



Welwyn Hatfield Borough Council

Audit Committee Progress Report

20 January 2020

Recommendations

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 3 January 2020 and
- Note the implementation status of internal audit recommendations and the management response.

Contents

- 1 Introduction and Background
 - 1.1 Purpose
 - 1.2 Background

- 2 Audit Plan Update
 - 2.1 Delivery of Audit Plan and Key Findings
 - 2.3 Changes to Projected Audit Start Dates
 - 2.4 Proposed Amendments to the 2019/20 Annual Audit Plan
 - 2.6 High Priority Recommendations
 - 2.8 Medium Priority Recommendations
 - 2.10 Performance Management

Appendices

- A Progress against the 2019/20 Audit Plan

- B 2019/20 Audit Plan Start Dates Agreed with Management

- C Implementation Status of Outstanding Medium Priority Recommendations as at 3 January 2020

- D Assurance and Finding Definitions 2019/20

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 Audit Plan for 2019/20 as at 3 January 2020.
 - b) Findings for the period 13 September 2019 to 3 January 2020.
 - c) Details of changes to the planned start dates of audits from the approved 2019/20 Audit Plan.
 - d) Proposed amendments to the 2019/20 Annual Audit report.
 - e) The implementation status of previously agreed audit recommendations.
 - f) An update on performance management information as at 3 January 2020.

Background

- 1.2 The 2019/20 Annual Audit Plan was approved by the Audit Committee at its meeting on 21 March 2019.
- 1.3 The Audit Committee receives periodic updates of progress against the Annual Internal Audit Plan. This is the third report giving feedback on the delivery of the 2019/20 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 January 2020, 62% of the 2019/20 Audit Plan days had been delivered (the calculation excludes contingency).
- 2.2 The following 2019/20 final reports have been issued since 13 September 2019 (cut-off date for the SIAS Update Report for 30 September 2019 Audit Committee):

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Apprenticeship Levy	September 2019	Satisfactory	3 Medium
Universal Credit	September 2019	Good	-

Agresso Upgrade	September 2019	Not Assessed	-
GDPR	September 2019	Good	1 Medium
Fire Safety Follow Up	October 2019	Not Assessed	-
Cyber Security	November 2019	Satisfactory	1 Medium, 3 Low
Financial Resilience of Suppliers	December 2019	Satisfactory	2 Medium
Recruitment	December 2019	Satisfactory	2 Medium, 1 Low

Changes to Projected Audit Start Dates

- 2.3 To help the Committee assess progress in delivering the 2019/20 Audit Plan, Appendix B details agreed start dates. These dates were agreed with management and resources allocated accordingly. This schedule was designed to facilitate smoother delivery of the audit plan through the year.

Proposed Amendments to Audit Plan

- 2.4 There are no amendments to the 2019/20 Audit Plan to bring before this Committee.
- 2.5 Contingency in the 2019/20 Annual Audit Plan for the Council currently stands at two days.

High Priority Recommendations

- 2.6 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 Internal Audit's responsibility to bring to Members' attention the non-implementation of high priority recommendations. It is the responsibility of officers to implement the recommendations by the agreed date.
- 2.7 There are no high priority recommendations that remain outstanding and we have not made any new high priority recommendation as a result of the work undertaken in the audits detailed in paragraph 2.2 above.

Medium Priority Recommendations

- 2.8 From 1 April 2019, SIAS has assumed responsibility for the co-ordination of following up the implementation status of internal audit recommendations from the Council's Principal Governance Officer. Internal Audit has worked with Council management to develop a database of all audit recommendations, regardless of the recommendation priority, to monitor the implementation

status and progress to date. It has been agreed with Council management that SIAS will follow up all recommendations made since 1 April 2018.

- 2.9 Appendix C details the implementation status of all 'Medium' priority recommendations that have not been fully implemented by the original target date, or for which no management response has been received at the date of this report. Appendix C 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. A summary of the status of all 'Medium' priority recommendations is set out below:

Medium priority recommendations		Not implemented by due date	
Total number of recommendations followed up in this period	Implemented	Not implemented / partially implemented – revised date agreed	No update provided by action owner
8	3	5	0
%	37%	63%	0%

Performance Management

- 2.10 Performance indicators and associated targets are approved by the SIAS Board on an annual basis. As at 3 January 2020, actual performance for Welwyn Hatfield Borough Council against the targets that can be monitored in year is set out in the table below:

Performance Indicator	Annual Target	Profiled Target to 3 January 2020	Actual to 3 January 2020
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	68% (210 / 308 days)	64% (198/ 308 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	58% (15 / 26 projects)	50% (13 / 26 projects)
3. Client Satisfaction with Conduct of the Audit – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100% (4 / 11 returned)

4. Number of High Priority Audit Recommendations agreed	95%	95%	N/A – No high priority recommendations made
--	-----	-----	---

2.11 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported in the 2019/20 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 2019/20 ANNUAL AUDIT PLAN

AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
		C	H	M	L				
Key Financial Systems									
Agresso						16	Yes	0	Allocated
Treasury Management						8	Yes	1.5	In Fieldwork
Payroll						8	Yes	7.5	Draft Report
Council Tax						10	Yes	9	Quality Review
NDR						10	Yes	9	Quality Review
Housing Benefits						10	Yes	2	In Fieldwork
Corporate Audits									
Data Quality of Performance Information						15	Yes	6.5	In Fieldwork
Financial Resilience of Suppliers	Satisfactory	0	0	2	0	15	Yes	15	Final Report Issued
Recruitment	Satisfactory	0	0	2	1	15	Yes	15	Final Report Issued
Customer First Strategy						15	Yes	8	In Fieldwork
Brexit	Not Assessed	0	0	0	0	5	Yes	5	Final Report Issued
Operational Audits									
Freedom of Information						10	Yes	0	Allocated
Apprenticeship Levy	Satisfactory	0	0	3	0	10	Yes	10	Final Report Issued
Housing Rents						10	Yes	0	Allocated
Insurance	Good	0	0	0	0	10	Yes	10	Final Report Issued
Universal Credit	Good	0	0	0	0	10	Yes	10	Final Report Issued
Homelessness Reduction Act						10	Yes	1.5	ToR Issued
Anti-Social Behaviour						10	Yes	0	Allocated

APPENDIX A – PROGRESS AGAINST THE 2019/20 ANNUAL AUDIT PLAN

AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
		C	H	M	L				
Fire Safety Follow Up	Not Assessed	0	0	0	0	3	Yes	3	Final Report Issued
DFG Grant Certification	Not Assessed	0	0	0	0	2	Yes	2	Final Report Issued
Public Health 18/19						10	Yes	9.5	Draft Report Issued
Procurement / Contracts									
Street Scene Mobilisation						12	Yes	11	Quality Review
Housing Maintenance Contract Procurement						6	Yes	0.5	In Planning
IT Audits									
General Data Protection Regulations	Good	0	0	1	0	10	Yes	10	Final Report Issued
Cyber Security	Satisfactory	0	0	1	3	12	Yes	12	Final Report Issued
Consultancy									
Agresso Upgrade	Not Assessed	0	0	0	0	5	Yes	5	Final Report Issued
Shared Learning and Joint Reviews									
Joint Reviews						2	Yes	0	Allocated
Shared Learning						3	Yes	2	Through Year
Contingency & Ad Hoc Activity									
Contingency & Ad Hoc Activity						2	Yes	0	As Required
Strategic Support									
Head of Internal Audit Opinion 2018/19						3	Yes	3	Complete
Audit Committee						8	Yes	6	Through Year
Client Meetings						6	Yes	4.5	Through Year

APPENDIX A – PROGRESS AGAINST THE 2019/20 ANNUAL AUDIT PLAN

AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
		C	H	M	L				
Liaison with External Audit						1	Yes	0	Through Year
Progress Monitoring						8	Yes	6	Through Year
SIAS Development						5	Yes	5	Through Year
2020/21 Audit Planning						6	Yes	1	Through Year
Recommendations Follow Up						6	Yes	4.5	Through Year
2018/19 Projects requiring completion									
Finalisation of Projects						3	Yes	3	As Required
Total – Welwyn Hatfield B.C.		0	0	9	4	310		198	

