



Welwyn Hatfield Borough Council

Audit Committee Progress Report

19 March 2020

Recommendations

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 6 March 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 6 March 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 6 March 2020.
 - b) Findings for the period 3 January to 6 March 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 Plan report.
 - e) The implementation status of previously agreed audit recommendations.
 - f) An update on performance management information as at 6 March 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 final 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 6 March 2020, 96% of the 2019/20 Audit Plan days had been delivered (the calculation excludes contingency).
- 2.2 The following final reports (all 2019/20 unless stated) have been issued since 3 January (cut-off date for the SIAS Update Report for 20 January 2020 Audit Committee):

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Streetscene Mobilisation	January 2020	Good	None.
Council Tax	January 2020	Good	None.

Payroll	January 2020	Satisfactory	1 Medium, 1 Low
Public Health	February 2020	Satisfactory	2 Medium, 1 Low
Customer First Strategy	February 2020	Satisfactory	4 Medium
NDR	March 2020	Good	None.
Benefits	March 2020	Satisfactory	1 Medium
Use of Consultants 18/19	March 2020	Good	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 As agreed with management, 2 additional days have been added to the Brexit audit, therefore contingency in the 2019/20 Annual Audit Plan for the Council currently stands at zero 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	Partially implemented – revised date agreed	No update provided by action owner
9	3	6	0
%	33%	66%	0%

Performance Management

- 2.10 Performance indicators and associated targets are approved by the SIAS Board on an annual basis. As at 6 March 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 6 March 2020	Actual to 6 March 2020
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	97% (300 / 310 days)	96% (299 / 310 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	88% (23 / 26 projects)	88% (23 / 26 projects)
3. Client Satisfaction with Conduct of the Audit – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100% (15 issued, 11 returned – all at satisfactory level)
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	15.5	Draft Report Issued
Treasury Management						8	Yes	7.5	Draft Report Issued
Payroll	Satisfactory	0	0	1	1	8	Yes	8	Final Report Issued
Council Tax	Good	0	0	0	0	10	Yes	10	Final Report Issued
NDR	Good	0	0	0	0	10	Yes	10	Final Report Issued
Housing Benefits	Satisfactory	0	0	1	0	10	Yes	10	Final Report Issued
Corporate Audits									
Data Quality of Performance Information						15	Yes	14.5	Draft Report Issued
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	Satisfactory	0	0	4	0	15	Yes	15	Final Report Issued
Brexit	Not Assessed	0	0	0	0	7	Yes	7	Final Report Issued
Operational Audits									
Freedom of Information						10	Yes	4.5	In Fieldwork
Apprenticeship Levy	Satisfactory	0	0	3	0	10	Yes	10	Final Report Issued
Housing Rents						10	Yes	9.5	Draft Report Issued
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	9.5	Draft Report Issued
Anti-Social Behaviour						10	Yes	8.5	Quality Review

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	Satisfactory	0	0	2	1	10	Yes	10	Final Report Issued
Procurement / Contracts									
Street Scene Mobilisation	Good	0	0	0	0	12	Yes	12	Final Report Issued
Housing Maintenance Contract Procurement						6	Yes	4.5	In Fieldwork
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	2	Allocated
Shared Learning						3	Yes	3	Through Year
Contingency & Ad Hoc Activity									
Contingency & Ad Hoc Activity						0	Yes	0	As Required
Strategic Support									
Head of Internal Audit Opinion 2018/19						3	Yes	3	Complete
Audit Committee						8	Yes	8	Through Year
Client Meetings						6	Yes	6	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	1	Through Year
Progress Monitoring						8	Yes	8	Through Year
SIAS Development						5	Yes	5	Through Year
2020/21 Audit Planning						6	Yes	6	Through Year
Recommendations Follow Up						6	Yes	6	Through Year
2018/19 Projects requiring completion									
Finalisation of Projects						3	Yes	3	As Required
Total – Welwyn Hatfield B.C.		0	0	17	6	310		299	

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 Draft Report Issued	Street Scene Mobilisation Final Report Issued
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) Final 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 Draft Report Issued	NDR Final Report Issued		Homelessness Reduction Act Draft Report Issued	Freedom of Information In Fieldwork	
Payroll Final Report Issued	Council Tax Final Report Issued		Anti-Social Behaviour Quality Review	Housing Maintenance Contract Procurement In Fieldwork	
Customer First Strategy (moved from July) Final Report Issued	Housing Benefit Final Report Issued		Housing Rents Draft Report Issued	Agresso (moved from October) Draft Report Issued	

