**SIAS**

Shared Internal Audit Service
Hertfordshire in Partnership

East Herts District Council
Audit Committee Progress Report
23 January 2013

Recommendation

Members are recommended to:
- Note the Internal Audit Progress Report
- Approve the amendments to the Audit Plan as at 28 December 2012; and
- Agree removal of implemented high priority recommendations

# Contents

# 1. Introduction and Background

<u>Purpose of Report</u>

1.1     This report details:

   a) Progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's Annual Audit Plan for 2012-13 as at 28 December 2012.
   b) Proposed amendments to the approved 2012-13 Audit Plan.
   c) Implementation status of previously agreed high priority audit recommendations.
   d) An update on performance management information as at 28 December 2012.

<u>Background</u>

1.2     The 2012-13 Annual Audit Plan was approved by the Audit Committee on 14 March 2012.

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 19 September 2012.

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

<u>Delivery of Audit Plan and Key Audit Findings</u>

2.1     As at 28 December 2012, 58% of the 2012-13 Audit Plan days had been delivered. Appendix A provides a status update on each individual project within the audit plan.

2.2     The following 2012-13 reports have been finalised in the period since 25 August 2012:

| Audit Title | Date of Issue | Assurance Level | Number and Priority of Recommendations |
|---|---|---|---|
| Authorisations and Delegations | Sep '12 | Substantial | three merits attention |
| Project Management | Oct '12 | Full | none |

| | | | |
|---|---|---|---|
| Utilities | Oct '12 | Moderate | four medium<br>one merits attention |
| Section 106 | Oct '12 | Moderate | five high<br>two medium<br>two merits attention |
| Commercial Waste and Cleansing | Nov '12 | Full | none |
| Leisure Management | Nov '12 | Substantial | one merits attention |
| Improvement Grants | Nov '12 | Substantial | two merits attention |
| Financial Regulations Benchmarking | Dec '12 | Not assessed | nine recommendations on areas of best practice applicable to all five district / borough SIAS clients |
| Homelessness | Dec '12 | Substantial | two medium<br>three 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.

2.4 For this committee, updates have been obtained for high priority audit recommendations, including IT-related recommendations dating back to 2009. The outcomes of our follow-up work are detailed in the standard template at Appendix B.

Proposed Audit Plan Amendments

2.5 The following deletions from the 2012-13 Audit Plan have been agreed with the Officers of the Council and are detailed below for Audit Committee approval:

- Car Parking – 10 days (This audit is to be deferred to early 13-14 as the revised charging policy is not due for implementation until May 2013);
- Licensing – 10 days (A Scrutiny review was recently undertaken of taxi licenses. Significant change is expected in quarter 4 regarding the administration of other licence types. Audit work in these areas will be considered as part of the 13-14 planning process);
- Shared Services – 12 days (This audit was originally scoped to cover the tri-party arrangements being developed between

EHDC, NHDC and SBC. Work in this area has ceased and EHDC is investigating opportunities to work more closely with SBC alone. The operation of the shared Revenues and Benefits Service with Stevenage Borough Council is being covered in the Council Tax, NNDR and Benefits audits. The inclusion of an audit of shared services will be considered as part of the planning process for the 13-14 plan).

Discussions have been on-going to identify alternative areas of audit activity. Audits of Petty Cash and Expenses (10 days) and RIPA (10 days) have been agreed. A verbal update will be provided at the committee meeting if there are any further developments.

Performance Management

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

2.7    As at 28 December 2012 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 | Actual to 28 December 2012 |
|---|---|---|---|
| **1. Planned Days** – percentage of actual billable days against planned chargeable days completed (excluding unused contingency) | 95% | 60% | 58% |
| **2. Planned Projects** – percentage of actual completed projects to draft report stage against planned completed projects | 95% | 55% | 49% |
| **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% |

2.8    In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2012-13 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 financial year.

- **7. Head of Assurance's Annual Report** – presented at the Audit Committee's first meeting of the civic year.

