Welwyn Hatfield Borough Council
Audit Committee Progress Report
29 March 2023

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 13 March 2023
- Note the implementation status of internal audit recommendations and the management update.

Contents

Appendices

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 Internal Audit Plan for 2022/23 as at 13 March 2023.
b) In-Year Audit Plan review and proposed plan amendments.
c) The implementation status of previously agreed audit recommendations.
d) An update on performance indicators as at 13 March 2023.

<u>Background</u>

1.2 The 2022/23 Internal Audit Plan was approved by the Audit Committee on 28 March 2022.

1.3 The Committee receives periodic updates of progress against the Annual Internal Audit Plan. This is the fourth report giving an update on the delivery of the 2022/23 Internal Audit Plan.

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 13 March 2023, 85% of the 2022/23 Audit Plan days had been delivered.

2.2 There have been five final audit reports issued since the previous progress report, relating to the 2022/23 audit plan.

Audit Title	Assurance Opinion	Recommendations
Cyber Risk	Reasonable	2 Medium, 1 Low Priority
Phishing	Reasonable	2 Medium, 1 Low Priority
Revenues Discounts and Exemptions	Substantial	None
Sopra Steria Phase 3	Substantial	None

Audit Title		
Planning Services Review Recommendations	Reasonable	3 Low Priority

2.3   In addition to completed projects summarised in 2.2, the following draft reports in the table below have been issued to management for comment, response, or approval to issue the final report (where a satisfactory management action plan has been received):

Audit Title	Status
Procurement Cards	Draft Report issued February 2023. Awaiting officer response.
IT Hardware	Draft Report issued March 2023. Awaiting officer response.
Performance Indicators	Draft Report issued March 2023. Awaiting officer response.
Tenancy Fraud	Draft Report issued March 2023. Awaiting officer response.
Environmental Enforcement (Joint Review)	Draft Report issued March 2023. Awaiting officer response.

High Priority Recommendations

2.4   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.

2.5   No new high priority recommendations have been raised as a result of the work completed and reported in the tables at paragraphs 2.2. There are currently no outstanding high priority recommendations.

Medium Priority Recommendations

2.6   It has been agreed with Council management that SIAS will follow up all medium priority recommendations resulting from internal audit reports. There were eight medium priority recommendations, due for follow up by the end of March, with two having been assigned as implemented.

2.7   Appendix D details the implementation status of all 'Medium' priority recommendations that have not been fully implemented by the original target date. The appendix 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.

Proposed Amendments

2.8 One plan amendment has been agreed with management within this reporting period, this relates to the cancellation of the Covid-19 Recovery Audit as this was no longer deemed suitable due to the Council's current covid recovery position, with no further need for a covid recovery plan. The remaining days have been added to the existing Housing Maintenance Contract Mobilisation – Review of Process Mapping Audit. This supports managements request to extend the sample testing of repairs undertaken since the implementation of the new contract. The focus will be on voids and the end-to-end customer journey in completing the repairs from the triage process to follow up works on repairs done since the new contract commenced.

Performance Management: Reporting of Audit Plan Delivery Progress

2.9 To help the Committee assess the current progress of the projects in the Audit Plan, we have provided an overall progress update of delivery against planned commencement dates at Appendix B. The table below shows that summary of performance based in the latest performance information reported at Appendix A.

Status	No of Audits at this Stage	% of Total Audits (24 minimum)	Profile to 13 March 2023
Draft / Final Report Issued	20	77%	(20/26)
In Fieldwork / Quality Review	5	19%	(4/26)
Terms of Reference Issued / In Planning	1	4%	(1/26)
Not Yet Started	0	0%	(0/26)

2.10 Annual performance indicators and associated targets were approved by the SIAS Board in March 2022. As at 13 March 2023, actual performance for Welwyn Hatfield Borough Council against the targets that can be monitored in year was as shown in the table below:

Performance Indicator	Annual Target	Profiled Target to 13 March 2023	Actual to 13 March 2023
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	93% (275 / 296 days)	85% (251 / 296 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	81% (21 / 26 projects)	77% (20 / 26 projects)

3. Client Satisfaction with Conduct of the Audit – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100% (3 returned from 12 issued)
4. Number of High Priority Audit Recommendations agreed	95%	95%	No high priority recommendations have been made in 2022/23

2.11   In respect of delivery of Planned Days and Planned Projects, progress is slightly behind the profiled target for one of the 2022/23 audits. This relates to the homelessness prevention grant funding audit as fieldwork was delayed due to availability of information.

