

Agenda item 8



Hertsmere Borough Council Internal Audit Progress Report 13 July 2015

Recommendation

Members are recommended to note the Internal Audit Progress Report and approve the proposed amendments to the Audit Plan as at 20 June 2015

Contents

- 1 Introduction and Background
 - 1.1 Purpose
 - 1.2 Background

- 2 Audit Plan Update
 - 2.1 Delivery of Audit Plan and Key Findings
 - 2.4 Proposed Amendments to Audit Plan
 - 2.5 High Priority Recommendations
 - 2.10 Recommendations Database
 - 2.13 Performance Management

Appendices

- A Progress against the 2015/16 Audit Plan

- B Implementation status of high priority recommendations as at 20 June 2015

- C Implementation status of all 2011/12, 2012/13, 2013/14 and 2014/15 recommendations as at 20 June 2015

- D Proposed Audit Start Dates Agreed with Management

1 Introduction and Background

Purpose of Report

- 1.1 To provide Members with:
- a) the progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's 2014/15 and 2015/16 Internal Audit Plans as at 20 June 2015,
 - b) the findings for the period 15 March 2015 to 20 June 2015,
 - c) the proposed amendments required to the approved 2015/16 Audit Plan,
 - d) the implementation status of previously agreed audit recommendations, and
 - e) an update on performance management information as at 20 June 2015.

Background

- 1.2 Internal Audit's Annual Plan for 2015/16 was approved by the Audit Committee at its meeting on 1 April 2015.
- 1.3 The Audit Committee receive periodic updates against the Annual Internal Audit Plan, the most recent of which was brought to this Committee on 1 April 2015.
- 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 function 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 20 June 2015, 20% of the 2015/16 Audit Plan days had been delivered (calculation excludes contingency). Appendix A provides a status update on each individual deliverable within the audit plan.
- 2.2 The following reports and assignments have been issued or completed in the period since the issue of the previous Committee papers in March 2015:

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
2014/15 Audit Plan work			
Treasury Management	March 2015	Full	None
Council Tax	March 2015	Substantial	1 Merits Attention
Business Rates (NDR)	March 2015	Full	None
Housing Benefits	March 2015	Substantial	None
Cash & Banking	March 2015	Full	None
Risk Management	April 2015	Substantial	1 Medium
Disaster Recovery Follow Up	April 2015	Not Assessed	None
Counter Fraud	May 2015	Substantial	2 Medium, 1 Merits Attention
Corporate Debt Management	June 2015	Moderate	2 High, 5 Medium, 1 Merits Attention
Corporate Governance	June 2015	Substantial	None

2.3 Details on the status of all audits in this year's plan are detailed in Appendix A. In addition, for 2015/16 we have agreed formal start dates

with management and have allocated resources accordingly; details can be found in Appendix D. This is designed to facilitate audit plan delivery throughout the year.

Audit Plan Amendments

- 2.4 The following proposed amendments to the Audit Plan have been discussed with the officers of the Council and are detailed below for Audit Committee approval:
- a) At the request of the Director of Resources, 10 days have been allocated from contingency in order to carry out an audit of Overtime.
 - b) An audit of Elstree Studios payroll was commissioned by the Director of Resources in order to complement the Payroll audit completed at the Council in March 2015. This audit commenced in March 2015 as a late addition to the 2014/15 Audit Plan, following the closure of the Elstree Studios Governance audit, and has been resourced by taking 5.5 days from the 2015/16 contingency budget and 2.5 days from the 2014/15 projects requiring completion budget.
 - c) At the request of management, additional work on the Disabled Facility Grants audit commenced as part of the 2014/15 Audit Plan. This has of necessity, continued into 2015/16. A further 4.5 days have been assigned from contingency and 4 days from the 2014/15 projects requiring completion budget.

High Priority Recommendations

- 2.5 Members will be aware that a Final Audit Report is issued when it has been agreed (“signed off”) by management; this includes an agreement to implement the recommendations that have been made.
- 2.6 The schedule attached at Appendix B details the implementation status of the previously agreed high priority audit recommendations.
- 2.7 The outstanding high priority recommendation relating to IT Disaster Recovery, i.e. that relating to the IT Disaster Recovery Plan, remains partially implemented. The high priority recommendation relating to the property condition review has also been partially implemented.
- 2.8 Two new High Priority recommendations have been added to the schedule attached at Appendix B. These arose from the Corporate Debt Management audit and covered the following:
- The producers of information on aged debt and debtors (i.e. Finance) and those users of that information, responsible for managing those debtors and their debts, who have expressed dissatisfaction with the information currently available, to resolve whether the existing information available is sufficient for effective

and efficient debt management, or whether additional / modified / alternative information is needed, and

- To review the current capacity to undertake debt management on a timely basis (and the 'distribution' of this between service departments, and the Legal and Finance sections).

2.9 It is Internal Audit's responsibility to bring to Members' attention the non-implementation of high priority recommendations; it is the responsibility of Officers to implement the recommendations by the agreed date.