**2012-13 SIAS Audit Plan**

| AUDITABLE AREA | LEVEL OF ASSURANCE | RECS | | | AUDIT PLAN DAYS | LEAD AUDITOR ASSIGNED | BILLABLE DAYS COMPLETED | STATUS/COMMENT |
|---|---|---|---|---|---|---|---|---|
| | | H | M | L | | | | |
| **Key Financial Systems** | | | | | | | | |
| Asset Management | | | | | 15 | Yes | 7 | Fieldwork in progress |
| Benefits | | | | | 14 | Yes | 0 | Audit scheduled for Q4 |
| Council Tax | | | | | 14 | Yes | 4 | Fieldwork in progress |
| Creditors | | | | | 15 | Yes | 1 | Planning in progress |
| Debtors | | | | | 12 | Yes | 0 | Audit scheduled for Q4 |
| Main Accounting | | | | | 12 | Yes | 3 | Planning in progress |
| NNDR | | | | | 14 | Yes | 5 | Fieldwork in progress |
| Payroll | | | | | 12 | Yes | 11 | Draft report issued |
| Treasury | | | | | 8 | Yes | 6 | Fieldwork in progress |
| **Operational Audits** | | | | | | | | |
| Authorisations and Delegations | Substantial | 0 | 0 | 3 | 8 | Yes | 8 | Final report issued |
| Car Parking | | | | | 0 | No | 0 | Audit cancelled |
| Corporate Business Planning | Full | 0 | 0 | 0 | 12 | Yes | 12 | Final report issued |
| Data Protection | | | | | 5 | Yes | 0 | Audit scheduled for Q4 |
| Debt Recovery | | | | | 15 | Yes | 0 | Audit scheduled for Q4 |
| Equalities & Diversity | Substantial | 0 | 2 | 1 | 5 | Yes | 5 | Final report issued |
| Financial Regulations Benchmarking | Not Assessed | | | | 5 | Yes | 5 | Final report issued |
| Freedom of Information | | | | | 10 | Yes | 9 | Draft report issued |
| Housing - Homelessness | Substantial | 0 | 2 | 3 | 9 | Yes | 9 | Final report issued |
| Housing - Registrations & | | | | | 10 | Yes | 2 | Planning in progress |

| AUDITABLE AREA | LEVEL OF ASSURANCE | RECS | | | AUDIT PLAN DAYS | LEAD AUDITOR ASSIGNED | BILLABLE DAYS COMPLETED | STATUS/COMMENT |
|---|---|---|---|---|---|---|---|---|
| | | H | M | L | | | | |
| Nominations | | | | | | | | |
| Improvement Grants | Substantial | 0 | 0 | 2 | 8 | Yes | 8 | Final report issued |
| Learning and Development | Full | 0 | 0 | 0 | 10 | Yes | 10 | Final report issued |
| Licensing | | | | | 1 | No | 1 | Audit cancelled |
| Payments, Direct Debits & Refunds | | | | | 1 | Yes | 1 | Audit reallocated across Debtors, Creditors, Council Tax and NNDR |
| Performance Management | Substantial | 0 | 0 | 1 | 10 | Yes | 10 | Final report issued |
| Programme Governance | | | | | 15 | Yes | 14 | Draft report issued |
| Project Management | Full | 0 | 0 | 0 | 11 | Yes | 11 | Final report issued |
| RIPA | | | | | 10 | Yes - PWC | | Audit scheduled for Q4 |
| Section 106 | Moderate | 5 | 2 | 2 | 18 | Yes | 18 | Final report issued |
| Shared Services | | | | | 0 | No | 0 | Audit cancelled |
| Utilities | Moderate | 0 | 4 | 1 | 8 | Yes | 8 | Final report issued |
| **Procurement** | | | | | | | | |
| Car Parking Contract | | | | | 8 | Yes | 6 | Fieldwork complete |
| Cleansing Contract | Full | 0 | 0 | 1 | 6 | Yes | 6 | Final report issued |
| Commercial Waste Management Contract | Full | 0 | 0 | 1 | 6 | Yes | 6 | Final report issued |
| Grounds Maintenance Contract | | | | | 6 | Yes | 0 | Audit scheduled for Q4 |
| Leisure Management Contract | Substantial | 0 | 0 | 1 | 6 | Yes | 6 | Final report issued |
| **Counter Fraud** | | | | | | | | |
| Fraud Baseline Assessment | | | | | 10 | Yes | 8 | Fieldwork complete |

