



Welwyn Hatfield Borough Council Audit Committee Progress Report 30 January 2024

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 16 January 2024
- Note the implementation status of internal audit recommendations and the management update.

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1. Introduction and Background

Purpose of Report

- 1.1 This report details:
- a) Progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's Annual Internal Audit Plan for 2023/24 as at 16 January 2024.
 - 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 16 January 2024.

Background

- 1.2 The 2023/24 Internal Audit Plan was approved by the Audit Committee on 29 March 2023.
- 1.3 The Committee receives periodic updates of progress against the Annual Internal Audit Plan. This is the third report giving an update on the delivery of the 2023/24 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

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 16 January 2024, 71% of the 2023/24 Audit Plan days had been delivered.
- 2.2 There have been eight final audit reports that have been issued since the previous progress report.

| Audit Title | Assurance Opinion | Recommendations |
|---|--------------------------|------------------------|
| Revenues and Benefits - New Contract | Substantial | None |
| Community Lottery | Substantial | None |
| Debtors | Substantial | 1 Advisory |
| Creditors | Substantial | None |
| Climate Emergency | Substantial | None |
| White Paper: Preparedness and Tenant Engagement | Reasonable | 2 Medium, 2 Low |

| Audit Title | Assurance Opinion | Recommendations |
|--------------------|--------------------------|------------------------|
| Software Licensing | Reasonable | 1 Medium, 1 Low |
| DFG Certification | Reasonable | 1 Low |

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 No new high priority recommendations have been raised as a result of the work completed and reported in the table at paragraph 2.2. Therefore, there are no outstanding high priority recommendations.

Medium Priority Recommendations

- 2.5 It has been agreed with Council management that SIAS will follow up all medium priority recommendations resulting from internal audit reports. There were 11 medium priority recommendations due for follow up during this cycle, all of which have now been implemented.

Proposed Amendments

- 2.6 One plan amendment has been agreed with management within this reporting period. This relates to the cancellation of the Affordable Accommodation Audit. An internal officer group has been set up to review the reporting and handover processes and procedures for new affordable housing developments. Due to this it is felt this would not be the right time for an audit as it may lead to potential duplication and there may be limited resource availability within the team to support both streams of work. These days have been returned to the audit plan contingency allocation, which now stands at seven days, however following agreement with management we are considering how these days can be best used to support ongoing audit work.

Performance Management: Reporting of Audit Plan Delivery Progress

- 2.7 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 | Profile to 16 January 2024 |
|-----------------------------|-----------------------------------|--------------------------|-----------------------------------|
| Draft / Final Report Issued | 14 | 61% | (15/23) |

| | | | |
|---|---|-----|--------|
| In Fieldwork / Quality Review | 5 | 22% | (3/23) |
| Terms of Reference Issued / In Planning | 4 | 17% | (4/23) |
| Not Yet Started | 0 | 0% | (1/23) |

2.8 Annual performance indicators and associated targets were approved by the SIAS Board in March 2022. As at 16 January 2024, 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 16 January 2024 | Actual to 16 January 2024 |
|--|------------------------|------------------------------------|--|
| 1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency) | 95% | 76% (210 / 278 days) | 71% (196 / 278 days) |
| 2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects by 31 st March 2024 | 90% | 65% (15 / 23 projects) | 61% (14 / 23 projects) |
| 3. Planned Projects – percentage of actual completed projects to Final report stage against planned completed projects by the production of the HoA Annual Report | 100% (By June 2024) | n/a | n/a |
| 3. Client Satisfaction with Conduct of the Audit – percentage of client satisfaction questionnaires returned at ‘satisfactory’ level | 100% | 100% | 100% (9 returned from 12 issued within 2023/24) |
| 4. Number of High Priority Audit Recommendations agreed | 95% | 95% | No high priority recommendations have been made to date in 2023/24 |

2.9 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2023/24 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.