Recommendations database

2.10 Internal Audit has worked with Council management to develop a database of all audit recommendations made in 2011/12, 2012/13, 2013/14 and 2014/15, regardless of the recommendation priority, to monitor the implementation status and progress to date.

2.11 The schedule attached at Appendix C details the implementation status of all 'Medium' priority recommendations from 2011/12, 2012/13, 2013/14 and 2014/15 that have not been fully implemented by the original target date, or for which no response has been received at the date of this report.

2.12 Appendix C has been abridged to fit this Progress report, and the full database is maintained on a shared drive. This can be supplied by Council management on request, should it be required.

Performance Management

2.13 The 2015/16 Annual performance indicators and targets were approved at the SIAS Board meeting on 4 March 2015.

2.14 The actual performance for Hertsmere against the targets that can be monitored in year is set out in the table below.

Performance Indicator	Annual Target	Profiled Target	Actual to 20 June 2015
1. Planned Days – percentage of actual billable days against planned chargeable days completed	95%	22%	20% (78 out of 390 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	9%	6% (2 out of 32 projects)
3. Client Satisfaction –	100%	100%	100%

SIAS Internal Audit Progress Update
Hertsmere Borough Council

percentage of client satisfaction questionnaires returned at 'satisfactory' level			
4. Number of High Priority Audit Recommendations agreed	95%	95%	100%

APPENDIX A - PROGRESS AGAINST THE 2015/16 AUDIT PLAN AT 20 JUNE 2015

2015/16 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 – 86 days								
Main Accounting - System Control Risk Self-Assessment					10	SIAS		Planned start Jan 2016
Debtors					10	SIAS		Planned start Dec 2015
Creditors					10	SIAS		Planned start Dec 2015
Treasury Management CRSA					6	SIAS		Planned start Feb 2016
Payroll CRSA					8	SIAS		Planned start Jan 2016
Council Tax					12	SIAS		Planned start Nov 2015
NDR (Business Rates)					12	SIAS		Planned start Nov 2015
Housing Benefits					12	SIAS		Planned start Nov 2015
Cash and Banking					6	SIAS		Planned start Feb 2016
Operational Audits – 115.5 days								
Land Charges					10	SIAS	1.5	Planned start June 2015
Rent Deposit Scheme					6	SIAS	5	In fieldwork
Fuel Cards					10	SIAS	6	In fieldwork
Officer's and Member's Expenses					10	SIAS		Planned start July 2015
Insurance					10	SIAS	9.5	Draft report issued
HR Policies Review					10	SIAS		Planned start Oct 2015
Elections and Electoral Registration					10	SIAS		Planned start July 2015
Environmental Health Food Inspections					8	SIAS		Planned start Feb 2016
Partnerships					10	SIAS		Planned start July 2015
S106 Extended Follow Up					5	SIAS		Planned start Aug 2015

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	L				
Overtime					10	SIAS	7	In fieldwork
Disabled Facilities Grant – additional work					8.5	SIAS	8.5	Draft Report Issued
Elstree Film Studios Payroll					8	SIAS	7	Quality Review
Procurement Audits – 47 days								
Contract Management					15	SIAS		Planned start Sept 2015
IS Contracts					12	SIAS		Planned start Oct 2015
Capital Projects and Project Management					20	BDO		Planned start Sept 2015
Shared Learning – 5 days								
Shared Learning Newsletters and Summary Themed Reports					2	SIAS	0.5	Through year
Audit Committee Workshop					1	SIAS		To be arranged – Q3
Joint Review - Risk Management Benchmarking Workshop					2	SIAS		To be arranged – Q3
Counter fraud – 5 days								
Significant Counter Fraud Risks					5	SIAS		Planned start Nov 2015
Risk Management and Governance – 10 days								
Risk Management					5	SIAS		Planned start Jan 2016
Corporate Governance					5	SIAS		Planned start March 2016
Ad Hoc Advice – 6 days								
Ad Hoc					6	SIAS	2	As and when required
IT Audits – 27 days								
New Systems Post Implementation					15	BDO		Planned start Sept

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	L				
Review							2015	
Other IT Audits (to be specified)					12	BDO	Planned start Oct 2015	
Follow-up Audits – 11 days								
Quarterly review of High Priority Recommendations					4	SIAS	1	Quarterly
Recommendations database					7	SIAS	2.5	Quarterly
Strategic Support and Contingency – 84 days								
Head of Internal Audit Opinion 2014/15					5	SIAS	5	Underway
Audit Committee					12	SIAS	3	Quarterly
Council, Executive and Other Committees					2	SIAS		Quarterly
Client Meetings					16	SIAS	3.5	Through year
AGS and Corporate Governance Group					14	SIAS	3.5	Quarterly
External Audit Liaison					2	SIAS	0.5	Quarterly
Monitoring					12	SIAS	2.5	Through year
SIAS Development					5	SIAS	5	Through year
2016/17 Audit Planning					6	SIAS		
Remaining Contingency					10	SIAS		As and when required
14/15 Projects requiring completion – 3.5 days								
14/15 Projects requiring completion					3.5	SIAS	3.5	Complete
HBC TOTAL					400		78	