| AUDITABLE AREA | LEVEL OF ASSURANCE | RECS | | | AUDIT PLAN DAYS | LEAD AUDITOR ASSIGNED | BILLABLE DAYS COMPLETED | STATUS/COMMENT |
|---|---|---|---|---|---|---|---|---|
| | | H | M | L | | | | |
| To be allocated from Fraud Baseline Assessment | | | | | 10 | Yes | 0 | Time allocated to new audit of petty cash and expenses – scheduled for Q4 |
| **IT Audits** | | | | | | | | |
| IT Risk Diagnostics | | | | | 20 | Yes - PWC | 18 | Draft report issued |
| IT Business Continuity | | | | | 10 | Yes - PWC | 0 | Audit scheduled for Q4 |
| IT Service Desk | | | | | 10 | Yes | 0 | Planning in progress |
| IT Audit | | | | | 5 | N/A | 3 | On-going |
| Follow-up of High Priority IT Audit Recommendations | | | | | 5 | N/A | 3 | On-going |
| **Contingency** | | | | | | | | |
| To be allocated | | | | | 10 | N/A | 0 | On-going |
| **Follow Up Audits** | | | | | | | | |
| Follow up of high priority recommendations | | | | | 15 | N/A | 7 | On-going |
| **Strategic Support** | | | | | | | | |
| Strategic Support | | | | | 50 | N/A | 31 | On-going |
| **Completion of 2011-12 audits** | | | | | | | | |
| PWC completion work | | | | | 2 | N/A | 2 | Final reports issued |
| Asset Management | | | | | 1 | Yes | 1 | Audit not completed – see Annual Report |
| Grounds Maintenance | Substantial | 0 | 0 | 1 | 2 | Yes | 2 | Final report issued |

| AUDITABLE AREA | LEVEL OF ASSURANCE | RECS | | | AUDIT PLAN DAYS | LEAD AUDITOR ASSIGNED | BILLABLE DAYS COMPLETED | STATUS/COMMENT |
|---|---|---|---|---|---|---|---|---|
| | | H | M | L | | | | |
| Contract Review | Substantial | 1 | 8 | 0 | 10 | Yes | 10 | Final report issued |
| Income | Full | 0 | 0 | 1 | 1 | Yes | 1 | Final report issued |
| EHDC TOTAL | | | | | 480 | | 278 | |

| No. | Report Title / Date of Issue | Recommendation | Management Response | Responsible Officer | Implementation Date | History of Management Comments (2012 only) | SIAS Comment (Dec 12) |
|---|---|---|---|---|---|---|---|
| 1. | Hertford Theatre (IA Report 19/5/11) | It is recommended that the transfer of data between Databox and General Ledger should be automatic with no manual manipulation of data. Procurement of the appropriate IT software should be undertaken urgently.<br><br>In the meantime it is recommended that the daily takings reports are reconciled to the postings extract report to ensure that any extract errors (i.e. duplicate postings) are identified prior to | Recommendation agreed and will be taken forward as a high priority. | Eoin Baird | ASAP | Jun 12:<br>Job now resourced to investigate creating new process to automatically amend data. Awaiting completion of faults on "select a seat" that Databox are investigating before progressing further.<br><br>Dec 12:<br>Automatic upload went live in Nov 12. | **Complete – remove from list** |

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|---|---|---|---|---|---|---|---|
| | | the data being uploaded to the general ledger. Whilst there is manual intervention the General Manager should not be involved in the processing of banking. | | | | | |
| 2. | 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 | Peter Searle/ David Frewin/ Peter Bowler | Revised to December 2011 (no date set at final report stage) | Sep 12: The Business Continuity Group has prioritised each application's recovery.<br><br>Dec 12: A separate audit of IT BCP is due to be completed by PWC in Dec 12 / Jan 13. This work will also consider the status and relevance of this recommendation. | **To be assessed during IT Business Continuity audit in Q4 (update to be brought to Mar 13 Audit Committee) – continue to monitor** |

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| | | | presented 09/02/09. Progress report is to be presented to Business Continuity Group in June. | | | | |
| | | 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. | Peter Searle (now David Frewin) | Mar 2012 (originally 31/03/10) | Jun 12: Meeting with DR supplier Phoenix planned for 26/06/12 for site demo and account meeting to update contract and arrange new testing dates.<br><br>Dec 12: Above meeting was cancelled. A recovery facility now exists at the old Stortford site and this has reduced the need for an external arrangement with Phoenix. There is a need to review the contract with | In progress – continue to monitor |