APPENDIX B – 2019/20 AUDIT PLAN START DATES AGREED WITH MANAGEMENT

April	May	June	July	August	September
Apprenticeship Levy Final Report Issued	Recruitment Final Report Issued	Cyber Risks Final Report Issued	Insurance (moved from June) Final Report Issued	Data Quality of Performance Information In Fieldwork	Street Scene Mobilisation Quality Review
Brexit Final Report Issued		Universal Credit (moved from July) Final Report Issued	Agresso Upgrade (moved from April) Final Report Issued	Public Health 18/19 (moved from April) Draft Report Issued	DFG Grant Certification Final Report Issued
		Fire Safety Follow Up Final Report Issued		General Data Protection Regulations (moved from October) Final Report Issued	Financial Resilience of Suppliers (moved from May) Final Report Issued
October	November	December	January	February	March
Treasury Management In Fieldwork	NDR Quality Review		Homelessness Reduction Act ToR Issued	Freedom of Information	
Payroll Draft Report Issued	Council Tax Quality Review		Anti-Social Behaviour	Housing Maintenance Contract Procurement In Planning	
Customer First Strategy (moved from July) In Fieldwork	Housing Benefit In Fieldwork		Housing Rents	Agresso (moved from October)	

APPENDIX C – STATUS OF OUTSTANDING MEDIUM PRIORITY RECOMMENDATIONS SINCE 1 APRIL 2018

Report Title	Recommendation	Management Response	Responsible Officer	Target Date	Manager Responding and Date	Management Action Taken to Date	Revised Target Date	Status
General Data Protection Regulations	<p>Retention Schedule Review</p> <p>Management, in conjunction with Heads of Service, Information Asset Owners and Information Asset Administrators, should review and, where necessary, update the Council's retention schedule so that it is line with the requirements of the GDPR.</p> <p>Furthermore, management should put arrangements in place to review the retention schedule on a routine basis, or following a significant change to the Council's operations.</p>	This action is agreed and the retention schedule is in the process of being reviewed and updated.	Principal Governance Officer	31/12/2019	Head of Resources December 2019	A draft of the data retention guidelines had been created and circulated. A final review is underway to consider if there is scope to streamline the document, before it is sent onto the management team for formal approval.	31/03/2020	Partially Implemented
Debtors	<p>Credit Note Authorisation</p> <p>We recommend that: - Finance Officers are reminded that when processing a request for a credit note that the 'Memorandum' to Accountancy Services,</p>	Process and authorisation to be enforced between Finance and Services. Finance officers will investigate the possibility of	Financial Processes Team Leader	31/05/2019	Head of Resources - December 2019	A new credit note request form has been designed which stresses the need for an authorised signature before processing. Further work is required to determine a process for the teams where	31/03/2020	Partially Implemented

APPENDIX C – STATUS OF OUTSTANDING MEDIUM PRIORITY RECOMMENDATIONS SINCE 1 APRIL 2018

Report Title	Recommendation	Management Response	Responsible Officer	Target Date	Manager Responding and Date	Management Action Taken to Date	Revised Target Date	Status
	<p>should be used to evidence actions taken and that these are signed by the 'Actioner' and 'Authoriser'. The latter should be a suitable Senior Officer,</p> <ul style="list-style-type: none"> - Credit notes should not be processed to customers without authorisation being retained, - Services should be reminded to complete and supply Finance with a 'Credit Note Request Form'. <p>As the Agresso finance system has a planned upgrade scheduled in the summer 2019, the Council should consider the opportunity to develop electronic workflow for authorisations. This will allow an electronic record of authorisations to be retained as part of the system audit trail.</p>	<p>including this via a workflow on the upgraded Agresso but this is not currently in the upgrade scope.</p>				<p>Finance undertake management of the accounts - commercial and ground rents for Corporate Property and lifeline alarms for Independent Living. – Partially complete – remaining areas to be completed by revised date.</p> <p>The upgrade for Business World, the Councils finance system, is taking place in January. Once in place, the final steps of this recommendation can be implemented.</p>		

APPENDIX C – STATUS OF OUTSTANDING MEDIUM PRIORITY RECOMMENDATIONS SINCE 1 APRIL 2018

Report Title	Recommendation	Management Response	Responsible Officer	Target Date	Manager Responding and Date	Management Action Taken to Date	Revised Target Date	Status
Fire Safety	<p>Monitoring of Actions identified through Fire Risk Assessments</p> <p>We recommend that the Council:</p> <ul style="list-style-type: none"> - Upload all actions identified against each asset on Lifespan - Assign department action owners and due dates for completion - Ensure the status of actions identified from Fire Risk Assessments are monitored on a regular basis (to be determined by the Council) and reported as part of the KPI's to the Fire Safety Management Group and the Corporate Management Board. - The Fire Safety policy should be updated to reflect the proposed new monitoring procedures 	<p>Agreed. Relevant data from Fire Risk Assessments will be shared with Heads of Service to ensure any failures are actioned. Additionally, KPI “Number of Actions Outstanding” will be broken down by priority, High, Medium, Low. The resource above will export from Lifespan, assess each action and allocate accordingly</p>	Compliance Officer	30/11/2018	Asset Manager December 2019	<p>All Fire Risk Assessment actions have been uploaded on to Lifespan and a monthly progress report is sent to managers to action the remedial work. Managers complete their actions, which are clearly marked for their service area. The completed actions are then uploaded onto Lifespan and the report is updated/recirculated. The number of Fire Risk Assessment actions complete are discussed at the Fire Safety Group and reported to the council’s Senior Management Team. The Fire Safety Group meets on an operational and strategic level; however this</p>	30/04/2020	Partially Implemented

