations agreed	95%	95%	100%

- 2.7 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2014/15 Head of Assurance's Annual Report:

- **5. External Auditors' Satisfaction** – the Annual Audit Letter should formally record whether or not the External

Auditors are able to rely upon the range and the quality of SIAS' work.

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

APPENDIX A PROGRESS AGAINST THE 2014/15 AUDIT PLAN AS AT 5 SEPTEMBER 2014

2014/15 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Key Financial Systems								
Asset Management - CRSA Year 1 / Strategy					18	Yes	0.5	In planning
Benefits					15	Yes	2	Terms of Reference (ToR) issued – to start November 2014
Council Tax					12	Yes	2	ToR issued – to start October 2014
Creditors - CRSA Year 2					8	Yes	1	In planning
Debtors - CRSA Year 2					8	Yes	1	In planning
Main Accounting - CRSA Year 1					10	Yes	0.5	In planning
NDR					12	Yes	2	ToR issued – to start October 2014
Payroll - CRSA Year 1					10	Yes	1	In planning
Payroll Certificate	Not Assessed	-	-	-	0.5	Yes	0.5	Complete
Treasury					10	Yes	0.5	In planning
Operational Audits								
Enforcement					15	Yes	1	In planning
Parking Permits					10	Yes	5.5	In fieldwork

APPENDIX A PROGRESS AGAINST THE 2014/15 AUDIT PLAN AS AT 5 SEPTEMBER 2014

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Local Development Plan					12	Yes	1.5	In planning
S106 Agreements					12	Yes	11	Draft report issued
Cash and Banking					12	No	0	Start date agreed
Fees and Charges					15	Yes	4	In planning
Recruitment	Moderate	1	1	1	15	Yes	15	Final report issued
Community Grants					15	Yes	2.5	In planning
Performance Framework					10	No	0	Start date agreed
Shared Services Benefits Realisation					10	No	0	Start date agreed
Hertford Theatre Governance Arrangements					30	PwC	3	ToR issued – to start September 2014
Facilities Management Compliance Project Plan					10	No	0	Start date agreed
Procurement								
Procurement of Planning / Building Control System					8	No	0	Start date agreed
Leisure Services – Third Party Inspections					10	Yes	6.5	In fieldwork
Acquisition of Choice-based lettings System					8	No	0	Start date agreed
IT Audits								

APPENDIX A PROGRESS AGAINST THE 2014/15 AUDIT PLAN AS AT 5 SEPTEMBER 2014

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Business Continuity Planning					12	PwC	0.5	In planning
IT Help Desk Operations	N/A	-	-	-	0	N/A	N/A	Audit cancelled
IT Change Control					12	No	0	Start date agreed
IT Asset Management					12	No	0	Start date agreed
Joint Reviews								
NDR Avoidance	Substantial	0	0	1	10	Yes	10	Final report issued
Strategic Support								
2015/16 Audit Planning	N/A	-	-	-	10	N/A	0	On-going
Audit Committee	N/A	-	-	-	15	N/A	6.5	On-going
Client Meetings	N/A	-	-	-	10	N/A	4	On-going
Liaison with External Audit	N/A	-	-	-	1	N/A	0	On-going
Head of Internal Audit Opinion 2013/14	N/A	-	-	-	5	N/A	5	Complete
Plan Monitoring	N/A	-	-	-	10	N/A	5	On-going
SIAS Development	N/A	-	-	-	5	N/A	5	Complete
Contingency								
Unused Contingency	N/A	-	-	-	24	N/A	N/A	On-going
Follow Ups								
Follow up of high priority recommendations	N/A				5	N/A	2.5	On-going
2013/14 Projects requiring								

APPENDIX A PROGRESS AGAINST THE 2014/15 AUDIT PLAN AS AT 5 SEPTEMBER 2014

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
completion								
Various	N/A				8.5	N/A	8.5	Complete
EHC TOTAL					435		108	