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|---|---|---|---|---|---|---|---|
| | | | | | | Phoenix also taking into account the impact of shared services with Stevenage. | |
| | | Ensure that all recommendations from the most recent penetration testing report are implemented. Should the report be out of date, consideration should be given to retesting. | Through discussion with the Network and Systems Support Manager, it was confirmed that the most recent penetration testing report is now out of date and therefore another penetration test is planned to be undertaken by Sure Cloud. There was no evidence available to | David Frewin | Oct 2011 (originally 30/09/09) | Jun 12: Penetration test carried out in March 2012 by Random Storm. Report reviewed and recommended changes being reviewed and raised as helpdesk calls for 2nd and 3rd line Technical Support.\n\nDec 12: Annual test programme in place (next due Feb 13). | **Complete – remove from list** |

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|---|---|---|---|---|---|---|---|
| | | | confirm the planned date for the next penetration test. | | | | |
| | | 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. | Peter Searle | Mar 2012 (originally 30/09/09) | Sep 12: Deferred pending decision on shared services.<br><br>Dec 12: Draft high level strategy document exists but does not meet the needs of the Council. PWC are to provide examples of good practice to assist the Council in developing their IT Strategy (after final decision on shared services). | **In progress - continue to monitor** |

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|---|---|---|---|---|---|---|---|
| | | Management should revise the division of duties within IT, with a view to ensuring that all incompatible duties be separated and that adequate independent review of key controls and procedures is performed. | This has been partly implemented due to the re-structure which has taken place. Structure to be reviewed by Head of Business Support and Director of Internal Services. | Alan Madin | Not specified | Sep 12:<br>Appointment to new post of helpdesk support with additional skills in Sep 12 will complete the reorganisation.<br><br>Dec 12:<br>Two new Helpdesk posts in place (line 1, 2, 3 support). Division of duties is a key consideration during all restructures. | Complete – remove from list |
| | | IT management should consider the implementation of fire suppression systems in the Council's two computer rooms. | There was no evidence available to confirm that this recommendation had been implemented. This has been recognised as a risk and is to be considered by the | David Frewin | Jun 2011 (originally 30/09/09) | Jun 12:<br>Further discussions with Business Continuity Group have led to a decision to recommend a Fire Suppression system. Awaiting final costings.<br><br>Dec 12:<br>Fire detection in place and approval given for | In progress - continue to monitor |

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|---|---|---|---|---|---|---|---|
| | | | Business Continuity Group. | | | suppression systems. Quotations being sought. | |
| 3. | Payroll Review (IA Report 18/01/11) | A disaster recovery plan should be put in place for the Payroll/HR system, Delphi-Millennium as soon as possible and tested for effectiveness. In the interim, develop clear manual contingency arrangements should the Payroll/HR system fail for any length of time. | Agreed. This will be considered with the full move to Hertford. | David Frewin | Mar 2012 | Jun 12: Payroll server now virtualized, we will fully test via the disaster recovery contract with Phoenix. However test system was created from live server clone and tested successfully.<br><br>Dec 12: Agreement now in place for Payroll service to be operated by Stevenage Borough Council (SBC). The scope of the 2012-13 Payroll audit at SBC includes a review of payroll disaster recovery plans. The outcomes of this review will be reported in the March 2013 update report. | **In progress – continue to monitor** |

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|---|---|---|---|---|---|---|---|
| 4. | IT Procurement (IA Report 26/5/11) | The IT asset register should be reviewed and updated to ensure that all IT assets can be traced. | It is recognised that there is an urgent need to undertake this review. An ad-hoc exercise is on-going to ensure that the register is accurate and up to date. Total IT asset check will in future be performed on an annual basis. | David Frewin | On-going and total IT asset check to be scheduled annually in December. | Jun 12: Charringtons House completed. Hertford and other sites to be completed by the 6th July. Dec 12: All existing assets are now recorded and the register is updated for acquisitions and disposals of equipment. | **Complete – remove from list** |
| 5. | Health & Safety (IA Report 8/6/11) | It is recommended that each Head of Service is required to complete a Health and Safety Risk assessment by July 2011. | Agreed. Reminder sent during audit in April 2011. | CMT | Revised to Apr 2012 | Jun 12: Heads of service have been reminded; however these have not yet been submitted. New simplified risk assessment procedures approved by Safety | **In progress - continue to monitor** |

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|---|---|---|---|---|---|---|---|
| | | | | | | Committee in February 2012. Heads of Service briefed May 2012. Risk assessments prepared and consultation with all staff commencing 30 June.<br><br>Dec 12:<br>All staff notified about new corporate risk assessments on 5th July 2012, with deadline for feedback (to line managers) by the end of that month. All Heads of Service adopted the new assessments by September 2012, and position reported to DMT meetings.<br><br>Service specific risk assessments still need to be undertaken where necessary.<br><br>All risk assessments, unless person specific, are placed | |