APPENDIX B - IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS AS AT 20 JUNE 2015

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	Auditor Comment as at 15 June 2015
1	IT Disaster Recovery 2011/2012 M1100/11/002	<p>The Council should develop and implement a formal corporate IT Disaster Recovery Plan.</p> <p>The IT Disaster Recovery Plan should:</p> <p>a) Explicitly link to the business critical functions identified in the BCP and SCP's, and indicate how those systems will be recovered by IS,</p> <p>b) Include and expand on current departmental procedures,</p> <p>c) Be formally approved by Chief Officers Board, and Members where appropriate,</p> <p>d) Be in a format and layout consistent with the BCP and SCP's,</p> <p>e) Have copies stored off-site in a fire-proof container,</p>	<p>These recommendations are accepted by IS.</p> <p>This work is being carried out as part of the IS department's updated Strategy, which included consultation with all business units.</p>	Knowledge and Infrastructure Manager	<p>31 July 2012</p> <p>Revised Date: 30 June 2015</p>	<p>27/03/2012 - Knowledge and Infrastructure Manager confirms that this is in progress (evidence provided).</p> <p>Recommendation that the Executive approves proposed Shared Services / Partnership working approach to Hertsmere Borough Council's IT Disaster Recovery and related IT infrastructure upgrades is in the agenda for next Executive meeting (evidence provided).</p> <p>Completion is anticipated in August / September 2012.</p> <p>09/07/2012 - Knowledge and Infrastructure Manager confirms that the procurement exercise for Disaster Recovery is underway.</p> <p>04/09/2012 - Knowledge and Infrastructure Manager confirms that meetings</p>	<p>Partially Implemented</p> <p>Development in Progress.</p> <p>22/3/2013 Completion expected in June 2013.</p> <p>17/6/2013 Completion expected in August 2013.</p> <p>12/9/2013 Completion expected 30 September 2013.</p> <p>13/09/2013 Updated position with project completion date set for 31 October 2013.</p> <p>16/12/2013 Updated position with project</p>

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		<p>f) Be regularly reviewed, updated and maintained and have suitable version control,</p> <p>g) Include instructions which clearly set out how to proceed when invoking the plan, and</p> <p>h) Give consideration to data protection issues regarding any personal contact details included in the Plan.</p>				<p>with suppliers have taken place, detailed solutions and evaluation in September. Anticipate contract start date will be 4 October 2012, following meeting of Executive.</p> <p>17/12/2012 - Knowledge and Infrastructure Manager confirmed the procurement exercise is now complete and the preferred supplier has been approved by the Executive. We are currently 'fine tuning' the contract and the expected completion date is now February 2013.</p> <p>14/3/2013 - Head of Finance and Business Support Services confirmed that DR testing completed. Waiting for BT to set up the connection between HBC and Broxbourne – completion date to move servers to Broxbourne June 2013</p>	<p>completion date set for February 2014.</p> <p>17/3/2014 Updated position with project completion date set for June 2014.</p> <p>10/07/14 – Improved position, although no final resolution, as per management update, with completion set for July / August 2014.</p> <p>12/9/2014 Updated position with project completion date set for September 2014.</p> <p>05/12/2014 – Updated position with business continuity testing /</p>

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						<p>17/6/2013 - Some delay on part of BT. Now revised date in August 2013.</p> <p>05/09/2013 - Awaiting the completion of cabling and configuration by the contractors. The target date for completion is anticipated to be 30 September 2013.</p> <p>10/09/2013 - The infrastructure for the IS disaster recovery with a shared arrangement with Broxbourne Council is in place. BT has established the link and will now complete configuration. Once this is done, HBC will have to transfer the equipment and carry out testing and setting up of PCs. Project completion date 31 October 2013.</p> <p>16/12/2013 - Order has been placed with BT for additional work to configuration of link. As per BT work to be</p>	<p>recovery exercise in terms of the plan due in February or March 2015.</p> <p>05/03/2015 – Updated position with business continuity testing due – planned for full implementation by 30 June 2015.</p> <p>15/03/2015 – Updated position demonstrating further progress towards a robust DR solution. It is the closely related business continuity aspects that require finalisation.</p>

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						<p>completed within six weeks from the date order is placed. Completion date end of February 2014</p> <p>17/3/2014 – High speed line connection with Broxbourne Council still needs to be installed. Project has been escalated to the BT Regional Manager for the South East. Will take between 70 and 90 days to complete, estimate is now for June 2014.</p> <p>10/07/14 – The link between Hertsmere Borough Council and the off-site location was due to completed by the end of June 2014 and the plan was to move the disaster recovery storage equipment in early July 2014.</p> <p>British Telecom (BT) has missed the deadline and has now advised the Council that the link will</p>	

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						<p>not be completed until the end of July 2014. The Head of Finance and Business Services is to lodge a formal complaint with BT.</p> <p>12/09/2014 - Work to establish a secure data link between HBC and Broxbourne was completed by BT Openreach at the end of August 2014. Initial 'tests' of the link have been completed by HBC and Broxbourne staff. Supplier (Bull) and Broxbourne staff have been booked to assist HBC staff to move and commission storage devices in Broxbourne server room week beginning 22nd September 2014.</p> <p>05/12/14 - An IT Disaster Recovery Plan has been developed in conjunction with the authority's Emergency Planning Officer and the Corporate</p>	