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Sep 14)
1.	Follow-up of Various ICT reviews (IA Report 22/6/09)	It is recommended that options for ICT business continuity are reviewed before expensive solutions are commissioned. These should take into account the possible mid-term accommodation changes under consideration.	Progress has been made in producing a draft ICT Business Continuity Plan. It was confirmed by the Strategic ICT Manager that the ICT Business Continuity Plan has been considered by the Business Continuity Group. Draft plan presented 09/02/09.	Head of Shared Service	Revised to December 2011 (no date set at final report stage)	<p><u>Dec 13</u> The ability to deliver core infrastructure services from the new data centre is now in place and the process of moving staff across to the new infrastructure is underway to a timetable agreed with Heads of Service which will be completed by March 2014.</p> <p><u>Feb 14</u> Due March 2014</p>	Partially implemented – continue to monitor

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

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No	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Sep 14)
			Progress report is to be presented to Business Continuity Group in June.			<p><u>Jun 14</u> Over 80% of staff now receive services via the new hosted desk top. The remaining staff will be transferred in June and July.</p> <p><u>Sep 14</u> The majority of core IT systems have now been migrated to the new data centre and now benefit from new, improved, business continuity arrangements.</p>	

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Sep 14)
2.	Follow-up of Various ICT reviews (IA Report 22/6/09)	A detailed timetable be prepared and issued to ensure that the Council's Business Continuity and Disaster Recovery Plan is completed and tested.	There was no evidence to confirm that a timetable has been prepared. It was, however, confirmed that a draft Business Continuity Plan had been produced but as this was still a work in progress, it had not yet been tested.	Head of Shared Service	Mar 2012 (originally 31/03/10)	<p><u>Dec 13</u> IT BCP audit now scheduled for March 2014 in view of shared service developments.</p> <p><u>Feb 14</u> No change</p> <p><u>Jun 14</u> A schedule has been prepared and data migration is underway. Some major systems have already transferred and the remainder will do so in June and July. An audit of these</p>	Partially implemented – continue to monitor

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

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No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Sep 14)
						<p>arrangements is scheduled for July 2014.</p> <p><u>Sep 14</u> The deferred BCP audit is expected to commence this month. The status of relevant outstanding high priority recommendations will be considered as part of this review and an updated position brought to the next Audit Committee in January 2015.</p>	

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Sep 14)
3.	Follow-up of Various ICT reviews (IA Report 22/6/09)	The Information Technology Team should approve and oversee the implementation of the Council's Information Systems Strategy.	Draft IT Strategy in programme to go to ITSG, CMT/ICT – C3W Board, Executive and full Council for approval on 3/9/09.	Head of Shared Service	Mar 2012 (originally 30/09/09) Now September 2014	<p><u>Dec 13</u> Plans for delivering a new IT Strategy have been deferred with the agreement of the Portfolio Holder. A new timetable is being discussed which will ensure that the strategy is delivered no later than March 2014.</p> <p><u>Feb 14</u> Due March 2014</p> <p><u>Jun 14</u> An outline strategy has been produced. The full document</p>	Partially implemented – continue to monitor

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

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No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Sep 14)
						<p>is being drafted for discussion with CMT, SMG and the portfolio holder for IT before then scheduling a date for Executive. The draft document will be available by the end of June 2014.</p> <p><u>Sep 14</u> The revised date for making the draft IT Strategy available for discussion is the end of September 2014.</p>	

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Sep 14)
4.	Business Continuity (IA Report 7/6/11)	It is recommended that the Business Continuity Plan is reviewed annually. It is further recommended that the Business Continuity Plan is communicated to staff and made available on the intranet.	The current East Herts Council Business Continuity Plan was sufficient, but it did not take into account C3W. Recognising this, we have engaged Zurich Ins Co. to conduct a scoping workshop 14 th July. Zurich has already reviewed the	Director of Neighbourhood Services	Sep 2011	<u>Dec 13</u> Business continuity for infrastructure services will be delivered as staff transfer across as noted above. Business continuity for applications will be delivered to the original timetable of March 2014. Documents will be updated and published once the full business continuity solution is in place. <u>Feb 14</u> Due March 2014	Not implemented – continue to monitor

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

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No	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Sep 14)
			Council's strategic risks. This work is being finalised before being put to CMT.			<p><u>Jun 14</u> The Business Continuity Plan will be revised once the new IT infrastructure is in place to reflect significant improvements in IT resilience and recovery. CMT reviewed critical services and scenarios to plan recovery from were reviewed at CMT on 29 Oct 2013.</p> <p><u>Sep 14</u> See note at recommendation 2.</p>	