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|---|---|---|---|---|---|---|---|
| | | | | | | on the intranet for all staff to view. | |
| 6. | 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 14th July.<br><br>Zurich have already reviewed the Council's strategic risks. This work is being finalised before being put to CMT. | Director of Neighbourhood Services | Sep 2011 | Jun 12:<br>Zurich Insurance is conducting a scoping workshop to take account of C3W implications.<br><br>Workshops completed and revised plan to be published July 2012.<br><br>Dec 12:<br>A separate audit of IT BCP is due to be completed by PWC in Dec 12 / Jan 13. This work will also consider the status and relevance of this recommendation. | **To be assessed during IT Business Continuity audit in Q4 (update to be brought to Mar 13 Audit Committee) – continue to monitor** |

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|---|---|---|---|---|---|---|---|
| | 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 | <u>Jun 12:</u><br>Outcomes from the Zurich workshops fed into the BCG as workshops held.<br><br><u>Dec 12:</u><br>A separate audit of IT BCP is due to be completed by PWC in Dec 12 / Jan 13. This work will also consider the status and relevance of this recommendation. | **To be assessed during IT Business Continuity audit in Q4 (update to be brought to Mar 13 Audit Committee) – continue to monitor** |
| | 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 | The 2011/12 ICT Service Plan contains the required actions of developing an ICT Business Continuity Plan by the end of September 2011 and testing of the plan by the end of December 2011. The | Head of Business Support Services | Not specified | <u>Dec 12:</u><br>A separate audit of IT BCP is due to be completed by PWC in Dec 12 / Jan 13. This work will also consider the status and relevance of this recommendation. | **To be assessed during IT Business Continuity audit in Q4 (update to be brought to Mar 13 Audit Committee) – continue to monitor** |

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|---|---|---|---|---|---|---|---|
| | | recommended that the Disaster Recovery Plan is tested after it has been finalised. | arrangements for data back up and recovery will be contained within the ICT Business Continuity Plan. The preparation of the ICT Business Continuity plan was deferred to September 2011 because of the demands of the C3W project plus the changes and improved resilience that have been incorporated into the ICT infrastructure as part of the C3W programme. Testing of the ICM business | | | | |

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|---|---|---|---|---|---|---|---|
| | | | continuity contract is planned to take place in line with new business solutions by the end of March 2012. | | | | |
| 7. | C3W Programme (EA Report) March 2010) | The Council should consider identifying, in advance of major property transactions, the requirements for gateway reviews to ensure an independent 'sense check' at key decision points. | The Asset Management Strategy to include a statement on expected gateway review points. | Martin Shrosbree | Revised to Mar 2012 | Jun 12: The Asset Management Strategy includes a statement on expected gateway review points.  Sep 12: No current plans for any major strategy. | **To be assessed during 2012-13 Asset Management audit (update to be brought to Mar 13 Audit Committee) – continue to monitor** |
| 8. | Hertford Theatre (12/02/12) | The Theatre needs a financial report in a 'trading account' format that shows the income generated by each | The Theatre management accept that this recommendation represents better practice and has | Rhys Thomas - Artistic Director, Hertford Theatre | April 2012 | Jun 12: Reporting now disaggregated by • Casual staff • Room hire • Café Bar | **Complete – remove from list** |

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|-----|------------------------------|----------------|---------------------|---------------------|---------------------|--------------------------------------------|-----------------------|
|     |                              | activity in each trading / reporting period and the direct costs incurred in generating that income.<br><br>These direct costs may be limited to casual / marginal employee costs, stock and promotion costs, and it may not be worthwhile to attempt to apportion the bulk of fixed costs (such as premises costs and regular staff salaries) but rather to identify the contribution (i.e. net income after deducting direct | already taken steps to report on this basis, e.g. disaggregation of café and cinema expenditure and income. Additional work to fully realise the recommendation is under way. |                     |                     | • Theatre<br>• Cinema<br>• Gallery<br><br>Separate costing by event.<br><br>Reporting structure to be further reviewed mid year to confirm they meet business requirements.<br><br>There are no plans to make further adjustments. |                       |

