



INTERNAL AUDIT PLAN 2024/25

WELWYN HATFIELD BOROUGH COUNCIL

AUDIT COMMITTEE

18 MARCH 2024

RECOMMENDATION:

**MEMBERS ARE RECOMMENDED TO APPROVE THE
PROPOSED WELWYN HATFIELD BOROUGH COUNCIL
INTERNAL AUDIT PLAN FOR 2024/25**

Contents

1. Introduction and Background

2. Audit Planning Process

2.1 Planning Principles

2.2 Approach to Planning

2.10 Planning Context

2.13 Internal Audit Plan 2024/25

3. Performance Management

3.1 Update Reporting

3.3 Performance Indicators

Appendices

A Proposed Welwyn Hatfield Borough Council Internal Audit Plan 2024/25

B Proposed Audit Start Dates

1. Introduction and Background

- 1.1 The mission of Internal Audit is “to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”. The Public Sector Internal Audit Standards (PSIAS) encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF). These Standards note that a professional, independent, and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector.
- 1.2 The SIAS Board reviewed the SIAS Internal Audit Strategy in 2022, and this strategy outlines how SIAS will achieve the mission of Internal Audit and ensure ongoing compliance with the PSIAS. The following report follows the key principles within the Strategy related to Audit Planning and Resourcing, with the Strategy document itself being available to Members upon request. The strategy will be reviewed during 2024/25 as part of the implementation of the new Global Internal Audit Standards.
- 1.3 The PSIAS set out how SIAS must approach audit planning. The specific standards that SIAS must adhere to are as follows:

Standard	Description
2010	A risk-based plan, setting out audit priorities consistent with the goals of the organisation.
2010	Linked to annual opinion need and Internal Audit Charter
2010.A1	Based on documented risk assessment, updated at least yearly and consulting Senior Management and Members
2010.A2	Reflect expectations of Senior Management, Members, and other stakeholders
2020	Communicated to Senior Management for review and to Members for approval
2030	Ensure internal audit’s resources are fit and effectively used
2030	Must explain how resource adequacy assessed, and set out results of any limits

- 1.4 The Council’s Internal Audit Plan sets out the programme of internal audit work for the year ahead, and forms part of the Council’s wider assurance framework. It supports the requirement to produce an audit opinion on the overall internal control environment of the Council, as well as a judgement on the robustness of risk management and governance arrangements, contained in the Chief Audit Executive’s Annual Opinion Report.
- 1.5 The Shared Internal Audit Service’s (SIAS) Audit Charter was presented to the May 2023 meeting of this Committee, and it shows how the Council and SIAS work together to provide a modern and effective internal audit service. This approach complies with the requirements of the United Kingdom Public Sector Internal Audit Standards (PSIAS) which came into effect on 1 April 2013 and revised on 1 April 2017. An updated version of the SIAS Audit

Charter will be brought to the May 2024 Audit & Governance Committee meeting for Member approval.