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Sep 14)
5.	Business Continuity (IA Report 7/6/11)	It is recommended that the Business Continuity Corporate Group (BCG) meet on a regular basis until the Business Continuity Plan is approved, and thereafter on a six monthly basis to review the plan.	The outcome from the Zurich workshop will trigger this group.	Director of Neighbourhood Services	Sep 2011	<p><u>Dec 13</u> IT BCP audit now scheduled for March 2014 in view of shared service developments.</p> <p><u>Feb 14</u> No change</p> <p><u>Jun 14</u> The group last met on 19 November 2013. It will meet to consider a new Business Continuity Plan once the new IT infrastructure is in place.</p>	Partially implemented – continue to monitor

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

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No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Sep 14)
						<u>Sep 14</u> See note at recommendation 2.	
6.	Business Continuity (IA Report 7/6/11)	As per the 2011/12 Business Support ICT Service Plan it is recommended that the Disaster Recovery Plan is finalised and approved and includes a section on the ability to recovery data and a section on IT back-up. It is further recommended that the Disaster Recovery Plan is tested after it has	The 2011/12 ICT Service Plan contains the required actions of developing an ICT Business Continuity Plan by the end of Sep 11 and testing the plan by the end of Dec 11. The arrangements for data back up and recovery will	Head of Shared Service	Not specified	<u>Dec 13</u> A separate audit of IT BCP is due to be completed by PWC in March 2014. This work will consider the status and relevance of this recommendation. <u>Feb 14</u> No change <u>Jun 14</u> The audit is now scheduled for July 2014.	Not implemented – continue to monitor

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Sep 14)
		been finalised.	be contained within the ICT BCP. The preparation of the ICT BCP was deferred to Sep 11 due to the demands of 3W and changes and improved resilience that have been incorporated into the ICT infrastructure as part of C3W. Testing of the ICM business			Sep 14 See note at recommendation 2.	

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Sep 14)
			continuity contract is planned to take place in line with new business solutions by the end of March 2012.				
7.	Business Continuity Planning (01/10/13)	All departmental business continuity plans and resource recovery questionnaires should be reviewed to ensure they are complete, contain a sufficient level of detail, and have been reviewed and	Now that the Shared ICT service is in place and IT business continuity arrangements are being taken forward then this action will also move	Director of Neighbourhood Services	30 June 2014	<u>Feb 14</u> Not yet due <u>Jun 14</u> The plan will be reviewed extensively once the new IT infrastructure is in place to reflect significant changes	Partially implemented – continue to monitor

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Sep 14)
		<p>approved by appropriate members of staff.</p> <p>In addition to this, a periodic rolling programme of disaster recovery testing (at minimum requiring some downtime and recovery of IT services) should be performed and then reviewed to make relevant updates to the BCPs.</p>	<p>forward at the same time.</p> <p>Information captured by services in their Business Recovery Plans will be reviewed in line with the new ICT solution referred to in Recommendation 2. A provisional schedule for testing recovery plans will be</p>			<p>in IT resilience and recovery.</p> <p>CMT reviewed critical services in October 2013. Live business continuity incident occurred in May 2014 when a cable was cut and restoration took place within stipulated four hour timeframe.</p> <p><u>Sep 14</u> See note at recommendation 2.</p>	

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Sep 14)
			established and reviewed annually. Testing will take place in line with the established schedule.				
8.	Business Continuity Planning (01/10/13)	Once the actions related to findings 1 and 2 have been completed, the Council needs to get the Business Continuity Plan formally approved and signed off, so that it can be distributed to the relevant members	Now that the Shared ICT service is in place and IT business continuity arrangements are being taken forward then this action will also move forward at the	Director of Neighbourhood Services	31 March 2014	<p><u>Feb 14</u> Not yet due</p> <p><u>Jun 14</u> The Business Continuity Plan will be revised once the new IT infrastructure is in place to reflect significant changes in IT resilience and</p>	Partially implemented – continue to monitor