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|---|---|---|---|---|---|---|---|
| | | costs) that each activity makes to the pool of fixed costs.<br><br>Such a trading report will require that the costing and financial results of individual activities (i.e. shows and events) can be aggregated to report the overall cumulative position for such activities while preserving the detailed record, so that the financial position of each event can be determined. | | | | | |
| | Hertford Theatre (12/02/12) | In addition to a trading report on actual income and | Accepted. A report will be designed and | Rhys Thomas - Artistic Director, | April 2012 | See recommendation 8 | **Complete – remove from list** |

| No. | Report Title / Date of Issue | Recommendation | Management Response | Responsible Officer | Implementation Date | History of Management Comments (2012 only) | SIAS Comment (Dec 12) |
|---|---|---|---|---|---|---|---|
| | | expenditure for the period to date management should determine what information is needed / available to assess activity / sales levels and their relationship to the financial performance.<br><br>As well as reports on current and past 'sales' performance, management should receive projections of income and expenditure based on known commitments (i.e. scheduled shows and events) and for other activities | reported to the director quarterly that shows costs, commitments and income for each of the following: bar/café, cinema, shows, hires (auditorium, river room and studio) and gallery. Central salary costs will be apportioned based on an agreed percentage annually. | Hertford Theatre | | | |

| No. | Report Title / Date of Issue | Recommendation | Management Response | Responsible Officer | Implementation Date | History of Management Comments (2012 only) | SIAS Comment (Dec 12) |
|---|---|---|---|---|---|---|---|
| | | based on past trading performance and any known or anticipated developments - provided that the basis for the assumption made is clearly stated, together with the perceived uncertainty attached to such projections.<br><br>Such performance monitoring reports should be produced and used on a regular basis. | | | | | |
| | Hertford Theatre (12/02/12) | It is recommended that option 'B' is adopted, particularly given | Core recommendations accepted. A report will be | Rhys Thomas - Artistic Director, Hertford | June 2012 | See recommendation 8 | **Complete – remove from list** |

| No. | Report Title / Date of Issue | Recommendation | Management Response | Responsible Officer | Implementation Date | History of Management Comments (2012 only) | SIAS Comment (Dec 12) |
|---|---|---|---|---|---|---|---|
| | | that the revised staffing structure for the Theatre includes the post of Business Manager.<br><br>If option 'B' is taken up it may still be necessary to code expenditure within EHDC's accounts in such a way that expenditure attributable to particular operations (i.e. the direct costs of those operations) is recorded separately. Alternatively it would need to be established that significant direct costs (e.g. staffing, marketing / | designed and reported to the director quarterly that shows costs, commitments and income for each of the following: bar/café, cinema, shows, hires (auditorium, river room and studio) and gallery. Central salary costs will be apportioned based on an agreed percentage annually. Income data will be supported with complementary data on tickets sold per event. | Theatre | | | |

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|---|---|---|---|---|---|---|---|
| | | promotion, possibly consumables) are otherwise capable of being analysed against the corresponding operation, so as to allow the trading report to identify these direct costs against the income for each activity. | | | | | |
| 9. | Safes & Security (18/01/12) | Each service carries out a data security risk assessment to identify all sensitive information which needs to be locked away. | | Corporate Risk & Procurement Manager | 31st March 2012 | Jun 12:<br>A comprehensive review of all data protection procedures across the Council is underway. Individual service risk assessments have been completed and these are being subject to external challenge.<br><br>All staff are undertaking on-line data protection training | **In progress - continue to monitor** |

| No. | Report Title / Date of Issue | Recommendation | Management Response | Responsible Officer | Implementation Date | History of Management Comments (2012 only) | SIAS Comment (Dec 12) |
|-----|------------------------------|----------------|---------------------|---------------------|---------------------|--------------------------------------------|------------------------|
| | | | | | | to meet a required level of appreciation. CMT are receiving regular updates on progress. Dec 12: As part of annual business planning, Heads of Service are required to submit a data protection risk assessment with their service plans. This will identify areas of risk and mitigating actions at a service level. These plans will be reviewed and challenged in January. | |
| 10. | Contract & Procurement Review (22/06/12) | An authority-wide, comprehensive corporate contracts register should be developed. | A register has been completed from information taken from the manual register and meetings held with Heads | Procurement Officer | July 2012 | Dec 12: Register completed. | **Complete – remove from list** |

