Welwyn Hatfield Borough Council
Audit Committee Progress Report
18 March 2024

Recommendation

Members are recommended to:
- Note the Internal Audit Progress Report for the period to 1 March 2024
- Note the plan amendment to the 2023/24 Annual Audit Plan.

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 2023/24 as at 1 March 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 1 March 2024.

<u>Background</u>

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 fourth 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

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

2.1   As at 1 March 2024, 84% of the 2023/24 Audit Plan days had been delivered.

2.2   There have been three final audit reports and one grant certification that have been issued since the previous progress report.

Audit Title	Assurance Opinion	Recommendations
Planning Appeals	Substantial	2 Advisory Actions
Payroll	Substantial	1 Advisory Action
IT – New Contracts	Substantial	2 Low
Food Waste Collection Grant Certification	Unqualified	None

<u>High Priority Recommendations</u>

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 no medium priority recommendations due for follow up during this cycle.

Proposed Amendments

2.6   One minor plan amendment has been agreed with management within this reporting period, reflecting an additional grant certification (Food Waste Collection Grant Determination No 31/7069), this having been completed to meet the declaration submission timescales.

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 1 March 2024
Draft / Final Report Issued	18	75%	(20/24)
In Fieldwork / Quality Review	5	21%	(3/24)
Terms of Reference Issued / In Planning	1	4%	(1/24)
Not Yet Started	0	0%	(0/24)

2.8   Annual performance indicators and associated targets were approved by the SIAS Board in March 2022. As at 1 March 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 1 March 2024	Actual to 1 March 2024
1. Planned Days – percentage of	95%	88%	84%

		(250 / 285 days)	(238 / 285 days)
actual billable days against planned chargeable days completed (excluding unused contingency)			
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects by 31st March 2024	90%	83% (20 / 24 projects)	75% (18 / 24 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% (10 returned from 17 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 respect of Planned Projects, it was anticipated that draft reports would have been issued for the White Paper: Housing Complaints Handling and Anti-Fraud Contract audits based on original scheduling at the start of the year. Fieldwork is in progress for both audits, and planned quality review dates have been agreed, however due to unforeseen staffing issues at our external provider review dates are now planned for later in quarter four. The Building Maintenance audit was deferred to quarter four at the Council's request and resource has been arranged in line with the latest timeframe request.

2.10   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 1 MARCH 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						16	SIAS	15	Draft Report	
IT - New Contracts	Substantial	0	0	0	2	10	SIAS	10	Final Report	No (Issued 27/02/24)
Corporate Health and Safety - Policy and Procedures						12	BDO	3	In Fieldwork	
Risk Management Framework Policy / Reporting						12	SIAS	4	In Fieldwork	
Medium Priority Audits										
White Paper: Preparedness and Tenant Engagement	Reasonable	0	0	2	2	12	BDO	12	Final Report	Yes
Food Hygiene Inspection Programme						10	SIAS	9.5	Draft Report	
Planning Appeals	Substantial	0	0	0	0	10	SIAS	10	Final Report	No
Climate Emergency	Substantial	0	0	0	0	8	SIAS	8	Final Report	Yes

APPENDIX A – PROGRESS AGAINST THE 2023/24 AUDIT PLAN AS AT 1 MARCH 2024

AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS	CSQ Completed
		C	H	M	L					
Housing Development - Affordable Accommodation	N/A					3	SIAS	3	Cancelled	N/A
White Paper: Housing Complaints Handling						10	BDO	7	In Fieldwork	
Budgetary Control						10	SIAS	10	Draft Report	
Community Lottery	Substantial	0	0	0	0	6	SIAS	6	Final Report	Yes
Payroll	Substantial	0	0	0	0	10	SIAS	10	Final Report	No (Issued 27/02/24)
Emergency Planning						10	SIAS	9.5	Draft Report	
Anti-Fraud Contract						8	BDO	4	In Fieldwork	
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	9.5	Draft Report	
IT Disaster Recovery and Business Continuity						14	BDO	6	In Fieldwork	
Grant Claims / Charity Certification										
DFG Certification	Reasonable	0	0	0	1	2	SIAS	2	Final Report	Yes
Food Waste Collection Grant Certification	Unqualified	-	-	-	-	1	SIAS	1	Complete	N/A
Contingency										
Contingency						1	NYA		N/A	N/A
Client Management - Strategic Support										

APPENDIX A – PROGRESS AGAINST THE 2023/24 AUDIT PLAN AS AT 1 MARCH 2024

AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS	CSQ Completed
		C	H	M	L					
CAE Internal Audit Opinion 2022/23						3	SIAS	3	Complete	N/A
Audit Committee						6	SIAS	5.5	Through Year	N/A
Performance Monitoring						6	SIAS	6	Through Year	N/A
Client Liaison						8	SIAS	7.5	Through Year	N/A
2024/25 Audit Planning						8	SIAS	7.5	Through Year	N/A
Recommendations Follow Up						4	SIAS	4	Through Year	N/A
SIAS Development						3	SIAS	3	Through Year	N/A
2022/23 Carry Forward										
Completion of outstanding 2022/23 projects						10	SIAS	10	Completed	N/A
Total		**0**	**0**	**3**	**6**	**285**		**238**		

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

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
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 (Final Report)	Risk Management Framework Policy and Reporting (In Fieldwork)
				Corporate Health and Safety - Policy and Procedures (In Fieldwork)
M	White Paper: Preparedness and Tenant Engagement (Final Report)	Climate Emergency (Final Report)	Budgetary Control (Draft Report)	Anti-Fraud Contract (In Fieldwork)
	Food Hygiene Inspection Programme (Draft Report)	Housing Development - Affordable Accommodation (Cancelled)	Community Lottery (Final Report)	Payroll (Final Report)
	Planning Appeals (Final Report)	White Paper: Housing Complaints Handling (In Fieldwork)	Debtors (Final Report)	
			Creditors (Final Report)	
			Emergency Planning (Draft Report)	
IT		Software Licensing (Final Report Issued)	Handheld Devices Security (Draft Report)	IT Disaster Recovery and Business Continuity (In Fieldwork)
G/C		DFG Certification (Final Report)		Defra Food Waste Grant Certification (Complete)
O	2022/23 Carry Forward (Completed)			

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

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 – 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.
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.