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Sep 14)
		<p>of staff.</p> <p>In addition to this, key stakeholders need to meet and agree on comprehensive roles and responsibilities with regard to business continuity planning, and these responsibilities should be documented within the plan.</p>	same time.			<p>recovery.</p> <p>The revised plan will then proceed to formal approval and sign off. The plan will then be distributed with appropriate training.</p> <p><u>Sep 14</u> See note at recommendation 2.</p>	
9.	Hertford Theatre Payments (25/02/14)	Training around the application of Financial Regulations and	Agreed	Tracey Sargent (Procurement Officer)	31 August 2014 Now	<p><u>Feb 14</u> Not yet due</p> <p><u>Jun 14</u></p>	Partially implemented - continue to monitor

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

Page 25

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Sep 14)
		Contract Procurement Rules should be delivered to all relevant staff to ensure that minimum records are maintained following procurement activities.			December 2014	<p>Not yet due</p> <p><u>Sep 14</u> The Procurement Team have already started to provide training to Hertford Theatre staff and it is envisaged that this will encourage better business practice. This is an on-going piece of work that will form part of general Procurement training throughout the Council now that a full-time Procurement Officer is in post.</p>	

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Sep 14)
						Revised target date December 2014.	
10.	Facilities Management (27/03/14)	Management should ensure that existing contract information is collated as part of its review of long standing arrangements and that going forward records are kept in line with Procurement Regulations.	Facilities Manager to discuss with Procurement Officer how and what information is needed to establish a system of holding this information in an accurate and efficient way.	Head of People & Property Services/ Facilities Manager / Procurement Officer	To agree system by May 2014. Target date revised to September 2014.	<u>Jun 14</u> Discussions between the two officers are on-going but a system is not yet in place. <u>Sep 14</u> As above	Not implemented – continue to monitor

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Sep 14)
11.	Recruitment (22/08/14)	<p>In order to comply with the Recruitment Policy, HR should ensure that all managers return recruitment documentation to them on completion of the exercise.</p> <p>This can be achieved through a requirement to provide all recruitment documents when the statement of employee particulars (required to create the post) is sent</p>	<p>An email has been sent (21 August 2014) to all officers reminding them of their responsibility to return all recruitment documentation relating to shortlisting, interview and selection processes to HR prior to an offer being made.</p> <p>The email included links</p>	Head of People & Property	Implemented with immediate effect	Sep 14 Already implemented.	Implemented – remove from list

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Sep 14)
		through.	to the template documents that are already available on the Intranet and should be used during recruitment exercises.				

APPENDIX C AUDIT PLAN ITEMS (APRIL 2014 TO MARCH 2015) – START DATES AGREED WITH MANAGEMENT

Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
	NDR Avoidance	Recruitment		Leisure Services Third Party Inspections	Fees & Charges	Enforcement	Main Financial Systems (9 Reviews)		Performance Framework		
	Section 106 Agreements			Community Grants	Hertford Theatre		Shared Services Benefits Realisation		IT Asset Management		
	Payroll Certificate				Cash & Banking		Parking Permits		Facilities Management Compliance Project Plan		
					Local Development Plan		Procurement of Planning / Building Control System		Acquisition of Choice Based Lettings System		
					IT Change Control						
					Business Continuity						

EAST HERTS COUNCIL

AUDIT COMMITTEE – 24 SEPTEMBER 2014

REPORT BY THE LEADER OF THE COUNCIL

RISK MANAGEMENT MONITORING REPORT (APRIL TO JUNE 2014)

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- This report relates to action taken to mitigate and control strategic risks in the period April to June 2014.

<u>RECOMMENDATION FOR AUDIT COMMITTEE:</u>	
That:	
(A)	the action taken to mitigate and control strategic risks be approved.

1.0 Background

The Strategic Risk Register was last considered by Audit Committee on 16 July 2014. The register has been updated to reflect controls implemented between April and June 2014 and is attached at **Essential Reference Paper ‘B’**

2.0 Report

2.1 Risk management can be defined as:

The process which aims to help organisations understand, evaluate and take action on all their risks with a view to increasing the probability of their success and reducing the likelihood of their failure. (Source: The Institute of Risk Management).

