



INTERNAL AUDIT PROGRESS REPORT

WELWYN HATFIELD BOROUGH COUNCIL

AUDIT COMMITTEE

SEPTEMBER 2021

RECOMMENDATIONS

- Note the Internal Audit Progress Report for the period to 10 September 2021,
- Note the implementation status of internal audit recommendations and the management update.

Contents

- 1 Introduction and Background
 - 1.1 Purpose
 - 1.2 Background

- 2 Audit Plan Update
 - 2.1 Delivery of Audit Plan and Key Findings
 - 2.4 Proposed Amendments
 - 2.6 High Priority Recommendations
 - 2.9 Medium Priority Recommendations
 - 2.11 Performance Management

Appendices

- A Progress against the 2021/22 Audit Plan

- B 2021/22 Audit Plan Start Dates Agreed with Management

- C Implementation Status of High Priority Recommendations as at 6 September 2021

- D Implementation Status of Outstanding Medium Priority Recommendations as at 6 September 2021

- E Assurance and Finding Definitions 2021/22

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 2021/22 as at 10 September 2021.
 - b) Proposed amendments to the 2021/22 Annual Audit Plan report.
 - c) The implementation status of previously agreed audit recommendations.
 - d) An update on performance management information as at 10 September 2021.

Background

- 1.2 The 2021/22 Annual Audit Plan was approved by the Audit Committee at its meeting on 17 March 2021.
- 1.3 The Audit Committee receives periodic updates of progress against the Annual Internal Audit Plan. This is the second report on the delivery of the 2021/22 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 10 September 2021, 30% of the 2021/22 Audit Plan days had been delivered.
- 2.2 The following final reports have been issued since 11 June 2021 (cut-off date for the SIAS Update Report for 28 June 2021 Audit Committee):

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Housing Land Supply 20/21	June 2021	Reasonable	2 Medium, 1 Low
Housing Maintenance Contract – Part 1	June 2021	Not Assessed	1 Medium

- 2.3 To help the Committee assess progress in delivering the 2021/22 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 As agreed with management, the Voids Management audit (10 days) has been cancelled as a result of limited officer availability within this service area to support this audit. As a previous audit of this area was completed in April 2019, SIAS have agreed to cancel this project and agree whether a future audit is required as part of the 2022/23 annual audit planning cycle.
- 2.5 As a result of the above change, the contingency budget is now 16.5 days. SIAS will continue to work with management to identify suitable projects for these days to be assigned to. Any further changes will be communicated to the Audit Committee at future meetings.

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 We have made one high priority recommendation since our last progress report, this relating to the area of Building Services Asset Management. The recommendation relates to condition surveys and inspections.
- 2.8 An update on the implementation status of this recommendation has been included in Appendix C.

Medium Priority Recommendations

- 2.9 It has been agreed with Council management that SIAS will follow up all high and medium priority recommendations resulting from internal audit reports. The table below outlines the ‘Medium’ priority recommendations that were followed up during this cycle:

Total number of recommendations followed up in this period	Implemented / No Longer Applicable	Partially implemented – revised date agreed	Target date (or revised target date) not yet reached	No update provided by action owner
13	2	3	8	0
%	15	23	62	0

- 2.10 Appendix D 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 D 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.

Performance Management

- 2.11 Performance indicators and associated targets are approved by the SIAS Board on an annual basis. As at 10 September 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 10 September 2021	Actual to 10 September 2021
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	44% (125 / 283.5 days)	30% (85.5 / 283.5 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	29% (7 / 24 projects)	17% (4 / 24 projects)
3. Client Satisfaction with Conduct of the Audit – percentage of client satisfaction questionnaires returned at 'satisfactory' level (39/65)	100%	100%	67% (3 returned – 1 with score of 38/65)
4. Number of High Priority Audit Recommendations agreed	95%	95%	100% (1 made)

- 2.12 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported in the 2021/22 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 2021/22 AUDIT PLAN AS AT 10 SEPTEMBER 2021