1.6 Section 2 of this report details how SIAS complies with these requirements.

2. **Audit Planning Process**

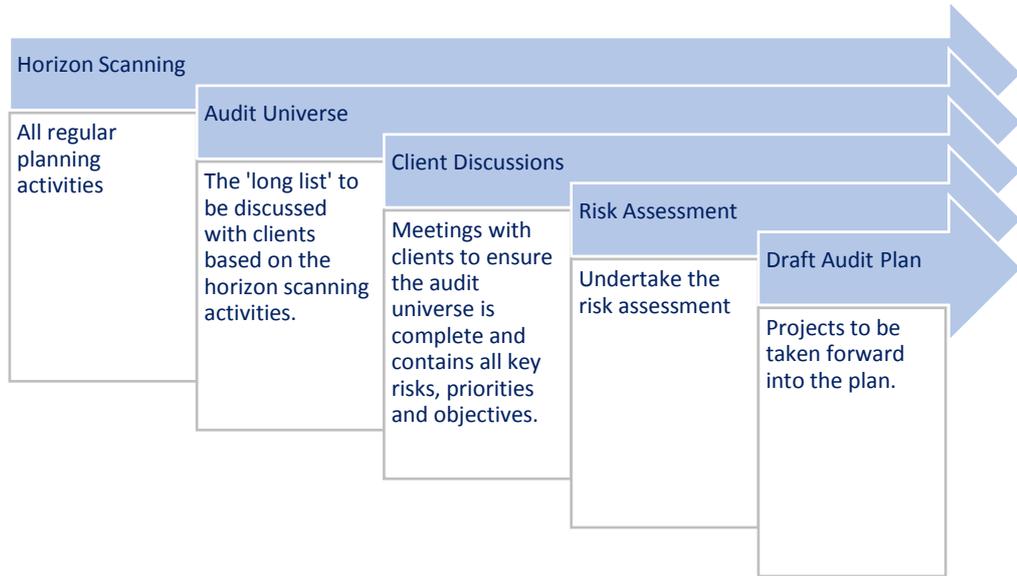
Planning Principles

2.1 SIAS audit planning is underpinned by the following principles:

- a) Focus of assurance effort on the Council's obligations, outcomes and objectives, critical business processes and projects and principal risks. This approach ensures coverage of both strategic and key operational issues.
- b) Maintenance of an up-to-date awareness of the impact of the external and internal environment on the Council's control arrangements.
- c) Use of a risk assessment methodology to determine priorities for audit coverage based, as far as possible, on management's view of risk.
- d) Dialogue and consultation with key stakeholders to ensure an appropriate balance of assurance needs. This approach includes recognition that in a resource-constrained environment, all needs cannot be met.
- e) Identification of responsibilities where services are delivered in partnership.
- f) In-built flexibility to ensure that new risks and issues are accommodated as they emerge.
- g) Capacity to deliver key commitments including governance work.
- h) Capacity to respond to management requests for assistance with special investigations, consultancy, and other forms of advice.

Approach to Planning

2.2 SIAS has developed an approach to annual planning that ensures ongoing compliance with the requirements of the PSIAS, SIAS applies the following methodology at its partners:



Horizon Scanning and Audit Universe

2.3 SIAS conducts horizon scanning to ensure that it is aware of the key issues and risks locally and nationally as well as the corporate and service objectives of the Council. To do this, SIAS undertakes the following activities:



2.4 Following the horizon scanning work, SIAS creates an Audit Universe based on all auditable areas and entities. The Audit Universe forms the basis of discussions with senior managers.

Client Discussions

- 2.5 SIAS undertook detailed discussions with senior managers and other key officers within the Council to confirm auditable areas and elicit high level detail of the scope of audits. This process incorporates the gathering of information to inform the risk assessment phase of audit planning.

Risk Assessment

- 2.6 The overarching risk that SIAS bases planning against is the risk that audit work completed does not provide sufficient coverage and significance for SIAS to provide a robust annual assurance opinion. Therefore, SIAS risk assesses each auditable area to ensure that their resources are directed appropriately.
- 2.7 The risk assessment behind the development of the 2024/25 Internal Audit Plan was correlated to the Council's plans and associated monitoring through risk assessments, KPI's and project progress.
- 2.8 SIAS also include considerations of financial materiality, corporate significance, vulnerability and change and management concerns, as part of the risk assessment, including alternative sources of assurance through the Three Lines (of Defence) model.

Draft Audit Plan

- 2.9 The results of the discussions with senior managers provides a draft Internal Audit Plan. SIAS has presented this draft plan to the Corporate Governance Group to seek their views on the assessments completed and to provide any further updates or comments. The outcome is now presented to Members as part of this report for their approval of the Draft Internal Audit Plan 2024/25.

The Planning Context

- 2.10 The context within which local authorities provide their services remains challenging:
- Demand for services is still rising, driven a range of factors including the growing and ageing population, and challenges in the healthcare system. Combined with the cost of living, local authorities will have to continue to be more innovative and commercially minded.
 - Macro-economic uncertainty continues, driven by factors such as inflation, interest rates, energy costs and a range of geo-political tensions. Resulting cost pressures and government funding make financial planning a key component of local government finance.