2.2 Managing threats and opportunities helps to create an environment of “no surprises” and the Authority is in a stronger position to deliver services in accordance with corporate priorities.

By managing opportunities, it is better positioned to provide continuous improvement in its services and better value for money.

2.3 The following system of rating has been adopted:

Rating the potential impact if the risk was to occur using the following scores

- 4 **High** - Greater than £280,000 and / or national criticism and / or catastrophic fall in service quality
- 3 **Medium** - £140,000 to £280,000 and / or regional criticism and / or major long term fall in service quality
- 2 **Low** - £50,000 to £140,000 and / or long term local media criticism and / or minor long term or major short term fall in service quality
- 1 **Negligible** - Below £50,000 and / or short term local media criticism and / or short term fall in service quality

Rating the likelihood of occurrence using the following scores

- 4 **Probable** - The event is likely to occur within a year
- 3 **Possible** - The event is likely to occur within, or more than one in three years
- 2 **Unlikely** - The event could occur less frequently than every three years
- 1 **Rare** – The event could occur in exceptional circumstances

These scores are further assessed to classify whether risks are considered to be critical, caution, contingency or control.

2.4 Strategic risks were reviewed for the 2014/15 financial year following consideration of the 2013/14 register, service plans and trends and emerging risks. The nine 2013/14 risks were updated and remain, and the following new risks were identified: The investment strategy, the local plan, public health, increasing demands on services and the “Here to Help” programme. (The public health risk was scored within ‘control’ so will not feature on Covalent or the Strategic Risk Register).

2.5 The Strategic Risk Register, **Essential Reference Paper ‘B’**, details these and the controls implemented between April and June 2014.

- 2.6 This information was presented to the Executive on 5 August 2014. There are no comments to relay.
- 2.7 All strategic and operational risks can be viewed on the Council's performance management system, Covalent (www.covalentcpm.com/eastherts).
- 2.8 The Risk Management Strategy is currently being reviewed and will be presented at a future meeting.
- 3.0 Implications/Consultations
- 3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

Risk Monitoring Report January to March 2014 – Audit Committee 16 July 2014.

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Risk Assurance Officer
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ESSENTIAL REFERENCE PAPER 'A'

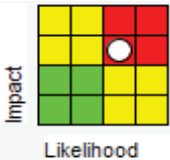
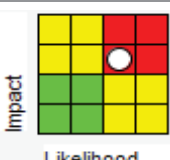
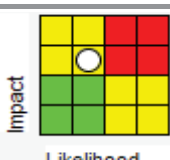
IMPLICATIONS/CONSULTATIONS

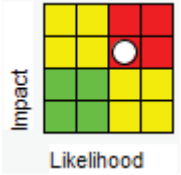
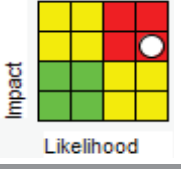
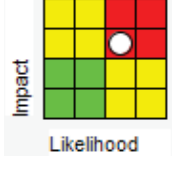
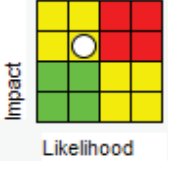
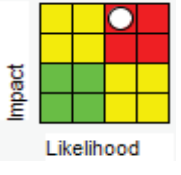
Contribution to the Council's Corporate Priorities/ Objectives:	<p>People This priority focuses on enhancing the quality of life, health and wellbeing of individuals, families and communities, particularly those who are vulnerable.</p> <p>Place This priority focuses on the standard of the built environment and our neighbourhoods and ensuring our towns and villages are safe and clean.</p> <p>Prosperity This priority focuses on safeguarding and enhancing our unique mix of rural and urban communities, promoting sustainable, economic and social opportunities.</p>
Consultation:	There are no specific consultation implications arising directly from this report.
Legal:	There are no specific legal implications arising directly from this report.
Financial:	There are no specific financial implications arising directly from this report.
Human Resource:	There are no specific human resource implications arising directly from this report.
Risk Management:	There are no additional risk management implications to those already contained in this report. However, it should be noted that if East Herts did not have a risk management monitoring process, the Authority would be seen to be not managing risks appropriately, which would have a significant negative impact on recommendations made by the External Auditors through the Annual Audit Letter.
Health and wellbeing – issues and impacts:	There are no specific health and wellbeing implications arising directly from this report.