2021/22 SIAS Audit Plan

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									
Self-Service - Revenues						8	SIAS	1.5	ToR Issued
Risk Based Verification						8	SIAS	1	ToR Issued
Salary Budgeting and Monitoring						10	BDO	0	Allocated
ResourceLink and Expenses						15	SIAS	0	Allocated
Housing Rents						8	SIAS	0	Allocated
Corporate Audits									
COVID-19 Recovery						15	BDO	0	Allocated
COVID-19 Response						15	SIAS	4	In Fieldwork
Business Recovery						15	SIAS	14.5	Draft Report Issued
Climate Emergency						10	SIAS	0	Allocated
Operational Audits									
Housing Complaints Handling						10	SIAS	0	Allocated
Community Infrastructure Levy						10	SIAS	0.5	Allocated
DFG Certification						2	SIAS	0.5	In Planning
Affordable Housing						10	SIAS	3	In Fieldwork
Voids Management						0		0	Cancelled
Now Housing – Shareholder Reporting						10	BDO	0	Allocated
Building Services Asset						3	SIAS	2.5	In Fieldwork

APPENDIX A – PROGRESS AGAINST THE 2021/22 AUDIT PLAN AS AT 10 SEPTEMBER 2021

AUDITABLE AREA	LEVEL OF ASSURANCE	C RECS	H RECS	M RECS	L RECS	AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
Management									
Training Budgets						10	SIAS	3	In Fieldwork
Breathing Space	Substantial	0	0	0	0	4	SIAS	4	Final Report Issued
LA Test and Trace Support Grant						2	SIAS	1	In Fieldwork
Procurement / Contracts									
Housing Maintenance Procurement – Continuous Assurance						16	SIAS	7	In Fieldwork
Governance Audits									
Modernisation Programme Governance						10	SIAS	9.5	Draft Report Issued
Risk Management Audits									
Risk Management Framework						10	SIAS	0	Allocated
IT Audits									
Cloud Computing						12	BDO	0	Allocated
Microsoft Teams	Reasonable	0	0	1	1	10	BDO	10	Final Report Issued
Data Breaches						10	BDO	0	Allocated
Shared Learning and Joint Reviews									
Joint Reviews						3		0	Through Year
Shared Learning						2		0	Through Year
Contingency & Ad Hoc Activity									
Contingency & Ad Hoc Activity						16.5			

APPENDIX A – PROGRESS AGAINST THE 2021/22 AUDIT PLAN AS AT 10 SEPTEMBER 2021

AUDITABLE AREA	LEVEL OF ASSURANCE	C RECS	H RECS	M RECS	L RECS	AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
Strategic Support									
Head of Internal Audit Opinion 2020/21						3		3	Complete
Audit Committee						6		3	Through Year
Client Meetings						6		3	Through Year
Progress Monitoring						10		5	Through Year
SIAS Development						5		5	Complete
2022/23 Audit Planning						8		0	Complete
Recommendations Follow Up						6		3	Complete for Q2
2020/21 Projects requiring completion									
Finalisation of Projects						1.5		1.5	Complete
Total – Welwyn Hatfield B.C.		0	0	1	1	300		85.5	

Recommendation (Recs) Priority Key:
 C = Critical
 H = High
 M = Medium
 L = Low

APPENDIX B – 2021/22 AUDIT PLAN START DATES AGREED WITH MANAGEMENT

Quarter 1	Quarter 2	Quarter 3	Quarter 4
Building Services Asset Management Follow Up In Fieldwork	COVID-19 Response In Fieldwork	Resourcelink and Expenses Allocated	Housing Rents Allocated
Business Recovery Draft Report Issued	Risk Based Verification Terms of Reference Issued	Now Housing – Shareholder Reporting Allocated	Data Breaches Allocated
Microsoft Teams Final Report Issued	Affordable Housing In Fieldwork	Salary Budgeting and Monitoring Allocated	Climate Emergency Allocated
Modernisation Programme Governance Draft Report Issued	Training Budgets In Fieldwork	COVID-19 Recovery Allocated	Risk Management Framework Allocated
Breathing Space (Moved from Q2) Final Report Issued	DFG Certification In Planning	Cloud Computing Allocated	Community Infrastructure Levy (Moved from Q1) Allocated
2020/21 Projects Requiring Completion Complete		Voids Management Cancelled	Housing Complaints Handling (Moved from Q2) Allocated
		Self-Service Revenues (Moved from Q1) Terms of Reference Issued	LA Test and Trace Support Grant Certification (Moved from Q2) In Fieldwork
Housing Maintenance Contract Procurement – Continuous Assurance			

