



Welwyn Hatfield Borough Council

Audit Committee Progress Report

20 January 2021

Recommendations

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 8 January 2021 and
- Note the implementation status of internal audit recommendations and the management response.

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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 Audit Plan for 2020/21 as at 8 January 2021.
 - b) Details of changes to the planned start dates of audits from the approved 2020/21 Audit Plan.
 - c) Proposed amendments to the 2020/21 Annual Audit Plan report.
 - d) The implementation status of previously agreed audit recommendations.
 - e) An update on performance management information as at 8 January 2021.

Background

- 1.2 The 2020/21 Annual Audit Plan was approved by the Audit Committee at its meeting on 19 March 2020.
- 1.3 The Audit Committee receives periodic updates of progress against the Annual Internal Audit Plan. This is the third report on the delivery of the 2020/21 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 8 January 2021, 68% of the 2020/21 Audit Plan days had been delivered (the calculation excludes contingency).
- 2.2 The following final reports have been issued since 11 September 2020 (cut-off date for the SIAS Update Report for 28 September 2020 Audit Committee):

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
DFG Grant Certification	September 2020	N/A	N/A
Disaster Recovery	September 2020	Good	2 Low
Regulating Private Housing	September 2020	Satisfactory	3 Medium, 1 Low

Independent Living Service	October 2020	Satisfactory	1 Medium, 1 Low
Absence Management	October 2020	Satisfactory	4 Medium
GDPR	November 2020	Good	None
IT Asset Management	November 2020	Satisfactory	1 Medium, 3 Low
Right to Buy Pooling	December 2020	Good	2 Low
Treasury Management 19/20	January 2021	Satisfactory	1 Medium, 2 Low
Housing Development Company	January 2021	Satisfactory	1 Medium, 1 Low

Changes to Projected Audit Start Dates

- 2.3 To help the Committee assess progress in delivering the 2020/21 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 Two days have been removed from the total allocation for the Council Website audit. This reduced the total audit budget for the review from 15 to 13 days. These days have been reallocated to a new project entitled COVID-19 Local Authority Compliance and Enforcement Grant.

High Priority Recommendations

- 2.5 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.
- 2.6 There are no high priority recommendations that remain outstanding and we have not made any new high priority recommendations during 2020/21.

Medium Priority Recommendations

- 2.7 From 1 April 2019, SIAS has assumed responsibility for the co-ordination of following up the implementation status of Internal Audit medium priority

recommendations from the Council's Principal Governance Officer. Internal Audit has worked with Council management to develop a database of 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.

- 2.8 The table below outlines the 'Medium' priority recommendations that were followed up during this cycle:

Medium priority recommendations		Not implemented by due date	
Total number of recommendations followed up in this period	Implemented / No Longer Applicable	Partially implemented – revised date agreed	No update provided by action owner
37	32	5	0
%	86.5	13.5	0

- 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 in a table in Appendix C.

Performance Management

- 2.10 Performance indicators and associated targets are approved by the SIAS Board on an annual basis. As at 8 January 2021, 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 8 January 2021	Actual to 8 January 2021
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	72% (200/ 279 days)	68% (190/ 279 days)
2. Planned Projects – percentage of actual completed projects to	95%	57% (13 / 23 projects)	52% (12 / 23 projects)

draft report stage against planned completed projects			
3. Client Satisfaction with Conduct of the Audit – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100% (7 surveys returned at satisfactory level out of 7 issued)
4. Number of High Priority Audit Recommendations agreed	95%	95%	N/A (None made)

2.11 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported in the 2020/21 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 2020/21 ANNUAL AUDIT PLAN AS AT 11 SEPTEMBER 2020

AUDITABLE AREA	LEVEL OF ASSURANCE	C RECS	H RECS	M RECS	L RECS	AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
Key Financial Systems									
Business World (Financial System)						15	Yes	5.5	In Fieldwork
Housing Benefit						10	Yes	0	
Housing Rents						10	Yes	9.5	Draft Report Issued
Payroll						12	Yes	1	ToR Issued
Revenues						15	Yes	6	In Fieldwork
Treasury Management						7	Yes	0	
Corporate Audits									
Absence Management	Satisfactory	0	0	4	0	15	Yes	15	Final Report Issued
Housing Development Company	Satisfactory	0	0	1	0	15	Yes	15	Final Report Issued
Operational Audits									
Building Services Asset Management						10	Yes	9.5	Draft Report Issued
Climate Change and Sustainability						7	Yes	0.5	ToR Issued
Council Website						13	Yes	1	ToR Issued
DFG Grant Certification	Not Assessed	0	0	0	0	2	Yes	2	Final Report Issued
Food Safety						0	Yes	0	Cancelled
Housing Land Supply						10	Yes	8	In Fieldwork
Independent Living Service	Satisfactory	0	0	1	1	12	Yes	12	Final Report Issued
Lone Worker Devices						10	Yes	1	ToR Issued
Regulating Private Housing	Satisfactory	0	0	3	1	10	Yes	10	Final Report Issued
Responsive Repairs	Satisfactory	0	0	2	1	10	Yes	10	Final Report Issued