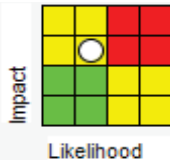
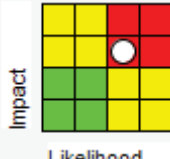

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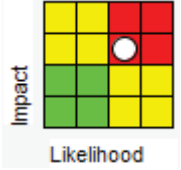
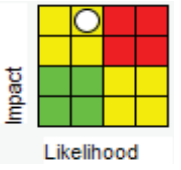
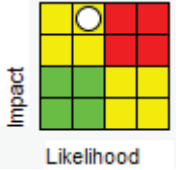
Strategic Risk Register April to June 2014

Essential Reference Paper B

Code	Title	Description	Current Risk Matrix	Impact	Likelihood	Managed By	Latest Note
14-SR1	Risk of significant reduction in funding above that planned for, in particular localisation of Council Tax Support, localisation of business rates and New Homes Bonus.	There is uncertainty around future funding, both from Government and other areas such as income from commodities markets for recycled materials. There are cost pressures combined with an increased awareness and scrutiny of financial position.		3	3	Adele Taylor	April to June 2014: The Council will be refreshing its Medium Term Financial Plan in August / September 2014 and will consider the risks around future funding, using the latest available information and consideration of how the Council could respond to further shocks. The Council underspent in 2013/14 and used some of the resources to mitigate against risks around future expenditure either through setting aside earmarked reserves, paying off £1m against the pension deficit to reduce future contributions against past expenditure etc.
14-SR2	Risk of not having capacity / capability and flexibility to continue to deliver service levels over time.	There are challenges around workforce planning to ensure the Council is fit for the future, in terms of workforce skills, capacity and flexibility. Also about being fleet of foot and responsiveness		3	3	Adele Taylor	April to June 2014: Here to Help is considering all aspects of how staff work together, deploy resources and consider to build on the good practice within the authority to continue to improve how we do things. The outcomes of this work will feed into the refreshed Workforce Development and Planning work co-ordinated by the Head of People & Property.
14-SR3	Risk that supplier / contractor or key third sector partner fails or fails to deliver.	A number of key external and internal services are delivered through major contracts, both directly and in consortia. This is both through private sector supply chains and in conjunction with the voluntary and third sector.		3	2	George A Robertson	April to June 2014: The council has robust contract management processes and procedures in place to ensure any concerns are flagged up early.

14-SR4	Risk that investment and effort does not deliver benefits and returns in Shared Services.	Moving more towards shared services with other public sector partners. Potential for lack of consistent political buy-in by all partners resulting in considerable effort without benefit. There is also a challenging skill set for managers due to the complexity.		3	3	Adele Taylor	April to June 2014: Those Shared Services already in place are delivering expected benefits. Continued investigation of other appropriate sharing arrangements are considered on a case by case basis.
14-SR5a	There is short term uncertainty around government policy and a number of changes required without accompanying resource.	Risk of policy changes by decree which we do not comply with or implement		3	4	Simon Drinkwater	April to June 2014: The Council's ability to respond promptly and efficiently to changes in legislation poses risks for delivery of service. Software changes are not always reliable or easy to implement.
14-SR5b	There is long term uncertainty on overall future government policy and direction.	Risk of being unable to long term strategically plan.		3	3	Simon Drinkwater	April to June 2014: The Council has responded well to changes in welfare legislation. The risk remains that future changes to housing benefit and housing rules may be more difficult to manage particularly if they are accompanied by funding reductions.
14-SR6	HR and Workforce management policies are being brought up to date. These will need to be applied across the Council in a coherent and consistent way.	There could be a lack of consistency and cohesion at senior management levels of applying policies.		3	2	Simon Drinkwater	April to June 2014: Policies are being updated and approved by CMT and HR Committee. Training will be provided to ensure managers apply policies correctly. There remains a risk that there will not always be a consistent approach despite revised policies and training.
14-SR7	Availability and performance of IT systems and resources impacting on service delivery.	Reduced levels of service across the Authority. Targets may not be achieved. Staff morale and reputation of Council may suffer. Influence of ITSG should reduce risks		4	3	Adele Taylor	April to June 2014: Continued roll-out of the new ICT desktop and movement of servers to shared data centre is improving resilience. Still further work before all systems are transferred to the new environment. Monitoring of performance is undertaken at ITSG and any major incidents are reported and lessons learnt considered. Process around this has been strengthened.