APPENDIX A – PROGRESS AGAINST THE 2023/24 AUDIT PLAN AS AT 16 JANUARY 2024

2023/24 SIAS Audit Plan

| AUDITABLE AREA | LEVEL OF ASSURANCE | RECOMMENDATIONS | | | | AUDIT PLAN DAYS | LEAD AUDITOR ASSIGNED | BILLABLE DAYS COMPLETED | STATUS / COMMENTS | CSQ Completed |
|---|--------------------|-----------------|---|---|---|-----------------|-----------------------|-------------------------|-------------------|---------------|
| | | C | H | M | L | | | | | |
| High Priority Audits | | | | | | | | | | |
| Oak Hill Lawn Cemetery and Crematorium | Substantial | 0 | 0 | 0 | 0 | 10 | SIAS | 10 | Final Report | Yes |
| Revenues and Benefits - New Contract | Substantial | 0 | 0 | 0 | 0 | 10 | SIAS | 10 | Final Report | Yes |
| Building Maintenance Compliance | | | | | | 12 | BDO | 2 | In Planning | |
| Private / Social Housing - Damp and Mould | | | | | | 13 | SIAS | 13 | Draft Report | |
| IT - New Contracts | | | | | | 10 | SIAS | 5.5 | In Fieldwork | |
| Corporate Health and Safety - Policy and Procedures | | | | | | 12 | BDO | 1 | In Planning | |
| Risk Management Framework Policy / Reporting | | | | | | 12 | SIAS | 0.5 | In Planning | |
| Medium Priority Audits | | | | | | | | | | |
| White Paper: Preparedness and Tenant Engagement | Reasonable | 0 | 0 | 2 | 2 | 12 | BDO | 12 | Final Report | Yes |
| Food Hygiene Inspection Programme | | | | | | 9 | SIAS | 8.5 | Draft Report | |
| Planning Appeals | | | | | | 10 | SIAS | 10 | Draft Report | |
| Climate Emergency | Substantial | 0 | 0 | 0 | 0 | 8 | SIAS | 8 | Final Report | Yes |
| Housing Development - | N/A | | | | | 10 | SIAS | 3 | Cancelled | N/A |

APPENDIX A – PROGRESS AGAINST THE 2023/24 AUDIT PLAN AS AT 16 JANUARY 2024

| AUDITABLE AREA | LEVEL OF ASSURANCE | RECOMMENDATIONS | | | | AUDIT PLAN DAYS | LEAD AUDITOR ASSIGNED | BILLABLE DAYS COMPLETED | STATUS / COMMENTS | CSQ Completed |
|--|--------------------|-----------------|---|---|---|-----------------|-----------------------|-------------------------|-------------------|---------------|
| | | C | H | M | L | | | | | |
| Affordable Accommodation | | | | | | | | | | |
| White Paper: Housing Complaints Handling | | | | | | 10 | BDO | 5 | In Fieldwork | |
| Budgetary Control | | | | | | 8 | SIAS | 8 | Draft Report | |
| Community Lottery | Substantial | 0 | 0 | 0 | 0 | 6 | SIAS | 6 | Final Report | No |
| Payroll | | | | | | 10 | SIAS | 9 | Draft Report | |
| Emergency Planning | | | | | | 10 | SIAS | 5 | In Fieldwork | |
| Anti-Fraud Contract | | | | | | 8 | BDO | 1.5 | ToR Issued | |
| Creditors | Substantial | 0 | 0 | 0 | 0 | 10 | SIAS | 10 | Final Report | Yes |
| Debtors | Substantial | 0 | 0 | 0 | 0 | 10 | SIAS | 10 | Final Report | Yes |
| IT Audits | | | | | | | | | | |
| Software Licensing | Reasonable | 0 | 0 | 1 | 1 | 10 | BDO | 10 | Final Report | No |
| Handheld Devices Security | | | | | | 10 | BDO | 6 | In Fieldwork | |
| IT Disaster Recovery and Business Continuity | | | | | | 14 | BDO | 2 | ToR Issued | |
| Grant Claims / Charity Certification | | | | | | | | | | |
| DFG Certification | Reasonable | 0 | 0 | 0 | 1 | 2 | SIAS | 2 | Final Report | Yes |
| Miscellaneous Grants | | | | | | 1 | NYA | | | N/A |
| Contingency | | | | | | | | | | |
| Contingency | | | | | | 7 | NYA | - | N/A | N/A |
| Client Management - Strategic Support | | | | | | | | | | |
| CAE Internal Audit Opinion 2022/23 | | | | | | 3 | SIAS | 3 | Complete | N/A |
| Audit Committee | | | | | | 6 | SIAS | 4 | Through Year | N/A |