- Cyber and data security remains a consistent threat to organisations and there are a growing number of local authorities that have been subjected to successful cyber-attacks. Continued vigilance and risk management remain key to protecting local authority assets and services.
- Local authorities are facing significant challenges in relation to talent management, both in terms of recruitment and retaining staff meaning ability to remain resilient and deliver high quality services may continue to be an increasing concern.
- Many local authorities have declared a Climate & Ecological Emergency and made public commitments relating to carbon reduction and becoming Net Zero.

2.11 The resultant efficiency and transformation programme that councils are in the process of implementing and developing continues to profoundly alter each organisation's nature. Such developments are accompanied by potentially significant governance, risk management and internal control change.

2.12 The challenge of giving value in this context, means that Internal Audit needs to:

- Meet its core responsibilities, which are to provide appropriate assurance to Members and senior management on the effectiveness of governance, risk management and control arrangements in delivering the achievement of Council objectives.
- Identify and focus its effort on areas of significance and risk, assisting the organisation in managing change effectively, and ensuring that core controls remain effective.
- Give assurance which covers the control environment in relation to new developments, using leading edge audit approaches such as use of technology to achieve 'whole population testing' and new insights over sampling or 'continuous assurance' where appropriate.
- Retain flexibility in the audit plan and ensure the plan remains current and relevant as the financial year progresses, this is particularly key given the current challenges and risks and the impact this has had on audit activity.

Internal Audit Plan 2024/25

2.13 The draft plan for 2024/25 is included at Appendix A and contains a high-level proposed outline scope for each audit; Appendix B details the likely timeframes. The number of days commissioned in 2024/25 is 285 days.

- 2.14 The table shows the estimated allocation of the total annual number of commissioned audit days for the year.

	2024/25 Days	%
Key Financial Systems	45	16
Operational Services	89	31
IT Audits	32	11
Corporate Services / Themes	56	20
Grant Certifications	2	1
Contingency	5	1.5
2023/24 Carry Forward	5	1.5
Strategic Support *	51	18
Total allocated days	285	100%

* This includes supporting the Audit & Governance Committee, monitoring delivery of the internal audit plan, SIAS service development and implementing the new Global Internal Audit Standards

- 2.15 Any significant audit plan changes agreed between Management and SIAS will be brought before this committee for noting through the usual plan update reporting cycle. The cancellation of any audits will require approval from the Executive Director (Finance and Transformation).
- 2.16 Members will note the inclusion of a provision for the completion of projects that relate to 2023/24. The structure of Internal Audit's programme of work is such that full completion of every aspect of the work in an annual plan is not always possible; especially given the high dependence on client officers during a period where there are competing demands on their time, e.g. year-end closure procedures.
- 2.17 Members should also note provision for implementing the updated Global Internal Audit Standards during 2024/25. The new Standards have been formally published and have an implementation date of 9 January 2025. Changes which have an impact on the role of Audit Committee Members will be highlighted once SIAS have identified key changes in existing practice that may be required to meet the standards.
- 2.18 The nature of assurance work is such that enough activity must have been completed in the financial year for the Chief Audit Executive to give an overall opinion on the Authority's internal control environment. In general, the tasks associated with the total completion of the plan, which includes the finalisation of all reports and negotiation of the appropriate level of agreed mitigations, is not something that adversely affects delivery of the overall opinion. The impact of any outstanding work is monitored closely during the final quarter by SIAS in conjunction with the Executive Director (Finance and Transformation).