2.12   In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2022/23 Head of Assurance's Annual Report:

- **5. Annual Plan** – prepared in time to present to the March meeting of each Audit Committee. If there is no March meeting, then the plan should be prepared for the first meeting of the financial year.

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

Update on Current Plan Delivery Position

2.13   As reported above, SIAS are currently behind profile for both billable days and projects delivered to draft report status, this a result of in-year challenges in respect of recruitment and retention.

2.14   In response to the above challenges SIAS commissioned an additional two external audit partners for quarter four, these supplementing the resources available from our contracted external partner. Whilst this has provided sufficient resource to allocate all 2022/23 audits for completion, it has resulted in several audits being moved to quarter four for completion, with these currently in fieldwork.

2.15   Whilst the above is likely to impact on our ability to meet the Key Performance Indicator related to 95% of reports being delivered to draft report stage by 31st March, we are currently satisfied that such delays would not impact on our ability to deliver an un-caveated Annual Assurance report and opinion. This is on the basis that the annual opinion is not due to be reported to the Committee until June 2023, thereby providing sufficient time to conclude any uncompleted audits.

2.16   We also provide the Committee with assurance that any projects during the year that have had specific key deadlines, such as Grant certifications, have been prioritised and agreed deadlines met.

2.17   The above position is subject to continual monitoring, and regular updates will be provided to the Council's Section 151 Officer, and if required members of the Audit Committee, should it be deemed that any remaining projects could not be completed in sufficient time to inform the annual opinion.

APPENDIX A – PROGRESS AGAINST THE 2022/23 AUDIT PLAN AS AT 13 MARCH 2023

2022/23 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
		C	H	M	L				
High Priority Audits									
Annual Governance Statement - Phase 1 - Advisory Report	Not Assessed					10	SIAS	3	Final Report Issued
Annual Governance Statement - Phase 2 - Assurance Review	Reasonable	0	0	0	0			7	Final Report Issued
Sopra Steria Contract (Part 1)	Substantial	0	0	0	0	7	SIAS	7	Final Report Issued
Statutory Compliance	Reasonable	0	0	2	0	18	BDO	18	Final Report Issued
Tenancy Fraud						12	BDO	11	Draft Report Issued
Performance Indicators						15	BDO	14	Draft Report Issued
Sopra Steria Contract (Part 2)	Reasonable	0	0	1	0	6	SIAS	6	Final Report Issued
Covid-19 Recovery						1	Mazars	1	Audit Cancelled
Sopra Steria Contract (Part 3)	Substantial	0	0	0	0	6	SIAS	6	Final Report Issued
Streetscene Contract Resilience						10	SIAS	6.5	Quality Review
Resilience						15	SIAS	2.5	In Fieldwork
Medium Priority Audits) – 6 audits nominated for Q1 and Q2 to date									
Housing Maintenance Contract Mobalisation	Substantial	0	0	0	1	11	BDO	11	Final Report Issued
Housing Maintenance Contract Mobalisation – Review of Process Mapping						12	BDO	7	In Fieldwork
Member Training	Reasonable	0	0	0	2	8	BDO	8	Final Report Issued

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
		C	H	M	L				
Vaccine Uptake	Reasonable	0	0	0	0	9.5	SIAS	8	Draft Report Issued
Homelessness Prevention Grant Funding						8	SIAS	7	Quality Review
Voids Management						1.5	SIAS	1.5	Audit Cancelled
Planning Services Review Recommendations	Reasonable	0	0	0	3	8	SIAS	8	Final Report Issued
Revenues Discounts and Exemptions	Substantial	0	0	0	0	8	SIAS	8	Final Report Issued
Grounds Maintenance Contract Management						8	Veritau	6.5	In Fieldwork
Procurement Cards						8	SIAS	7	Draft Report Issued
Procurement Decision Making Process						8	Mazars	2	ToR Issued
IT Audits									
Cyber Risk	Reasonable	0	0	2	1	15	BDO	15	Final Report Issued
Phishing	Reasonable	0	0	2	1	10	BDO	10	Final Report Issued
IT Hardware						10	BDO	9.5	Draft Report Issued
Shared Learning and Joint Reviews									
Shared Learning						2	SIAS	2	
Joint Reviews – Environmental Enforcement						2	BDO	2	Draft Report Issued
Grant Claims / Charity Certification									
COMF Grant Certification	Unqualified	0	0	0	0	1	SIAS	1	Final Report Issued
DFG Certification	Unqualified	0	0	0	0	2	SIAS	2	Final Report Issued
Miscellaneous Grants						2	NYA		
Consultancy									