APPENDIX A – PROGRESS AGAINST THE 2023/24 AUDIT PLAN AS AT 16 JANUARY 2024

| AUDITABLE AREA | LEVEL OF ASSURANCE | RECOMMENDATIONS | | | | AUDIT PLAN DAYS | LEAD AUDITOR ASSIGNED | BILLABLE DAYS COMPLETED | STATUS / COMMENTS | CSQ Completed |
|--|--------------------|-----------------|----------|----------|----------|-----------------|-----------------------|-------------------------|-------------------|---------------|
| | | C | H | M | L | | | | | |
| Performance Monitoring | | | | | | 6 | SIAS | 5 | Through Year | N/A |
| Client Liaison | | | | | | 8 | SIAS | 6 | Through Year | N/A |
| 2024/25 Audit Planning | | | | | | 8 | SIAS | 4 | Through Year | N/A |
| Recommendations Follow Up | | | | | | 4 | SIAS | 3 | Through Year | N/A |
| SIAS Development | | | | | | 3 | SIAS | 3 | Through Year | N/A |
| 2021/22 Carry Forward | | | | | | | | | | |
| Completion of outstanding 2022/23 projects | | | | | | 10 | SIAS | 10 | Completed | N/A |
| Total | | 0 | 0 | 3 | 4 | 285 | | 196 | | |

Key / Notes

Not Assessed = No assurance opinion provide as the project was either consultancy based or validation for compliance

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 2023/24 Internal Audit Plan.

CSQ = Client Satisfaction Questionnaire

APPENDIX B – 2023/24 AUDIT PLAN START DATES AGREED WITH MANAGEMENT

| | <u>Quarter 1</u> | <u>Quarter 2</u> | <u>Quarter 3</u> | <u>Quarter 4</u> |
|-----|--|--|--|---|
| H | Oak Hill Lawn Cemetery and Crematorium (Final Report) | Revenues and Benefits - New Contract (Final Report) | Private / Social Housing - Damp and Mould (Draft Report) | Building Maintenance Compliance (In Planning) |
| | | | IT - New Contracts (In Fieldwork) | Risk Management Framework Policy and Reporting (In Planning) |
| | | | | Corporate Health and Safety - Policy and Procedures (In Planning) |
| M | White Paper: Preparedness and Tenant Engagement (Final Report) | Climate Emergency (Final Report) | Budgetary Control (Draft Report) | Anti-Fraud Contract (ToR Issued) |
| | Food Hygiene Inspection Programme (Draft Report) | Housing Development - Affordable Accommodation (Cancelled) | Community Lottery (Final Report) | Payroll (Draft Report) |
| | Planning Appeals (Draft Report) | White Paper: Housing Complaints Handling (In Fieldwork) | Debtors (Final Report) | |
| | | | Creditors (Final Report) | |
| | | | Emergency Planning (In Fieldwork) | |
| IT | | Software Licensing (Final Report Issued) | Handheld Devices Security (In Fieldwork) | IT Disaster Recovery and Business Continuity (In Fieldwork) |
| G/C | | DFG Certification (Final Report) | | |
| O | 2022/23 Carry Forward (Completed) | | | |

Key:

H – High Priority

M – Medium Priority

IT – IT Audits

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

There are no medium priority recommendations outstanding.

APPENDIX E – ASSURANCE AND FINDINGS DEFINITIONS 2023/24

| 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. |
| | 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. |
| Service | 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. |