Resources

- 2.19 Public Sector Internal Audit Standard 2030 requires SIAS to consider our resources, how these will be effectively used and any limitations of the adequacy of resources.
- 2.20 Achievement of our role and objectives is predicated on the matching of audit needs to available resources through our work allocation processes. This is accomplished through the delivery of internal audit activities by a range of suitably qualified and experienced team members working flexibly in a matrix structure to maximise the value to all our partners and clients. SIAS resources are calculated based on the chargeability of each member of the team and the structure was designed to ensure sufficient chargeability to deliver all plans.
- 2.21 SIAS will utilise our internal audit delivery partner to provide service resilience and access to specialist skills not currently available within the service, or which are not economically viable to recruit and retain on a permanent basis.
- 2.22 SIAS staff are provided training and development across the year to support service delivery at our partners. In addition, SIAS provides funding for professional qualifications and currently has team members studying towards their professional qualifications.
- 2.23 The service will be adequately resourced to deliver the number of planned internal audit days commissioned by Welwyn Hatfield Borough Council. There are currently no limitations on the adequacy of resources in place to deliver the Welwyn Hatfield Borough Council Internal Audit Plan 2024/25.

3. Performance Management

Update Reporting

- 3.1 SIAS is required to report its work 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. Progress against the agreed plan for 2024/25 and any proposed changes will be reported to this Committee four times in the 2024/25 civic year.
- 3.2 SIAS will report on the implementation of agreed critical, high and medium priority recommendations as part of the update reporting process.

Performance Indicators

- 3.3 Annual performance indicators were approved at the SIAS Board and are reviewed annually by the Board. Details of the targets set for 2024/25 are

shown in the table below. Actual performance against target will be included in the update reports to this Committee.

Performance Indicator	Performance Target	Reporting
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excludes unused contingency)	95%	Update Report
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects by 31st March 2025	90%	Update Report
3. Planned Projects – percentage of actual completed projects to final report stage against planned completed projects by the production of the Annual Report	100%	Update Report
4. Client Satisfaction - percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	Update Report
5. Number of High and Critical Priority Audit Recommendations agreed as a percentage	95%	Update Report
6. Annual Plan – prepared in time to present to the last Audit & Governance meeting of the financial year. If there is no meeting, then the Plan should be prepared for the first meeting of the financial year	Yes	Annual
7. Chief Audit Executive's Annual Assurance Opinion and Report – presented at the first Audit & Governance Committee meeting of the financial year	Yes	Annual

APPENDIX A – PROPOSED WELWYN HATFIELD BOROUGH COUNCIL AUDIT PLAN 2024/25

Audit	Proposed Outline Scope	Days	Audit Sponsor
COVERAGE OF KEY FINANCIAL SYSTEMS (45 days)			
Cash and Banking	An audit covering risks related to cash and banking, including security arrangements (including payment kiosk), processing of cash and cheque payments, bank reconciliations and banking of income.	10	Assistant Director (Finance)
Creditors (Risk & Control Mapping)	Mapping the various sources of assurance, the associated control framework and identifying any gaps for management attention and action.	5	
Debtors (Risk & Control Mapping)	Mapping the various sources of assurance, the associated control framework and identifying any gaps for management attention and action.	5	
Housing Benefits	An audit covering risks linked to claim submission, assessment, changes in circumstances and payment.	10	
Payroll (Risk & Control Mapping)	Mapping the various sources of assurance, the associated control framework and identifying any gaps for management attention and action.	5	
Treasury Management	An audit covering risks related to the Council's treasury management function, including strategy and procedures, investments and borrowing, reconciliations, external service providers and performance management and monitoring.	10	
COVERAGE OF OPERATIONAL SERVICES (89 days)			
CCTV and Body Worn Cameras	To provide assurance that the Council are complying with legal requirements, nationally recommended standards and the GDPR's. The audit will also consider current partnership working and associated SLA's.	10	Assistant Director (Homes and Neighbourhood)