APPENDIX C – STATUS OF OUTSTANDING MEDIUM PRIORITY RECOMMENDATIONS SINCE 1 APRIL 2018

Report Title	Recommendation	Management Response	Responsible Officer	Target Date	Manager Responding and Date	Management Action Taken to Date	Revised Target Date	Status
						structure is not reflected in the council's fire safety policy document. The fire safety policy document will be reviewed March 2020 and updated to reflect the new fire safety group structure.		
Community Protection Notices	<p>Corporate and Local Policies and Procedures</p> <p>1a. We recommend that corporate policy and procedures should be documented to reflect current practice to manage the issue of CPNs in line with statutory guidance.</p> <p>1b. When completed, these should be approved, subject to annual review and issued to all appropriate staff.</p> <p>1c. Council intranet guidance should be reviewed and updated to reflect current practice and statutory guidance.</p>	Head of Public Health and Protection to coordinate via Extended Corporate Management Team (eCMT) an agreed corporate guidance document setting out the practicalities and procedures for issuing CPNs to ensure consistency	Head of Public Health and Protection	31/12/2018	Head of Public Health and Protection December 2019	The use of CPNs has been covered at the group and we are currently discussing the approach in respect of data protection and sharing information across the teams.	30/06/2020	Partially Implemented

APPENDIX C – STATUS OF OUTSTANDING MEDIUM PRIORITY RECOMMENDATIONS SINCE 1 APRIL 2018





Report Title	Recommendation	Management Response	Responsible Officer	Target Date	Manager Responding and Date	Management Action Taken to Date	Revised Target Date	Status
		between service areas						
Apprenticeship Levy	<p>Apprenticeship Levy Policy</p> <p>We recommend the Council reviews the internal policies already in existence and the rules and conditions relating to the Apprenticeship Levy with a view to developing an Apprenticeship Policy or guidance for all officers. This will allow all information in relation to apprenticeships to be held in a single place. As a minimum, the policy or guidance should include the following:</p> <p>a) Roles and responsibilities of officers;</p> <p>b) Recruitment and enrolment of apprentices;</p> <p>c) Training providers and details of available training / courses;</p>	<p>The recruitment & selection policy covers all recruitment & selection activity, including apprentices. This policy is currently under review and will be updated.</p> <p>Guidance notes will be produced with links to the relevant Government websites.</p>	HR Manager	31/12/2019	Head of Administration and Law December 2019	Draft recruitment & selection policy is underway. Apprenticeship guidelines are almost complete, ready for approval.	Not set.	Partially Implemented

APPENDIX C – STATUS OF OUTSTANDING MEDIUM PRIORITY RECOMMENDATIONS SINCE 1 APRIL 2018

Report Title	Recommendation	Management Response	Responsible Officer	Target Date	Manager Responding and Date	Management Action Taken to Date	Revised Target Date	Status
	<p>d) Management and monitoring of apprentices.</p> <p>This policy or guidance may include signposts to other policies or external information. Once developed, this policy or guidance should be available to all officers and managers via the intranet and publicised.</p>							

APPENDIX D – ASSURANCE AND FINDINGS DEFINITIONS 2019/20

Assurance Level	Definition
Good	The design and operation of the internal control framework is effective, thereby ensuring that the key risks in scope are being well managed and core objectives will likely be achieved. There are minor reportable audit findings.
Satisfactory	The internal control framework is largely working well in managing the key risks in scope, with some audit findings related to the current arrangements.
Limited	The system of internal control is only partially effective, with important audit findings in key areas. Improvement in the design and/or operation of the control environment is necessary to gain assurance risks are being managed to an acceptable level, and core objectives will be achieved.
No	The system of internal control has serious gaps, and controls are not effective in managing the key risks in scope. It is highly unlikely that core objectives will be met without urgent management intervention.

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 / Advisory	 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.