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						<p>Business Continuity Group led by the Director of Environment. The Legal Services Manager who has responsibility for data protection is a member of this group.</p> <p>5/03/15 - Storage and associated network devices were moved to and commissioned at the Broxbourne site during September 2014. Hertsmere data is now being replicated across both the Hertsmere and Broxbourne sites. Initial recovery testing has been completed by Information Services staff. This has consisted of recovering files, directory structures and a 'simple' server. The next phase of testing will be to test the recovery of the core infrastructure, email system, network storage etc. followed by critical business systems. Information Services are working with the Business</p>	

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						<p>Continuity project team to determine a regular testing schedule. Revised date 30 June 2015.</p> <p>10/06/15 - A disaster recovery solution has been implemented. Hertsmere's data is copied to Broxbourne Borough Council site as part of a reciprocal arrangement. Information and Digital Services (IDS) have worked with the Emergency Planning Officer to produce an IDS Service Continuity Plan (SCP), which will feed into the Corporate Business Continuity Plan (PCP). Copies of all documents are stored on the Resilience Direct web portal. Emergency Planning Officer to get formal approval of the BCP and all SCP.</p>	
2.	Maintenance Works	A comprehensive condition survey of all properties should be	HBC has a small estate and most properties are visited fairly frequently by	Property Services Manager	October 2014 Revised Date:	23/6/2014 – Property Services Manager	Partially Implemented

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	2013/14 M1220/13/002	performed and a rolling check of surveys scheduled in future years.	<p>officers so we do have a reasonable handle on issues with the buildings condition, but agree that these visits and the assessments are not documented.</p> <p>Stock Condition information will be refreshed and a Planned Programme formulated. HBC will consider introducing an inspection tick sheet for these visits to evidence the inspections taking place and the results recorded.</p>		30 September 2015	<p>A comprehensive condition survey of all properties will be undertaken by 31/10/2014 and refreshed/checked on a rolling programme. This will be used to inform the future planned maintenance programme.</p> <p>12/09/2014 – No change in implementation status since June 2014.</p> <p>01/12/14 - The Tender documents are complete and it is anticipated that the package will be sent out by mid-December with a return in mid-January. Surveys during Feb and March, with report due in April 2015.</p> <p>05/03/15 - A planned programme for stock condition surveys has been formulated, tender documents produced and the contract is currently going through the Council's procurement</p>	<p>01/12/14 - Updated position with revised completion date set for 30 April 2015.</p> <p>05/03/15 - Updated position with revised full completion date set for 30 September 2015.</p> <p>10/06/15 – No change, update once programme from winning tenderer is known.</p>

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						<p>process. Expected tender award date April 2015, expected contract start date June 2015, expected contract completion date September 2015.</p> <p>10/06/15 - The specification has been produced and the contract for the stock condition surveys is currently out to tender. This was delayed as we were requested to include Elstree Film Studios in the tender process and an additional specification had to be produced. Tender return date 10/07/15, award date estimated 24/07/15 and contract commencement date 01/09/2015, programme as per winning tender submission.</p>	
3.	Corporate Debt Management	Finance should meet with Estates and Housing (and any other departments that report difficulties using the Aged Debt Reports and	<u>Housing</u> Finance have employed a temp to deal with all aged debts for Housing leaving staff free to deal with current debt and rents.	Head of Finance and Business Services, Housing Services	30 September 2015	N/A – New recommendation	<p>Partially implemented</p> <p>15/06/2015 - Management response serving</p>

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		<p>the existing financial systems providing debt management information) to:</p> <ul style="list-style-type: none"> • clarify the difficulties that departments perceive with the existing reports and systems • identify whether additional / modified information can be provided to assist departments (either for all debts, or 'on request' for specific debtors) • identify what further support Finance officers can provide to departments to assist and improve their debt management and recovery • determine whether introducing a 'property rent module' is a realistic (or necessary) option, or not, in 	<p>The temp will also look at reports / procedures for housing and advise of any training or improvements to the current system for Housing staff.</p> <p>We need to wait to see what transpires from the temp in Housing when he has concluded if the current system can work for our department if it is staff training issue or an issue with the system itself (i.e. before considering the desirability of a 'property rent module' any further).</p> <p><u>Estates</u> Meetings have taken place and reports are being modified to suit specific requirements.</p> <p>The need to consider a 'property rent module' is dependent on the success of above changes to debt reports</p>	<p>Manager and Engineering Services and Asset Manager.</p> <p>Also other Heads of Service and Senior Managers for action as relevant.</p> <p>Overall responsibility with the Director of Resources (S151 Officer / Chief Financial Officer) on behalf of the Chief Officers Board.</p>			<p>as latest update.</p>