APPENDIX A – PROPOSED WELWYN HATFIELD BOROUGH COUNCIL AUDIT PLAN 2024/25

Audit	Proposed Outline Scope	Days	Audit Sponsor
CIL – Implementation	To provide an advisory audit over the implementation of the Community Infrastructure Levy, to ensure that the Council has prepared for and identified appropriate actions, guidance and procedures in line with best practice including governance, finance and planning management.	10	Assistant Director (Planning)
Damp and Mould Follow Up	Provision for following up the Damp and Mould audit from 2023/24 to provide assurance that matters arising have been addressed.	5	Executive Director – Resident Services and Climate Change
Oak Hill	To provide assurance that policies and procedures are being complied with and appropriate record management is undertaken in line with industry guidance.	10	Assistant Director (Customer Service & Transformation)
Parking - New On-Street Parking Restrictions	To provide assurance that the consultation process aligns with statutory deadlines and the procurement process after each ward consultation is completed in accordance with Contract Regulations.	10	Assistant Director (Regeneration & Economic Development)
Planned work and repairs	To provide assurance that there are adequate processes and service level agreements, that these are used consistently and that there is adequate monitoring and oversight to ensure works and repair are completed in a timely manner. The audit will include all relevant service teams involved in the process.	12	Executive Director – Resident Services and Climate Change
Statutory Compliance	To provide assurance that the Council is meeting its statutory and mandatory compliance safety requirements.	12	Executive Director – Resident Services and Climate Change
Tenancy Audits	To provide assurance over the processes in place relating to records management, including roles and responsibilities and work allocation. The audit will also review the process for acting on information.	10	Assistant Director (Homes and Neighbourhood)
Trees Inspection Programme	To provide assurance that tree management strategy and policies are complied with, including that robust inspection programmes and remedial works are undertaken, including analysis of potential wider impact and	10	Assistant Director (Public Realm)

APPENDIX A – PROPOSED WELWYN HATFIELD BOROUGH COUNCIL AUDIT PLAN 2024/25

Audit	Proposed Outline Scope	Days	Audit Sponsor
	considerations, responsibilities and insurance claims.		
COVERAGE OF CORPORATE SERVICES/THEMES (56 days)			
Agency Staffing	To provide assurance that appropriate governance is in place to support the use of agency staff and that agreed strategies and procedures are being followed consistently. The review will also consider monitoring and review of agency staffing and recruitment to permanent roles.	10	Human Resources & OD Manager
Contract Procurement	To provide assurance that the Council has sufficient controls in place to ensure compliance with procurement regulation and internal policies and procedures, including robust risk assessments to minimise the risk of disruption to services and associated financial and reputational risk.	10	Procurement Manager
Engagement Strategy	A provision to support the engagement strategy project. To provide assurance where required, considering specific issues such as the management of risk, validation of processes and to observe that appropriate information is being received, scrutinised and challenged.	8	Assistant Director (Customer Service & Transformation)
Procurement Act – Preparedness	To provide assurance that the council has prepared for and identified appropriate actions, guidance and procedures to meet the requirements of the Procurement Act 2024. This will include systems to support information publication requirements and updates to the constitution.	8	Procurement Manager
Sickness Absence Management	To provide assurance that the Council has effective systems and training in place to manage staff sickness absence, with these being followed in practice by line managers. The audit will also seek to provide assurance that the Council pro-actively monitors sickness data to identify underlying trends and actions that could be implemented to improve staff wellbeing or reduce any risks of potential abuse of current policies and systems.	10	Human Resources & OD Manager
Transformation Board	To provide assurance over the governance and management	10	Assistant Director

APPENDIX A – PROPOSED WELWYN HATFIELD BOROUGH COUNCIL AUDIT PLAN 2024/25

Audit	Proposed Outline Scope	Days	Audit Sponsor
	arrangements to oversee the transformation strategy.		(Customer Service & Transformation)
COVERAGE OF INFORMATION TECHNOLOGY (32 days)			
Cyber - Governance and Culture	To conduct a review of cyber governance and culture within Council to ascertain the current approach and awareness and subsequent links to training.	32	Assistant Director (ICT and Digital Services)
IT Architecture Assessment	A consultancy engagement to undertake an assessment of the Council's current level of maturity against a defined methodology to identify what is currently in place and areas for further development.		
Remote Working and Multi Factor Authentication	To provide assurance over the Council's use and management of remote working and the use and/or adoption of multi-factor authentication controls in operation.		