14-SR8	Data Protection: Failure to comply with the data protection principles. The potential disclosure of personal data inappropriately.	Action may be taken by the ICO. Individuals may suffer if their personal data, particularly sensitive personal data is disclosed.		3	2	George A Robertson	April to June 2014: Report and action plan for 2014/15 presented and endorsed by CMT in March 2014. Three key aspects will be focussed on for further enhancement: application of the document retention and disposal policy in services, use of fair processing notices, data sharing. Shared IT services have high priority policy development regarding use of portable IT equipment, home working and email security to deliver. The Operational Risk Management Group will take oversight of the corporate actions. The Information Management team will spot check service based actions.
14-SR9	Impact of welfare reform changes, specifically Universal Credit.	New legislation will have an adverse financial impact on a significant number of residents. Residents will require more support from services across the Council affecting staffing levels, finances, and a risk of increased aggression. There may also be difficulties in implementing Government policy, with uncertainty on timetable.		3	3	Adele Taylor	April to June 2014: The Council has responded well to changes in Welfare reform although this has resulted in an increased number of contacts from affected residents. The impact of this increased contact is monitored through appropriate management teams and partnership boards. The timetable for implementation of Universal Credit remains uncertain but relevant officers are actively keeping up to date on latest information released via Central Government.
14-SR10	Development of an Investment Strategy with sufficient levels of governance and due diligence.	A need to find the optimum position of balancing risk and return and having financial strength to contribute to the local economy. Risk of failing to undertake and implement effective due diligence and governance meaning potential consequences of: Incurring significant costs, Challenge, Qualification of accounts, Scrutiny Publicity, Loss of reputation		4	2	Adele Taylor	April to June 2014: Investigative work underway to consider all aspects of the Investment Strategy that was agreed in November 2013. Refresh of the Treasury Management Strategy to allow the investment of Council resources into Property Funds is underway and will be brought before Audit Committee and Council in July 2014.

14-SR11	Development of a District Plan that is acceptable to the community and the planning inspectorate.	Risk of not being able to agree plan in timeframe meaning: Increased costs, Lack of effective development control, Cannot bid for funding for infrastructure, Lost opportunity, Open to challenge in meantime, Legal / Reputational / political issues		3	3	Simon Drinkwater	April to June 2014: The plan has been out to consultation and results are being analysed. Further work on deliverability has been commissioned. The plan is proceeding in accordance with the timetable.
14-SR12	Increased levels of demand from residents and businesses.	We are seeing increased requests from the public, both residents and businesses. There is some risk of failing to resource increased volume of contact from public and business.		4	2	George A Robertson	April to June 2014: The Here to Help activities are providing a platform for organisation development while the development of a more focused Customer Services Strategy will help us develop capacity in the medium term.
14-SR13	Here to Help: Failure to develop the changes sought and the increased capacity that the Council has to find.	There are challenges around this scheme, particularly engagement, communication, and supporting / resourcing it adequately. Risk that scheme does not deliver as intended / planned. Meaning: Fail to bring about improvement / remove barriers, Staff become distrustful of SMG motives, Doesn't deliver changes, Don't deliver increased capacity.		4	2	George A Robertson	April to June 2014: A project management resource has been added to our establishment and the Head of Personnel is providing lead and support for the development of the action plans corporately.

EAST HERTS COUNCIL

AUDIT COMMITTEE – 24 SEPTEMBER 2014

REPORT BY DIRECTOR OF FINANCE & SUPPORT SERVICES

AUDIT COMMITTEE WORK PROGRAMME 2014/15

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- This report provides a revised Audit Committee work programme for the 2014/15 civic year for consideration and approval.