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		<p>terms of its benefits, relative to costs (e.g. staff resource demands and compatibility with existing financial systems, as well as its price tag).</p> <p>The Debt Management Group could be reconvened for this 'project'.</p>	<p>and system.</p> <p><u>Finance</u> Finance has been providing support to Housing. Finance also requested that Housing and Estates produce a business case to ascertain whether the Council should procure an alternative system for collecting Housing & Estates debts. They provided a business case (on 15 April 2014) which Finance reviewed and sent back to them with a number of questions / queries on 1 May 2014.</p> <p>Having reviewed the initial business case, a number of issues/drawbacks were identified, namely:</p> <ul style="list-style-type: none"> - Multiple accounts i.e. an account for each property would be hard to monitor and mean that debts from previous address would not be 				

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			<p>chased.</p> <ul style="list-style-type: none"> - Methods of payments currently used such as Bar codes/DD not available on Estatemanager. - Difficulties/compatibility issues affect the import of the Housing benefit file. - Additional System to resource, maintain, reconcile. - Lack of reporting functionality – Age debt not available - Potential multiple debts for the customers across various departments/systems. <p>After careful consideration, Finance believes that the rent system suggested has considerable drawbacks in comparison to the existing system and the cost benefit analysis shows that this is not a realistic option. Finance have met with Housing and further training has</p>				

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			<p>now been provided and a temporary officer been appointed to assist with the backlog of outstanding debts.</p> <p>Finance has also met with Estates and changes have been made to the frequency of interest invoices being sent out from monthly to quarterly and in providing changes to reports and statements.</p> <p>Hence Finance currently believes that there is no business case for a new system at this time. Finance is however available to support service departments with advice, training and other assistance, and happy to revisit this as the need arises in conjunction with guidance from Chief Officers Board.</p>				
4.	Corporate Debt Management	Management should examine the current level of debt recovery	This is a resource issue for each department. It is important that the process	All Heads of Service and Senior	N/A	N/A – New recommendation	Partially implemented

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		<p>capacity the Council has and whether this is sufficient.</p> <p>This needs to take account of factors such as the scope to improve the debt management data provided to departments (or the scope for them to make better use of existing information and systems).</p> <p>Management should also review the 'distribution' of debt management responsibilities and determine whether debt management would be more efficient and effective if a dedicated 'debt recovery section' was established – whose work would include the legal action needed in all 'routine' cases currently referred to</p>	<p>prescribed by the CPDM is adhered too.</p> <p>Finance has assisted with securing additional resource within Housing and Legal. The work so far undertaken by the individual in housing has been extremely useful. The additional work within Legal has only just started and cannot be gauged.</p> <p>Finance believes this should be embedded and evaluated before considering alternative options.</p> <p>Finance and Legal already undertake considerable debt recovery action including:</p> <ul style="list-style-type: none"> - Performing Credit checks as requested - County Court Claims - County Court Judgments - Enforcement actions (if judgment obtained) as 	<p>Managers.</p> <p>Overall responsibility with the Director of Resources (S151 Officer / Chief Financial Officer) on behalf of the Chief Officers Board.</p>			<p>15/06/2015 - Management response serving as latest update.</p>

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No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	Auditor Comment as at 15 June 2015
		<p>Legal Services.</p> <p>Such a review might include examination of the approach of other Councils and whether the 'routine' use of a collection agency or the seeking of County Court judgements is the most effective use of available resources.</p>	<p>follows:</p> <ul style="list-style-type: none"> - Sheriff High Court Enforcement - Attachment of Earnings - Charge on property - Warrant of execution against goods - Order to attend Court for questioning (examination of means) - Insolvency Proceedings (if considered appropriate) <p>Since the audit, Finance has been able to automate the Letter Before Action part of the process.</p> <p>The Chief Officers Board will oversee the capacity issue and evaluate the outcomes of the work performed by the additional resources obtained.</p>				

APPENDIX C - IMPLEMENTATION STATUS OF 2011/12, 2012/13 AND 2013/14 RECOMMENDATIONS AS AT 20 JUNE 2015

2011/12

Report Title	Recommendation	Management Response	Target Date	Response Manager and Date	Management Response	Status
VAT	<p>Cash Book Journals</p> <p>Consider the implementation of a robust review and approval workflow on e-Fin for Cash Book Journals that takes account of an adequate separation of duties.</p>	<p>ABS is working on this functionality within the system.</p> <p>In the interim, cashbook journals will be created manually by the Treasury Manager and approved by the Financial Accountant. The image will be scanned and attached to the journal within E-fin.</p>	31/01/2012	<p>Finance and Business Manager (11/09/2013)</p> <p>Finance and Business Manager (16/12/2013)</p> <p>Finance and Business Manager (06/03/2014)</p> <p>Finance and Business Manager (30/06/2014)</p> <p>Finance and Business Manager (08/09/2014)</p> <p>Finance and Business Manager (05/12/2014)</p> <p>Finance and Business Services Manager (03/03/2015)</p> <p>Treasury Manager (09/06/2015)</p>	<p>The Approval of cashbook journals will be added to future releases of ABS. Images are being scanned as evidence in the interim</p> <p>We are still awaiting for ABS to include in a future release.</p> <p>Meeting with ABS on 19.12.13 to consider possible solution. Need to consider cost implications</p> <p>We have requested this to be included within a future release of their software. The next new version is scheduled for first quarter of 2015; however, this is with the supplier to determine whether it should be included within this update.</p> <p>Still awaiting for ABS to provide function</p> <p>No change - Still waiting for ABS to consider</p> <p>We have requested this to be included in a future update. We have so far not received any indication that this will be included.</p> <p>No change - Still waiting for ABS</p>	Partially Implemented

APPENDIX C - IMPLEMENTATION STATUS OF 2011/12, 2012/13 AND 2013/14 RECOMMENDATIONS AS AT 20 JUNE 2015

					to consider - March 2015 No change - Still waiting for ABS to consider - June 2015	
IT Disaster Recovery	<p>IT Disaster Recovery Plan</p> <p>The Council should develop and implement a formal corporate IT Disaster Recovery Plan.</p> <p>The IT Disaster Recovery Plan should:</p> <p>a) Explicitly link to the business critical functions identified in the BCP and SCP's, and indicate how those systems will be recovered by IS,</p> <p>b) Include and expand on current departmental procedures,</p> <p>c) Be formally approved by Chief Officers Board, and Members where appropriate,</p> <p>d) Be in a format and layout consistent with the BCP and SCP's,</p> <p>e) Have copies stored off-site in a fire-proof container,</p> <p>f) Be regularly reviewed, updated and maintained and have suitable version control,</p>	<p>These recommendations are accepted by IS.</p> <p>This work is being carried out as part of the IS department's updated Strategy, which included consultation with all business units.</p>	31/07/2012	Service and System Manager (09/06/2015)	<p>For the previous comments please see Appendix B.</p> <p>A disaster recovery solution has been implemented. Hertsmere's data is copied to Broxbourne Borough Council site as part of a reciprocal arrangement. Information and Digital Services (IDS) have worked with the Emergency Planning Officer to produce an IDS Service Continuity Plan (SCP) this will feed into the Corporate Business Continuity Plan (PCP). Copies of all documents are stored Resilience Direct web portal. Emergency Planning Officer to get formal approval of the BCP and all SCP.</p>	Partially Implemented

APPENDIX C - IMPLEMENTATION STATUS OF 2011/12, 2012/13 AND 2013/14 RECOMMENDATIONS AS AT 20 JUNE 2015

	<p>g) Include instructions which clearly set out how to proceed when invoking the plan, and</p> <p>h) Give consideration to data protection issues regarding any personal contact details included in the Plan.</p>					
IT Disaster Recovery	<p>Education, awareness and testing of the IT Disaster Recovery Plan</p> <p>Once the IT Disaster Recovery Plan has been developed and implemented, there should be an emphasis on:</p> <p>a) Suitably targeted education and awareness for all those involved in developing, maintaining and invoking the formal IS Disaster Recovery Plan, and</p> <p>b) Testing key aspects of the IT Disaster Recovery Plan, formally reviewing the results of testing and promptly addressing weaknesses identified.</p> <p>c) Testing that is consistent with actual needs and cost effectiveness, with the frequency and nature of testing being suitably</p>	<p>This will be addressed as part of the process indicated in management response 1 above.</p>	<p>31/07/2012</p>	<p>Service and Systems Manager (10/03/2014) Finance and Business Manager (30/06/2014) Finance and Business Manager (08/09/2014) System and Services Manager (05/12/2014) Service and Systems Manager (03/03/2015) Service and Systems Manager (09/06/2015)</p>	<p>Following changes to the Public Services Network (PSN) compliance requirements (zero tolerance) it was necessary to ensure that the Hertsmere and Broxbourne IT networks are not aggregated by the link between the two authorities. This requirement change has resulted in a delay in the commissioning of the line, which while maintaining the Disaster Recover project will ensure the two networks remain separate.</p> <p>IS have been informed by BT that due to the exceptional weather conditions this year there is a delay in non-essential work and have advised that the link will be in place by the end of June 2014.</p> <p>Disaster Recovery arrangements are not yet fully in place and final implementation has been set back due to delays by the contractors in installing the high speed data link. This is likely to be completed by the end of June 2014. As per</p>	<p>Partially Implemented</p>

APPENDIX C - IMPLEMENTATION STATUS OF 2011/12, 2012/13 AND 2013/14 RECOMMENDATIONS AS AT 20 JUNE 2015

	directed.				<p>Dev's Positive Assurance Statement.</p> <p>Work to establish a secure data link between HBC and BBC was completed by BT Openreach at the end of August 2014. Initial 'tests' of the link have been completed by HBC and BBC staff. Supplier (Bull) and BBC staff have been booked to assist HBC staff to move and commission storage devices in BBC server room week beginning 22nd September 2014.</p> <p>Members of Information Services Infrastructure Team have received training from SAN supplier (Bull Technologies) in recovery techniques and initial recovery of key systems has taken place. A full recovery day(s) has been scheduled by the Emergency Planning Officer for February 2015. Directors, Senior Managers and Middle Managers have been involved in formulating their Business Continuity plans which has been feed into the IT Disaster Recovery plan.</p> <p>Storage and associated network devices were moved to and commissioned at the Broxbourne site during September 2014. Hertsmere data is now being replicated across both the Hertsmere and Broxbourne sites. Initial recovery testing has been</p>	
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APPENDIX C - IMPLEMENTATION STATUS OF 2011/12, 2012/13 AND 2013/14 RECOMMENDATIONS AS AT 20 JUNE 2015

					<p>completed by Information Services staff; this has consisted of recovering files, directory structures and a 'simple' server. The next phase of testing will be to test the recovery of the core infrastructure, email system, network storage etc. followed by critical business systems. Information Services are working with the Business Continuity project team to determine a regular testing schedule. Revised date 30 June 2015</p> <p>As part of the work the Emergency Planning Officer has done with all Services on their SCP and the Corporate BCP Services are aware of the IT Disaster Recovery Plan. Information and Digital Services (IDS) are waiting for the Emergency Planning Officer to agree arrangements with Broxbourne Borough Council for recovery facilities (BCP) and arrangements for agreed full 'test' days.</p>	
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2012/13

All medium and high priority recommendations have been fully implemented for 2012/13.

APPENDIX C - IMPLEMENTATION STATUS OF 2011/12, 2012/13 AND 2013/14 RECOMMENDATIONS AS AT 20 JUNE 2015

2013/14

Report Title	Recommendation	Management Response	Target Date	Response Manager and Date	Management Response	Status
Benefits (Housing and Council Tax)	<p>Security of Data - Retention of Benefits Claim Information</p> <p>A clear document retention policy and procedure should be agreed to support the length of time that benefits claim information is retained and destruction of data in all formats.</p> <p>The document retention policy and procedure should consider the following:</p> <p>a) The requirements of the Council's corporate document retention policy (currently in development),</p> <p>b) Timescales for benefits data retention for claims that are no-longer active.</p>	<p>Due to the nature of how Benefits data was stored historically, current claim forms could be held in 'dead' files. Should a current claim form be destroyed in a mass cull this could pose a significant financial risk to Hertsmere on future Subsidy audits.</p> <p>Once the Corporate document retention policy has been developed consideration will be given to how the benefits department will comply.</p>	30/04/2015	<p>Benefits Manager 11/3/14</p> <p>Finance and Business Services Manager (30/06/2014)</p> <p>Finance and Business Services Manager (08/09/2014)</p> <p>Benefits Manager (05/12/2014)</p> <p>Benefits Manager (09/06/2015)</p>	<p>The recommendation will be actioned by the target date.</p> <p>Revised target date 31/03/2015</p> <p>Legal anticipate a data retention policy will not be 'live' until the end of this financial year. Therefore the target date should be revised to 30/04/2015.</p> <p>Awaiting the corporate document retention policy. Once this has been developed consideration will be given to how this will impact on the Benefits Department</p> <p>Once the Corporate document retention policy has been developed consideration will be given to how the benefits department will comply.</p>	Not Implemented
NDR	<p>Mandatory and Discretionary Relief</p> <p>The interval for reviewing Mandatory and Discretionary Relief should be reconsidered in the light of the increased impact on the Council's finances resulting from the local business rates</p>	<p>Agreed. Bi-annual reviews next at beginning of 2015-16.</p>	30/04/2015	<p>Revenues Manager (05/12/2014)</p> <p>Revenues Manager (09/06/2015)</p>	<p>The recommendation will be actioned by the target date.</p> <p>Review underway. Currently at 2nd reminder stage of mailshot.</p>	Partially Implemented

APPENDIX C - IMPLEMENTATION STATUS OF 2011/12, 2012/13 AND 2013/14 RECOMMENDATIONS AS AT 20 JUNE 2015

	retention scheme.					
Corporate Governance and Risk Management	<p>Policies and Procedures</p> <p>The policies identified in the finding as not having been updated for some time should be formally reviewed and updated as necessary. The Council should determine an appropriate frequency of review for all policies and procedures. The date for next review should be stated on each policy / procedure and Democratic Services should diary the action to avoid any risk of review being overlooked. The on-going review and updating of the Constitution should be completed as planned, taking account of recommendation three in this report.</p>	<p>Agreed, please see the responses below. Employee Code of Conduct Councillors' Code of Conduct has been reviewed and does not need updating. Whistleblowing policy is currently being worked on and approval will be sought. Financial Regulations are currently being updated and approval will be sought. Revisit the Local Code of Governance and confirm its relevance and up-date as necessary. The Constitution has been reviewed and updated and will be presented to the Full Council for its approval.</p>	<p>31/07/2014</p>	<p>Democratic Services Manager Head of HR and Customer Service (24/06/2014) Head of HR and Customer Services (11/09/2014) Director of Resources (28/11/2014) Audit Report (June 2015)</p>	<p>Local Code of Governance - Democratic Services Manager is not familiar with this Code. The situation is probably sufficiently/fully covered by the Officers' and Members' Codes. A draft revised Employee Code of Conduct has been prepared by an external adviser. There is a need to incorporate the proposed revisions to the Code as it relates to officers' outside interests (authorisation to take up secondary employment or engage in business activity). The revised draft will be circulated for consultation in July 2014. Re Employee Code of Conduct - Scheduled to discuss policy revision at the Policy Network on 17 September. Anticipate taking a report to the Personnel Committee on 2 October 2014. The Standard's Committee will review this in April 2014. Code of Conduct generally does not change for Councillors The Whistleblowing Policy is currently being worked on and approval will be sought. Financial Regulations are being reviewed as part of the Constitution. The Democratic Services Manager does not know if it is relevant to revise this code, but if a decision is taken to revise it, this will be completed by the</p>	<p>Partially Implemented</p>