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AUDITABLE AREA	LEVEL OF ASSURANCE	C RECS	H RECS	M RECS	L RECS	AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
Right to Buy Pooling	Good	0	0	0	2	10	Yes	10	Final Report Issued
COVID-19 LA Compliance and Enforcement Grant						2	Yes	0	
Procurement / Contracts									
Street Scene Contract Management						10	Yes	0	
IT Audits									
Disaster Recovery	Good	0	0	0	2	12	Yes	12	Final Report Issued
GDPR	Good	0	0	0	0	6	Yes	6	Final Report Issued
IT Asset Management	Satisfactory	0	0	1	3	12	Yes	12	Final Report Issued
Shared Learning and Joint Reviews									
Joint Reviews						0		0	Cancelled
Shared Learning						0		0	Cancelled
Contingency & Ad Hoc Activity									
Contingency & Ad Hoc Activity						0		0	
Strategic Support									
Head of Internal Audit Opinion 2019/20						3		3	Complete
Audit Committee						8		8	Through Year
Client Meetings						6		6	Through Year
Liaison with External Audit						1		1	
Progress Monitoring						8		8	Through Year
SIAS Development						5		5	Complete

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AUDITABLE AREA	LEVEL OF ASSURANCE	C RECS	H RECS	M RECS	L RECS	AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
2021/22 Audit Planning						6		6	
Recommendations Follow Up						5	Yes	5	Through Year
2019/20 Projects requiring completion									
Finalisation of Projects						2	Yes	2	Complete
Total – Welwyn Hatfield B.C.		0	0	12	10	279		190	

APPENDIX B – 2020/21 AUDIT PLAN START DATES AGREED WITH MANAGEMENT

Quarter 1	Quarter 2	Quarter 3	Quarter 4
Housing Development Company Final Report Issued	Housing Land Supply In Fieldwork	Business World (Financial System) In Fieldwork	Council Website ToR Issued
Independent Living Service Final Report Issued	Right to Buy Pooling Final Report Issued	Treasury Management In Planning	Lone Worker Devices ToR Issued
Responsive Repairs Final Report Issued	Building Services Asset Management Draft Report Issued	Payroll TOR Issued	Streetscene Contract Management
GDPR Final Report Issued	DFG Grant Certification Final Report Issued	Revenues In Fieldwork	Climate Change and Sustainability ToR Issued
Disaster Recovery (moved from quarter 2) Final Report Issued	IT Asset Management (Moved from quarter 4) Final Report Issued	Housing Benefit In Planning	Food Safety Cancelled
Regulating Private Housing Final Report Issued		Housing Rents Draft Report Issued	COVID-19 LA Compliance and Enforcement Grant
Absence Management (moved from quarter 2) Final Report Issued			
2019/20 Projects requiring completion Complete			

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

Report Title and Date	Recommendation	Management Response	Original Target Date	Responding Officer	Management Action Taken to Date	Revised Target Date and Reason	Status
Fire Safety, September 2018	<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 KPIs 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	Compliance Officer	Actions noted and works orders issued		Partially Implemented
Apprenticeship Levy, September 2019	<p>Forward Planning for Apprenticeships</p> <p>We recommend that the Council creates a strategy or an action plan that demonstrates how the Council intends to maximise the use of funding available.</p> <p>This forward plan should set clear and measurable targets for enrolment of apprentices, identify any risks that may jeopardise the objectives and identify the services or teams that apprenticeships may be effective for filling positions or upskilling the current workforce.</p>	<p>The authority will consider their approach to apprenticeships as part of the workforce development strategy which will be debated as part of the peer review action plan.</p> <p>Recruiting managers are responsible for identifying apprenticeship opportunities, either through converting existing roles, or upskilling existing employees to gain qualifications.</p> <p>An apprentice champion is not necessary. All of HR are aware of the apprenticeship levy and regularly discuss recruitment and development with managers. HR</p>	31/03/2020	Corporate Management Team		Revised Target Date 01/04/2021 New L&D Officer to be recruited to be responsible for maximising apprenticeship levy funding	Partially Implemented