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
		C	H	M	L				
Consultancy Assignments						5	NYA	2	
Contingency									
Contingency						4	NYA		
Client Management - Strategic Support									
CAE Internal Audit Opinion 2021/22						3	SIAS	3	Complete
Audit Committee						6	SIAS	5	Through Year
Performance Monitoring						8	SIAS	7	Through Year
Client Liaison						8	SIAS	6.5	Through Year
SIAS Development						5	SIAS	4.5	Through Year
2023/24 Audit Planning						8	SIAS	7	Through Year
Recommendations Follow Up						5	SIAS	4.5	Through Year
2021/22 Carry Forward									
Completion of outstanding 2021/22 projects						14	SIAS	14	Completed
Total		**0**	**0**	**7**	**8**	**300**		**251**	

Key / Notes
Not Assessed = No assurance opinion provide as the project was either consultancy based or validation for compliance
Unqualified – Assurance Opinion Provided for Grant or Accounts Certifications indicating the return provides a fair and true view and complies with funding conditions (in relation to grants)
C = Critical Priority, H = High Priority, M = Medium Priority, L = Low Priority
BDO = SIAS Audit Partner
N/a = Not Applicable
Audit Plan Days are a guide only and are not formally allocated. This is as per the approved 2022/23 Internal Audit Plan.

APPENDIX B – 2022/23 AUDIT PLAN START DATES AGREED WITH MANAGEMENT

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
H	Annual Governance Statement – Advisory Report (Final Report Issued)	Sopra Steria Contract (Part 2) (Final Report Issued)	Sopra Steria Contract (Part 3) (Final Report Issued)	Tenancy Fraud (Draft Report Issued)
	Annual Governance Statement – Assurance Review (Final Report Issued)	Performance Indicators (Draft Report Issued)		Streetscene Contract Resilience (Quality Review)
	Sopra Steria Contract (Part 1) (Final Report Issued)			Resilience (In Fieldwork)
	Statutory Compliance (Final Report Issued)			
M	**A minimum of 10 medium priority audits from the following**			
	Housing Maintenance Contract Mobilisation (Final Report Issued)	Planning Services Review Recommendations (Final Report Issued)	Revenues Discounts and Exemptions (Final Report Issued)	Housing Maintenance Contract Mobilisation – Process Mapping (In Fieldwork)
	Member Training (Final Report Issued)	Homelessness Prevention Grant Funding (Quality Review)		Grounds Maintenance Contract Management (In Fieldwork)
	Vaccine Uptake (Draft Report Issued)			Procurement Cards (Draft Report Issued)
				Procurement Decision Making Process (ToR Issued)

APPENDIX B – 2022/23 AUDIT PLAN START DATES AGREED WITH MANAGEMENT

IT		Cyber Risk (Final Report Issued)	Phishing (Final Report Issued)	
			IT Hardware (Draft Report Issued)	
G/C	COMF Grant (Final Report Issued)	DFG Certification (Final Report Issued)		
O	2021/22 Carry Forward (Completed)			

Key:
H – High Priority: 100% of audits will be delivered
M – Medium Priority: Ten of these audits will be delivered, Audit Committee to approve which audits will be delivered from this list.
IT – IT Audits: 100% of IT audits will be delivered
C – Consultancy: Assignments will be delivered as part of the audit plan
G/C – Grant or charity certification to be completed as part of the audit plan
O - Other

APPENDIX C – IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

There are no high priority recommendations outstanding.