CONTINGENCY (5 days)	
Contingency	To provide for adequate response to risks emerging during the financial year.
GRANT CERTIFICATION (2 days)	
Miscellaneous Grant Claims	To certify any grant claims required during the year.
STRATEGIC SUPPORT (56 days)	
Audit Committee and Recommendation Follow Up	To provide services linked to the preparation and agreement of Audit Committee reports, meeting with the Audit Committee Chair prior to each Audit Committee (as required) and presentation of

APPENDIX A – PROPOSED WELWYN HATFIELD BOROUGH COUNCIL AUDIT PLAN 2024/25

	reports / participation at Audit Committee. Follow up of any High and Medium priority recommendations.
Chief Audit Executive Opinion 2023/24	To prepare and agree the Head of Internal Audit Opinion and Annual Report for 2023/24.
Client Liaison and Corporate Governance Group	This involves meetings and updates with the S151 Officer, other key officers and attendance at Corporate Governance Group.
Plan and Progress Monitoring	To produce and monitor performance and billing information, work allocation and scheduling.
SAFS Management Actions Follow Up	Annual review of management actions identified in SAFS reports.
SIAS Development and Global Internal Audit Standards implementation.	Included to reflect the Council's contribution to developing and maintaining the shared service / partnership through its service planning activity and assurance mapping objectives (10 days). A provision for implementing the new Global Internal Audit Standards (5 days).
2025/26 Audit Planning	To provide services in relation to preparation and agreement of the 2025/26 Audit Plan.
2023/24 projects requiring completion.	Additional time, if required, for the completion of 2023/24 audit work carried forward into the 2024/25 year. Any unused days will be returned to contingency for use on emerging risks and audits or allocated to audits in the reserve list.
Reserve/substitute list (if required):	
Air Quality	To review the Council's revised strategy once established, including monitoring, with an assessment against specified requirements.
Business Centres - New Lettings Process	To provide assurance that processes are being undertaken appropriately, in line with policy and procedures.
Emergency Planning – Post Implementation	To provide assurance following implementation, including testing and training.
FOI	To provide assurance based on shared learning outcomes from limited assurance and Information Commissioner reports at other local authorities to determine whether the Council adequately manages the identified risks and issues.
Home Adaptations	To provide assurance over the process for providing aids and adaptations, including referrals criteria and the consideration of appropriate housing.
Houses in Multiple Occupation (HMO)	To provide assurance that the Council is fulfilling its duties in terms of its HMO policy, including the conduct of periodic inspections of HMOs to ensure that the premises are properly managed and

APPENDIX A – PROPOSED WELWYN HATFIELD BOROUGH COUNCIL AUDIT PLAN 2024/25

	maintained.
Internal Communications - Process and Sign Off	To provide assurance following a service restructure, to include procedures and guidance in respect of communications and whether these are understood and being followed consistently.
Operational Housing Management	A provision to support the Council in relation to operational housing management. Providing assurance where required in relation to operational housing management meetings and strategic oversight.
Performance Management Framework	To provide assurance over the new staff performance management framework.
Pre employment checks	To provide assurance that there are sufficient systems and controls in place during the recruitment process and these are understood by management and are undertaken consistently and in a timely manner.
Safety Advisory Group	To review the safety advisory group advisory process and event feedback. Also considering associated enforcement action where relevant.

APPENDIX B – WELWYN HATFIELD BOROUGH COUNCIL PROPOSED AUDIT START DATES

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Audits	Procurement Act – Preparedness	Contract Procurement	Agency Staffing	Cash and Banking
	Sickness Absence Management	Damp and Mould Follow Up	Housing Benefits	CCTV and body worn cameras
	Transformation Board	Oak Hill	Payroll CRA Mapping	CIL - Implementation
	Trees Inspection Programme	Parking - New On-Street Parking Restrictions	Statutory Compliance	Creditors CRA Mapping
		Planned work and repairs	Tenancy Audits	Debtors CRA Mapping
			Treasury Management	
IT Audits	Remote Working and Multi Factor Authentication	IT Architecture Assessment		Cyber - Governance and Culture
Embedded Assurance	Engagement Strategy - Provision across 2024/25			
Other	2023/24 Carry Forward			