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

Report Title	Recommendation	Management Response	Original Target Date	Responding Officer and Date	Management Action Taken to Date	Revised Target Date	Reason for Revised Target Date	Status
Agency staff	<p>Strategy - Agency Staff Suppliers We recommend that any requests for new vendors to be set up for agency staff suppliers that are not part of the first call service should be approved by HR before setting up. We also recommend that once all old contracts are ended, vendors already set up to supply agency staff that should no longer be used should be blocked unless approved by HR to unblock. These will only be used if any of the first call agencies are unable to supply a suitable agency worker. To ensure complete control of the agency staff by HR, any new agency worker used outside of the first call agencies should be approved by HR. The agency could have been unblocked after approval by HR to pay another agency member of staff not the new agency worker.</p>	<p>A fundamental review of agency suppliers will be undertaken to close any suppliers, outside of the framework not current being used. A process will be put in place to ensure HR approve all new agency suppliers before they are set up on the Finance system A fundamental review of the purchase order process and workflow processes is planned for 2019. As part of this, it is anticipated that certain classifications of spend will require dual authorisation. As part of this process, controls around the approval of agency staff purchase order will be reviewed.</p>	31/01/2020	Head of Resources (February 2020)	<p>The implementation of this recommendation was reliant on firstly implementing the upgrade to the Councils Financial System.</p> <p>The upgrade went live in January, and the team have been focussed on training and slight adjustments to system settings in February.</p> <p>The team can now move onto adding further functionality to the system including improvements to workflow.</p>	30/06/2020	<p>Due to delays with the implementation of the system upgrade, this could not be progressed.</p> <p>As the system is now live, the team can focus on further improvements to the system.</p>	Partially Implemented

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

Report Title	Recommendation	Management Response	Original Target Date	Responding Officer and Date	Management Action Taken to Date	Revised Target Date	Reason for 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.</p> <p>Relevant data from Fire Risk Assessments will be shared with Heads of Service to ensure any failures are actioned.</p> <p>Additionally, KPI “Number of Actions Outstanding” will be broken down by priority, High, Medium, Low.</p> <p>The resource above will export from Lifespan, assess each action and allocate accordingly</p>	30/11/2018	Head of Property Services (February 2020)	The Council have uploaded all the actions identified within the latest FRAs on Lifespan. Property services actions are programmed for completion summer 2020. Policy to be reviewed and updated March 2020.	01/03/2020	Policy review is scheduled for March 2020, this is the last part of the action to be completed.	Partially Implemented

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

Report Title	Recommendation	Management Response	Original Target Date	Responding Officer and Date	Management Action Taken to Date	Revised Target Date	Reason for 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.	31/12/2019	Head of Resources	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	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. This is to improve the management of the document in future. This revised target date has previously been reported to Committee and has not been amended further.	Partially Implemented

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

Report Title	Recommendation	Management Response	Original Target Date	Responding Officer and Date	Management Action Taken to Date	Revised Target Date	Reason for Revised Target Date	Status
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>d) Management and monitoring of apprentices.</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>	31/12/2019	HR Manager February 2020	New recruitment and selection policy has been written and new apprenticeship guidance notes have been completed.	31/03/2020	Delay was caused by a substantial increase in reactive case work from November 2019 to January 2020 and also the long-term HR / Payroll project now in phase 2.	Partially Implemented

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

Report Title	Recommendation	Management Response	Original Target Date	Responding Officer and Date	Management Action Taken to Date	Revised Target Date	Reason for Revised Target Date	Status
	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.							
Recruitment	<p>Recruitment Training</p> <p>We recommend that the Council undertakes the following activities:</p> <p>a) Ensures that complete records of recruitment training for all recruiting managers and members of interview panels exists.</p> <p>b) HR to confirm that the lead recruiting manager has completed</p>	<p>Agreed</p> <p>a) We will be using the training module on ResourceLink from 2020.</p> <p>b) To be included in the R7 form</p> <p>c) This is a regular feature on the training programme</p>	31/01/2020	HR Manager February 2020	Training is being arranged. R7 has been updated	31/05/2020	R7 is complete. Training will be rolled out along with the revised recruitment & selection policy (not due to be approved until 31/03/2020).	Partially Implemented

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





Report Title	Recommendation	Management Response	Original Target Date	Responding Officer and Date	Management Action Taken to Date	Revised Target Date	Reason for Revised Target Date	Status
	<p>recruitment training prior to undertaking recruitment. As a minimum, there should be a documented record of HR confirming that the recruiting/interviewing officers are suitably trained.</p> <p>c) Offers and undertakes additional training sessions to ensure that managers have the opportunity to attend training.</p>							
Recruitment	<p>Data Management of Recruitment Records</p> <p>We recommend that all managers are reminded of their responsibility to return all recruitment files to HR.</p> <p>In addition, we recommend that protocols are put in place to ensure timely return of all recruitment paperwork including completed and marked assessments, along with interview notes for each unsuccessful candidate, this may include withholding offer letters</p>	<p>We will amend the recruitment guidance to cover this.</p> <p>Managers will be asked to complete a feedback template in the HR office so that papers are not removed from the office.</p> <p>This is not our preferred approach - it would be very difficult to ensure that papers have been disposed of appropriately</p>	31/12/2019	HR Manager February 2020	Recruitment guidance notes have been drafted alongside the new policy.	31/03/2020	This has not been a priority due to increased case work (see above).	Partially Implemented

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

Report Title	Recommendation	Management Response	Original Target Date	Responding Officer and Date	Management Action Taken to Date	Revised Target Date	Reason for Revised Target Date	Status
	<p>or escalation to senior officers if files remain outstanding. If files are then required for feedback purposes these can be requested from HR by the recruiting manager.</p> <p>Alternatively, responsibility for disposing of recruitment records could be transferred to the recruiting manager with HR providing oversight and obtaining confirmation from managers that files have been adequately disposed of.</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.