APPENDIX D – IMPLEMENTATION STATUS OF OUTSTANDING MEDIUM PRIORITY RECOMMENDATIONS

Report Title and Date	Recommendation	Management Response	Original Target Date	Responding Officer	Management Action Taken to Date	Revised Target Date	Implementation Status
Statutory Compliance November 2022	**Health and Safety Compliance data is not accurately recorded** The Council should ensure that monthly audits are undertaken of all manual workbooks to verify any erroneous entries, correcting these accordingly. This will ensure that the workbooks are correct for the purposes of compliance, future inspections and reporting purposes. Supplementary documentation (i.e. images) should also be attached alongside inspection paperwork for audit purposes.	We are currently in the process of putting a new asset system in place which will go live with gas and electric compliance on 1st November 2022. We will then be adding Fire and Asbestos to the system. This will alleviate the manual process and the potential for human error. We will be continuing with the manual processes until January 2023 to ensure any issues identified with the new system does not affect compliance. There will be audits completed monthly internally from the Health and Safety team to give assurance on the progress of the programmes this will include screen shots and images of the works audited.	31/01/2023 30/11/2022	Compliance Manager	January 2023 The team have gone live with Gas and Electric Servicing, and are in the processes of implementing Asbestos and Fire Risk Assessment and this is anticipated to be Live by the end of February 2023. The team will then move on the adding Projects and options appraisal in readiness for the New Financial Year in April 2023. March 2023 The implementation has been delayed due to IT build. The asbestos and fire risk assessments are due to go live by the end of April 23. The manual process in these areas has continued to ensure compliance is met.	31/04/2023	Partially Implemented

APPENDIX D – IMPLEMENTATION STATUS OF OUTSTANDING MEDIUM PRIORITY RECOMMENDATIONS

Report Title and Date	Recommendation	Management Response	Original Target Date	Responding Officer	Management Action Taken to Date	Revised Target Date	Implementation Status
Statutory Compliance November 2022	**Remedial Actions** All actions should be recorded on the tracker, reviewed as part of a regular data quality audit and the source of actions that are additional to the risk assessment recommendations should be stated in the tracker for audit trail purposes.	All remedial works will be raised on new system to negate the need for trackers. Completion information and evidence will be added once works are completed. All WHBC Compliance and repairs staff will have tablets that link directly to the asset and housing system so works can be raised directly from site and photographic evidence can taken and uploaded directly to the system. All actions found by WHBC staff will be raised separately to remedial works raised through risk assessments/servicing. There will be audits completed monthly internally from the Health and Safety team to give assurance on the progress of the remedial actions and accuracy of the data.	31/01/2023 30/11/2022	Compliance Manager	<u>January 2023</u> Actions are on target to be delivered. Tablets are due to be implemented the week commencing 23 January 2023 with staff training, with go-live schedules for the following week. <u>March 2023</u> All actions are recorded on the trackers and reviewed regularly. When the full integration of the Asset system is completed (target June) the actions will move to MRI Asset. This will allow for all information to be in one place. This will include Risk assessment / Surveys and actions, including the allocation of actions and evidence of completion. Tablets have been issued to some staff to allow works to be recorded from site.	30 June 2023	Partially Implemented

APPENDIX D – IMPLEMENTATION STATUS OF OUTSTANDING MEDIUM PRIORITY RECOMMENDATIONS

Report Title and Date	Recommendation	Management Response	Original Target Date	Responding Officer	Management Action Taken to Date	Revised Target Date	Implementation Status
Climate Emergency June 2022	**Strategic Reporting** The Energy Efficiency and Climate Change Officer should generate annual reports to the Climate Change Member Group on the Council's progress against the Climate Change Strategy and objectives. The reports should provide an overview of key projects and their contribution to the Strategy, as well as operational achievements, taking into consideration the costs of actions. In addition, the report should detail areas of improvement and good practice.	This recommendation is accepted	31/03/2023	Economic Development Officer	<u>March 2023</u> The Council are yet to successfully recruit to the Climate Change Officer role which we hope to do so in the next couple of months. The Climate Action Plan has been updated and tracks the efforts taken which outlines elements such as cost, impact and is tracked using SMART targets. The council has access to the Sigma database which is tracking the energy usage and reports are able to be run on a regular basis to ensure that reductions are seen as well as being able to focus the Climate Action Plan schemes around those that would see a decrease in energy consumption.	30/06/2023	Partially Implemented

APPENDIX D – IMPLEMENTATION STATUS OF OUTSTANDING MEDIUM PRIORITY RECOMMENDATIONS

Report Title and Date	Recommendation	Management Response	Original Target Date	Responding Officer	Management Action Taken to Date	Revised Target Date	Implementation Status
Climate Emergency June 2022	**Climate Change Strategy** The Climate Change Strategy should be revised to include the author, approval, and proposed review date. The Strategy should be amended to reflect the restructure the Council will be implementing to provide clarity on responsibilities and should be reviewed on an annual basis to ensure it remains relevant as wider guidance and information is shared in relation to this topic.	This recommendation is accepted	01/03/2023	Economic Development Officer	March 2023 The Strategy has been updated (to be approved) and links to the Climate Action Plan which outlines responsibilities within the council.	30/06/2023	Partially Implemented