APPENDIX C - IMPLEMENTATION STATUS OF 2011/12, 2012/13 AND 2013/14 RECOMMENDATIONS AS AT 20 JUNE 2015

					revised implementation date. The Constitution is currently being reviewed.	
Maintenance Works	<p>Property Condition Review</p> <p>A comprehensive condition survey of all properties should be performed and a rolling check of surveys scheduled in future years.</p>	<p>HBC has a small estate and most properties are visited fairly frequently by officers so we do have a reasonable handle on issues with the buildings condition, but agree that these visits and the assessments are not documented.</p> <p>Stock Condition information will be refreshed and a Planned Programme formulated. HBC will consider introducing an inspection tick sheet for these visits to evidence the inspections taking place and the results recorded.</p>	31/10/2014	Engineering Services and Asset Manager (10/06/2015)	<p>For the previous comments please see Appendix B.</p> <p>The specification has been produced and the contract for the stock condition surveys is currently out to tender, this was delayed as we were requested to include Elstree Film Studios in the tender process and an additional specification had to be produced. Tender return date 10/07/15, award date estimated 24/07/15 and contract commencement date 01/09/2015, programme as per winning tender submission.</p>	Partially Implemented

2014/15

Report Title	Recommendation	Management Response	Target Date	Response Manager and Date	Management Response	Status
Contract Management	<p>Performance Monitoring</p> <p>a) It is recommended that the situations regarding the implementation of KPI's for Vehicle Maintenance and KPI penalties paid with work credits for Grounds Maintenance are both documented and formally</p>	<p>a) Agreed.</p> <p>b) Procurement Manager can issue a reminder, but should not be responsible for monitoring. I reminder will be sent in advance of the Contract Monitoring Deadline</p> <p>c) Agreed.</p>	31/05/2015	Procurement Manager (10/06/2015)	Action B - this requirement will be included in the updated contract management guide, with a new target date of 1st October 2015	Not Implemented

<p>signed off by both parties. The Council should put in a caveat that will enable them to revert to the original KPI terms and conditions if the current agreements were to fail.</p> <p>b) Corporately, it is recommended that all Contract Managers be advised that where a contract has a KPI structure that is not being fully utilised, that the reasons and alternative processes to be used are documented and formally signed off by both parties.</p> <p>c) It is recommended that when KPI's are incorporated in a contract, all Contract Managers are required to ensure a mechanism for KPI evaluation, recording, monitoring and a payment structure is agreed before the contract is signed and sealed (where appropriate).</p>					
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APPENDIX C - IMPLEMENTATION STATUS OF 2011/12, 2012/13 AND 2013/14 RECOMMENDATIONS AS AT 20 JUNE 2015

<p>Contract Management</p>	<p>Contractual and supplier risk management</p> <p>a) The Council should ensure the relevant Services have identified the key risks associated with their contracts and an appropriate risk register should be maintained for each contract, to include all the current risks identified by the Council Service and Contractor along with the mitigating action and the risk owner.</p> <p>Ideally, a joint risk register should be maintained, so that the ownership of risks between the contractor and the Council is clear.</p> <p>Any significant risks faced by Hertsmere Borough Council relating to the contract, should be included within the Strategic Risk Register.</p> <p>b) An on-going risk analysis and assessment should take place throughout the period of the contract. This could be an agenda item at contract meetings.</p>	<p>Agreed.</p>	<p>01/05/2015</p>	<p>Procurement Manager (10/06/2015)</p>	<p>The risk section of the Contract Management Guide will be updated to include this action. New target date of 1st October 2015</p>	<p>Not Implemented</p>
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APPENDIX D – PROPOSED AUDIT START DATES AGREED WITH MANAGEMENT - HERTSMERE BOROUGH COUNCIL AUDIT PLAN 2015/16

Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Fuel Cards	Rent Deposit Scheme	Land Charges	Officers and Members Expenses	S106 Extended Follow-up	Contract Management	HR Policy Review	Council Tax	Debtors	Main Accounting	Cash and Banking	Corporate Governance
Insurance			Partnerships		Capital Projects & Project Management	IS Contracts	NDR	Creditors	Payroll	Treasury Management	
DFG Additional Work			Elections and Electoral Registration		New Systems Post Implementation Review	Other IT audits (to be specified)	Benefits		Risk Management	Environmental Health Food Inspections	
							Significant Counter-Fraud Risks				