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| | | | of Service. | | | | |
| 11. | Creditors (12/07/12) | Evidence supporting new suppliers and changes to standing data for existing suppliers should be sent through to Finance and retained in folders with the requests for the change / addition to be made. Alternatively, the addition forms should be authorised within departments to evidence to Finance that these checks have taken place. We understand that | Addition forms to be amended to require Authorisation in departments that details have been checked and are correct. | Accountancy Manager | Sept 2012 | Dec 12: The 'Add a New Supplier' form has been amended to require authorization from an officer in the originating department. Completed forms are scanned and retained. | **Complete – remove from list** |

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| | | consideration is being given to the procurement team becoming responsible for the set up of all new suppliers, in which case they should ensure that appropriate checks are performed and evidence retained. | | | | | |
| 12. | Section 106 Agreements | The Service Department Responsible Officer should ensure that contributions are used in accordance with the original agreement. Progress on spend should be monitored quarterly to ensure that agreed work has | Head of Communications, Engagement and Cultural Services to continue with monitoring reports to ensure that available contributions are spent in accordance with the requirements of the legal | Head of Comms, Engagement and Cultural Services | Process already introduced | Dec 12: Process already in place at the time of the audit. | **Complete – remove from list** |

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| | | been undertaken. Monitoring should also ensure that eligible works have not been carried out using other Service Department budgets.<br><br>The Development Control Manager should identify all contributions which are more than 5 years old and where the money is unlikely to be spent for the original purpose.  Meetings should then be held with the developer to discuss possible changes to the original agreement. | agreement and to report to CMT quarterly.<br><br>Development Control Manager (DCM) to review older agreements where the original contribution is unlikely to be spent and consider whether any appropriate alternatives can be negotiated given the tests in Circular 05/05. Then to report to CMT accordingly. | Development Control Manager | First report to CMT by end December 2012<br><br>Then report to CMT annually on progress | Dec 12:<br>First report now expected to go to CMT in February 2013. | **In progress  - continue to monitor** |

| No. | Report Title / Date of Issue | Recommendation | Management Response | Responsible Officer | Implementation Date | History of Management Comments (2012 only) | SIAS Comment (Dec 12) |
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|  | Section 106 Agreements | The S.106 Monitoring Officer should record the clawback date on the shared spreadsheet and inform both the Service Department and Finance of the date by which the contributions should be spent. | S.106 Monitoring Officer to include clawback date on spreadsheet. | Section 106 Monitoring Officer | Immediate effect | Dec 12: Clawback date added to spreadsheet. | **Complete – remove from list** |
|  | Section 106 Agreements | For the older contracts (those over 5 years old), the Heads of Service should either:<br>a) review the legal agreement to try to identify the purpose of the contribution; or<br><br>b) Arrange a | DCM to undertake as part of reporting in relation to point 1 above. | Development Control Manager | End December 2012 | Dec 12: First report now expected to go to CMT in February 2013. | **In progress – continue to monitor** |

| No. | Report Title / Date of Issue | Recommendation | Management Response | Responsible Officer | Implementation Date | History of Management Comments (2012 only) | SIAS Comment (Dec 12) |
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| | | meeting with the Development Control Manager to agree the spending of the contributions to meet the documented spending criteria. | | | | | |
| | Section 106 Agreements | Development Control Section and Service Department Officers should meet and clearly document what is required on each site and the specific purpose of each contribution. | Head of Planning and Building Control to reinstate regular S.106 liaison meetings. | Head of Planning & Building Control | December 2012 | Dec 12: First meeting held 12 November 2012 | **Complete – remove from list** |
| | Section 106 Agreements | Roles and responsibilities of all departments involved in the S.106 process | Head of Planning and Building Control and Head of Communications, | Head of Planning & Building Control | March 2013 | Dec 12: In progress. | **In progress – continue to monitor** |

| No. | Report Title / Date of Issue | Recommendation | Management Response | Responsible Officer | Implementation Date | History of Management Comments (2012 only) | SIAS Comment (Dec 12) |
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| | | should be documented to ensure that all parts of the process are completed for each contribution received. | Engagement and Cultural Services to produce procedure note. | | | | |
| | | The S.106 Monitoring Officer should continue to send out receipt of contribution emails to the responsible officers. | S.106 Monitoring Officer to continue sending 'receipt of contribution' e-mails to responsible officers. | S.106 Monitoring Officer | Process already introduced | Dec 12: Process already in place. | **Complete – remove from list** |