APPENDIX D – IMPLEMENTATION STATUS OF OUTSTANDING MEDIUM PRIORITY RECOMMENDATIONS

Report Title and Date	Recommendation	Management Response	Original Target Date	Responding Officer	Management Action Taken to Date	Revised Target Date	Implementation Status
Complaints Handling May 2022	**Complaint Outcomes - Formal Written Responses** We recommend that Officers are reminded that a formal written response is required to be issued to the complainant and that this is linked on the 'Jadu' (complaints system) to support outcomes, e.g., where the complaint has been handled by a telephone call.	A reminder will go out to all Staff in Teamtalk (weekly publication) and this will also be covered in training. A guide will also be put onto the relevant section of WINNIE and templates updated as appropriate.	31/03/2023	Assistant Director (Customer Services and Transformation)	<u>March 2023</u> Templates are currently being reviewed, with training added to the new learning management system. A reminder will be published as part of the TT in the coming weeks.	n/a	Partially implemented

APPENDIX D – IMPLEMENTATION STATUS OF OUTSTANDING MEDIUM PRIORITY RECOMMENDATIONS

Report Title and Date	Recommendation	Management Response	Original Target Date	Responding Officer	Management Action Taken to Date	Revised Target Date	Implementation Status
Training Budgets October 2022	**Identification of current and future training needs** We recommend: 1. Managers map the KSBs required their service to effectively meet the service delivery. • Once completed officers should complete competency/skills assessments against the KSBs to identify any gaps in skills and support the identification of officer training needs. 2. Services Managers conduct regular horizon scanning to identify the missing KSBs which their service areas need in the medium-term future. • KSBs required in the medium-term future are to be logged on a training plan and costed. Medium term training plans are to be discussed with HR/ the L&D officer to update the corporate training matrix and establish whether the training can be delivered from the corporate training budget. • Where training cannot be delivered from the corporate training budget, discussions take place with HR/L&D to establish whether the CPD budget can be used, or other avenues can be explored to develop the required skills.	This should be done in the annual appraisal process which cover behaviours, skills and development needs. This is communicated yearly by HR. The training matrices need to be kept up to date by managers. A reminder will be sent to Directors to follow up with their areas.	31/03/2023	Human Resources Manager	<u>March 2023</u> Appraisals need to be completed by 30 April. Statutory and mandatory training will be updated once we have this information. New LMS implemented with wider course material and enhanced reporting of attendance. The Learning and Development Programme is being reviewed as part of the roll out of the new LMS (Learning Management System) and a forward programme is being developed.	30 June 2023	Partially implemented

APPENDIX E – ASSURANCE AND FINDINGS DEFINITIONS 2022/23

Audit Opinions		
	Assurance Level	**Definition**
Assurance Opinions	**Substantial**	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
	Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
	Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
	No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
	Not Assessed	This opinion is used in relation to consultancy or embedded assurance activities, where the nature of the work is to provide support and advice to management and is not of a sufficient depth to provide an opinion on the adequacy of governance or internal control arrangements. Recommendations will however be made where required to support system or process improvements.
Grant Certification	**Unqualified**	No material matters have been identified in relation the eligibility, accounting and expenditure associated with the funding received that would cause SIAS to believe that the related funding conditions have not been met.
	Qualified	Except for the matters identified within the audit report, the eligibility, accounting and expenditure associated with the funding received meets the requirements of the funding conditions.
	Disclaimer Opinion	Based on the limitations indicated within the report, SIAS are unable to provide an opinion in relation to the Council's compliance with the eligibility, accounting and expenditure requirements contained within the funding conditions.
	Adverse Opinion	Based on the significance of the matters included within the report, the Council have not complied with the funding conditions associated with the funding received.

Finding Priority Levels		
	Priority Level	**Definition**
Corporate	**Critical**	Audit findings which, in the present state, represent a serious risk to the organisation as a whole, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately.
Service	**High**	Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently.
	Medium	Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner.
	Low	Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible.