



Welwyn Hatfield Borough Council Audit Committee Progress Report 24 March 2025

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 3 March 2025

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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 2024/25 as at 3 March 2025.
 - b) Proposed amendments to the approved 2024/25 Internal Audit Plan.
 - c) An update on performance indicators as at 3 March 2025.

Background

- 1.2 The 2024/25 Internal Audit Plan was approved by the Audit Committee on 18 March 2024.
- 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 2024/25 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 3 March 2025, 80% of the 2024/25 Audit Plan days had been delivered.
- 2.2 There have been six final audit reports that have been issued since the previous progress report.

Audit Title	Assurance Opinion	Recommendations
Oak Hill	Substantial	1 Low
Parking – New On-Street Parking Regulations	Substantial	1 Advisory
Treasury Management	Substantial	None
Transformation Board	Reasonable	1 Medium, 3 Low
Cyber Governance and Culture	Reasonable	1 Medium, 1 Low
Decarbonisation Grant – SHDF Wave 2.1	Unqualified	None

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 currently 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 at the point that they reach the implementation target date advised in the action plan provided by management. There were no medium priority recommendations due for follow up during this cycle as implementation target dates were not yet due.

Proposed In-Year Amendments to the 2024/25 Internal Audit Plan

- 2.6 One minor plan amendment has been agreed with management within this reporting period, reflecting an additional grant certification (Decarbonisation Grant SHDF Wave 2.1), this having been completed to meet 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 3 March 2025
Draft / Final Report Issued	18	69%	(20/26)
In Fieldwork / Quality Review	7	27%	(5/26)
Terms of Reference Issued / In Planning	1	4%	(1/26)
Not Yet Started	0	0%	(0/26)

- 2.8 Annual performance indicators and associated targets were approved by the SIAS Board in March 2023. As at 3 March 2025, 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 3 March 2025	Actual to 3 March 2025
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	84% (240 / 285 days)	80% (227.5 / 285 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects by 31 st March 2024	90%	77% (20 / 26 projects)	69% (18 / 26 projects)
3. Client Satisfaction with Conduct of the Audit – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100% (11 returned from 21 issued within 2024/25)
4. Number of High Priority Audit Recommendations agreed	95%	95%	No high priority recommendations have been made to date in 2024/25

2.9 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2024/25 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 second meeting of the civic year.
- **7. Planned Projects** - percentage of actual completed projects to Final report stage against planned completed projects. Reported annually within the Chief Audit Executive's annual report and opinion.

Summary of Performance Against KPI's

2.10 Whilst plan delivery is naturally subject to a continued stable establishment and availability of client officers to support audits, we currently report no risks to the delivery of a robust annual assurance opinion.

2.11 Although planned days and projects delivery is slightly behind profile, performance is recorded as at 3 March and therefore progress will have been

made since these statistics were produced. Staff have been allocated to all remaining quarter four projects and we are currently on track to meet our performance indicators. However, this is subject to there being no periods of unplanned absence within the team or client engagement issues during the remaining weeks of the financial year.

APPENDIX A – PROGRESS AGAINST THE 2024/25 AUDIT PLAN AS AT 3 MARCH 2025

2024/25 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS	CSQ RETURNED
		C	H	M	L					
Key Financial Systems										
Cash and Banking						10	SIAS	3.5	In Fieldwork	
Creditors (Risk & Control Mapping)	Substantial	0	0	0	0	5	SIAS	5	Final Report	Yes
Debtors (Risk & Control Mapping)	Substantial	0	0	0	0	5	SIAS	5	Final Report	Yes
Housing Benefits						10	SIAS	9.5	Draft Report	
Payroll (Risk & Control Mapping)	Substantial	0	0	0	0	5	SIAS	5	Final Report	Yes
Treasury Management	Substantial	0	0	0	0	10	SIAS	9.5	Final Report	Yes
Operational Services										
CCTV and Body Worn Cameras						10	SIAS	3.5	In Fieldwork	
CIL – Implementation						10	BDO	4	In Fieldwork	
Damp and Mould Follow Up						6	SIAS	6	Draft Report	
Oak Hill	Substantial	0	0	1	0	10	SIAS	10	Final Report	
Parking - New On-Street Parking Restrictions	Substantial	0	0	0	1	10	SIAS	10	Final Report	
Planned work and repairs						14	SIAS	13.5	Draft Report	
Statutory Compliance						12	SIAS	6	In Fieldwork	
Tenancy Audits						10	BDO	5	In Fieldwork	
Trees Inspection	Reasonable	0	0	1	1	10	SIAS	10	Final Report	Yes

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS	CSQ RETURNED
		C	H	M	L					
Programme										
Corporate Services										
Agency Staffing						10	SIAS	9.5	Draft Report	
Contract Procurement						10	SIAS	1	In Planning	
Engagement Strategy						8	SIAS	1.5	In Progress	
Procurement Act – Preparedness Part 1	Reasonable	0	0	1	1	5	SIAS	5	Final Report	Yes
Procurement Act – Preparedness Part 2	Substantial	0	0	0	0	3	SIAS	3	Final Report	Yes
Sickness Absence Management	Reasonable	0	0	3	3	10	SIAS	10	Final Report	Yes
Transformation Board	Reasonable	0	0	1	3	10	SIAS	10	Final Report	
IT Audits										
Cyber - Governance and Culture	Reasonable	0	0	1	1	10	BDO	9.5	Final Report	
IT Architecture Assessment						12	BDO	6.5	In Fieldwork	
Remote Working and Multi Factor Authentication	Substantial	0	0	0	1	12	BDO	12	Final Report	No
Grant Claims / Charity Certification										
Decarbonisation Grant SHDF Wave 2.1	Unqualified					3	SIAS	3	Final Report	
Contingency										
Contingency						0				

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS	CSQ RETURNED
		C	H	M	L					
Client Management - Strategic Support										
Audit Committee and Recommendation Follow Up						10	SIAS	9		
Chief Audit Executive Opinion 2023/24						3	SIAS	3	Complete	N/A
Client Liaison and Corporate Governance Group						8	SIAS	7.5		
Plan and Progress Monitoring						7	SIAS	6.5		
SIAS Development and Global Internal Audit Standards implementation.						15	SIAS	13.5		
2025/26 Audit Planning						7	SIAS	6.5		
2023/24 Carry Forward										
Completion of outstanding 2023/24 projects						5	SIAS	5	Complete	N/A
Total		0	0	8	11	285		227.5		

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 – 2024/25 AUDIT PLAN START DATES AGREED WITH MANAGEMENT

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

APPENDIX B – 2024/25 AUDIT PLAN START DATES AGREED WITH MANAGEMENT

Other	2023/24 Carry Forward			
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Key:

Final Report Issued

Draft Report Issued

Quality Review

IT – IT Audits

G/C – Grant or charity certification to be completed as part of the audit plan.

O - Other

CRA - Control Risk Assessment - A process by which management and staff work with internal audit to identify and evaluate operational risks and the effectiveness of controls. The objective is to provide reasonable assurance that all business objectives will be met.

APPENDIX C – ASSURANCE AND FINDINGS DEFINITIONS 2024/25

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.