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	<p>The progress of the forward plan should be monitored and reviewed periodically.</p> <p>Additionally, we recommend that an HR Officer is assigned role of 'Apprenticeship Champion' with the responsibility for driving the forward plan and actively promoting apprenticeships to service managers within the Council. The role may involve attending service manager meetings to discuss apprenticeships and promote the benefits of apprenticeships as well as circulating apprenticeship promotional material.</p>	<p>Advisors regularly meet with service managers to discuss workforce implications. The recommendation is 'overkill' for 8 apprenticeship roles.</p> <p>All of the HR team are apprenticeship champions; we do not have the resources to dedicate one person to this role.</p>					
Apprenticeship Levy, September 2019	<p>Monitoring of Funding</p> <p>We recommend that:</p> <p>a) The Council monitors and records the available Apprenticeship Levy funding in the Online Service Account each month. Funding due to expire should be monitored, while funding allocated and available for apprenticeship training should be noted.</p> <p>b) When the Council is considering adding apprenticeships, the estimated costs of training should be projected and compared to the levy funding available to the Council, to ensure sufficient funding is available.</p> <p>c) Enrolment targets for apprentices should be set to ensure that allocated</p>	<p>The fund is monitored on a regular basis. As the levy has been in place for 2 years, we are only now reaching the stage where funding will be lost.</p> <p>Apprenticeship levy funding will be reported to CMT on a quarterly basis.</p> <p>This is already in place as the fee for apprenticeship qualifications are set. We have more funding than we will ever be able to spend.</p> <p>The Government set a voluntary target of 2.3% of the workforce to be in apprenticeships, this equates to 8/9 apprenticeships.</p>	31/03/2020	HR Manager		Revised Target Date 01/04/2021 As above	Not Implemented

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Report Title and Date	Recommendation	Management Response	Original Target Date	Responding Officer	Management Action Taken to Date	Revised Target Date and Reason	Status
	funding continues to be utilised, while consideration is given to utilising unallocated funding to offer apprenticeships to existing Council officers (linked to recommendation 2 above).	The council already offers qualification sponsorships and staff development is embedded as part of appraisal process.					
Public Health February 2020	<p>Local Procedures</p> <p>We recommend that local procedures are put in place for officers to follow for processing an application through to the issuing of a registration and including the recording on M3 Case Management System.</p>	All the recommendations will be actioned in order to update and rationalise our inspection procedures and processes and to ensure safe working practices at relevant premises. The inspection regime will take into account the Toolkit and relevant legislation. This will require ratification by elected members through the Governance system in line with the constitution.	30/09/2020	Head of Public Health and Protection	See reason for revised target date comments	Revised Target Date 31/12/2021 The work on this target has not been progressed because workloads have had to be reprioritised to deal with the demands on the service as a result of the coronavirus pandemic.	Not Implemented
Public Health February 2020	<p>Inspection Checklist</p> <p>We recommend that a standard checklist template is produced to be used on all occasions. The checklist should include, but not be limited to, the following:</p> <p>a) all the questions already asked at each inspection b) questions on training c) qualifications attained if applicable d) a comments column to aid Public Health Officers</p>	<p>The inspection procedures will be updated so there is a standard checklist with space for comments and remedial actions to include checks for training.</p> <p>The case management system will be amended to include a date for future routine inspections rather than only having one off checks in order to register the person and the premises.</p>	30/09/2020	Head of Public Health and Protection	See reason for revised target date comments	Revised Target Date 31/12/2021 The work on this target has not been progressed because workloads have had to be reprioritised to deal with the demands on the service as a result of the	Not Implemented

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

Report Title and Date	Recommendation	Management Response	Original Target Date	Responding Officer	Management Action Taken to Date	Revised Target Date and Reason	Status
	<p>e) section for outstanding actions still to complete after the inspection prior to issuing of the registration</p> <p>This checklist, once completed, should be held on file with all other information relating to the application in the correct location on the M3 Case Management system.</p>					<p>coronavirus pandemic.</p>	

APPENDIX D – ASSURANCE AND FINDINGS DEFINITIONS 2020/21

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
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.
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.