<u>RECOMMENDATION FOR AUDIT COMMITTEE:</u>	
That:	
(A)	the revised work programme for the Audit Committee be approved.

1.0 Background

- 1.1 The Audit Committee's work programme was approved by the Audit Committee on 19 March 2014.

2.0 Report

- 2.1 A revised Audit Committee work programme for the 2014/2015 civic year is given at **Essential Reference Paper 'B'**.

- 2.2 The following alterations have been made to the work programme:

- The Review of the Risk Management Strategy has not been brought to this meeting as the Strategy is currently being reviewed by officers. It will be brought to the November Committee meeting.

- The training item at the November Committee will be delivered by Grant Thornton and will focus on their Financial Resilience report.

3.0 Implications/Consultations

- 3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

Audit Committee Work Programme 2014/15 Audit Committee
16 July 2014.

Contact Member: Councillor Jim Ranger
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ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS

Contribution to the Council's Corporate Priorities/ Objectives:	<i>People – Fair and accessible services for those that use them and opportunities for everyone to contribute</i> This priority focuses on delivering strong services and seeking to enhance the quality of life, health and wellbeing, particularly for those who are vulnerable.
Consultation:	No public or partner consultations were required during the preparation of this report.
Legal:	There are no additional legal implications to those already contained in this report.
Financial:	There are no additional financial implications to those already contained in this report.
Human Resource:	There are no additional human resources implications to those already contained in this report.
Risk Management:	There are no additional risk management implications to those already contained in this report.
Health and wellbeing – issues and impacts:	There are no additional health and wellbeing implications to those already contained in this report.

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ESSENTIAL REFERENCE PAPER 'B'

Audit Committee Work Programme 2014/15 Civic Year

Committee Date	Agenda Items
16 July 2014	<ul style="list-style-type: none"> • External Audit- Audit Plan • Draft Statement of Accounts 2013-2014. • Shared Internal Audit Service Annual Assurance Statement and Annual Report 2013/14. • Shared Internal Audit Service- Audit Plan Update Report. • Update on Implementation of Annual Governance Statement Action Plan. • Draft 2013/14 Annual Governance Statement. • Revision to Treasury Management arrangements • Risk Management monitoring report 1 January 2014 to 31 March 2014. • Audit Committee Work Programme.
24 Sept 2014	<ul style="list-style-type: none"> • External Audit report- Audit Findings Report. • Treasury Management Strategy – 2013/14 Outturn • Treasury Management Strategy- 2014/15 Mid-year Review. • Statement of Accounts 2013/14. • 2013/14 Annual Governance Statement. • Annual Shared Internal Audit Service Board Report 2013/14. • Shared Internal Audit Service- Audit Plan Update Report. • Risk Management monitoring report 1 April 2014 to 30 June 2014. • Audit Committee Work Programme.
26 Nov 2014	<ul style="list-style-type: none"> • Training item- Grant Thornton's Financial Resilience report. • External Audit report- 2013/14 Annual Audit Letter. • Council response to 2013/14 Annual Audit Letter. • External Audit report- Planned Audit Fees for 2014/15. • Update on Implementation of Annual Governance Statement Action Plan. • Risk Management monitoring report 1 July 2014 to 30 September 2014. • Risk Management Strategy.

ESSENTIAL REFERENCE PAPER 'B'

Audit Committee Work Programme 2014/15 Civic Year

	<ul style="list-style-type: none"> • Audit Committee Work Programme.
21 Jan 2015	<ul style="list-style-type: none"> • Training item- TBA. • External Audit- Grants Claim Certification Work 2013/14. • Treasury Management Strategy Statement 2015/16. • Shared Internal Audit Service- Audit Plan Update Report. • Update on Implementation of Annual Governance Statement Action Plan. • Audit Committee Work Programme.
18 March 2015	<ul style="list-style-type: none"> • Training item- TBA. • External Audit Update report. • Shared Internal Audit Service- Audit Plan Update Report. • Internal Audit Plan 2015/16. • Update on Implementation of Annual Governance Statement Action Plan. • Annual Review of Data Quality Strategy. • Risk Management monitoring report 1 October 2014 to 31 December 2014. • Audit Committee Work Programme 2015/16 Civic Year.