APPENDIX C – IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (Last 12 months)	Status of Progress
1.	Building Services Asset Management (March 2021)	<p>Building Maintenance – Condition Surveys and Inspections</p> <p>a) We recommend a programme of inspections is introduced to ensure that all major defects or failures identified from the most recent surveyor inspections have been resolved appropriately and completed in a timely manner.</p> <p>b) We also recommend that the records for condition surveys / inspections are amended to record:</p> <ul style="list-style-type: none"> • Date and Contractor for Works order raised, • Estimated costs, • Works completed date, • Invoiced costs. <p>c) This will add value to the survey / inspection</p>	<p>a) The programme to renew the condition surveys is under way and will progress on a priority basis. The main operational buildings which present the highest risks to the council are now completed which now allows a programme of works based on the recommendations to be developed.</p> <p>b) Without these surveys we are unaware of the costs that will be involved in the immediate, short and long term, therefore we will now be putting a programme together and requesting the budget is made available for this.</p> <p>c) The re-structure of the team in 2019 saw additional resource being made available within the Premises team. Two of these additional posts were</p>	Service Manager (Building Services)	<p>a) April 2022 b) April 2021 c) June 2021 d) December 2021</p>	<p>June 2021: The conditions surveys have all been commissioned, and some of these have now been returned to the council. Once all received, the planned works programme will be drawn up. This will then allow the team to align requirements with the budget setting process and 5 year capital programme.</p> <p>September 2021: a) & b) All key conditions surveys were commissioned, with a high number of these returned. These are being reviewed and any works required will be factored into the capital programme as part of the budget setting process and into the planned works programme for the</p>	Partially Implemented

APPENDIX C – IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (Last 12 months)	Status of Progress
		<p>records for use in budgeting and management maintenance overview.</p> <p>d) We recommend that the Council consider introducing a Buildings and Premises Maintenance Policy that should include direction on the frequency of condition surveys and inspections on the Councils buildings and premises.</p>	<p>recruited to in September 2020, which now allows for cyclical, recorded inspection regimes to be in place.</p> <p>d) The asset management strategy is being developed, along with the associated policies, procedures and processes.</p> <p><i>Note: The current members of the team and framework contractors have substantial knowledge of the buildings. The overall condition is known, and unforeseen works are rare. We continuously put forward bids for capital funding to the portfolio to ensure the longevity of the buildings, but due to financial efficiencies the authority needs to provide, the bids are not always successful.</i></p>			<p>team. To be completed by 30 October 2021.</p> <p>c) Implemented</p> <p>d) This is being drafted, and will be informed by the conditions surveys once all returned. To be completed by 31 December 2021.</p>	

APPENDIX D – IMPLEMENTATION STATUS OF MEDIUM PRIORITY RECOMMENDATIONS

Report Title and Date	Recommendation	Management Response	Original Target Date	Responding Officer	Management Action Taken to Date	Revised Target Date and Reason
Housing Benefits April 2021	<p>Overpayment to Claimants</p> <p>Officers should be reminded to issue decision letters to claimants on a timely basis (within ten days of identifying an overpayment) in order to increase the likelihood of recovering overpayments.</p> <p>Average number of days taken each month to issue decision letters for overpayments should be monitored by a senior member of staff at Sopra Steria.</p> <p>It should also be considered whether this figure can be included within monthly performance reports to the Council.</p>	<p>A note has gone out to staff to remind them of the need to promptly send decision notices to claimants regarding overpayments. The Council is introducing risk-based verification software as part of an automation project in May 21 which will assist in prioritising work with a higher risk of overpayments. This will result in more timely responses where overpayments are created. The processing of overpayments will be monitored by a senior member of the team and appropriate action taken, as necessary. This process will be assisted following the introduction of the aforementioned risk-based verification software.</p>	July 2021	Housing Benefit Manager	<p>September 2021: A note has gone out to staff to remind them of the need to promptly send decision notices to claimants regarding overpayments.</p> <p>The policy for risk based verification has been approved in the last quarter. There have been some initial software problems which has delayed the rollout of the Risk based verification solution. Our software suppliers are being chased up and we hope to have this in place during the week comm. 6 September 21.</p>	<p>The introduction of risk-based verification forms part of the Revenues and Benefits Transformation Programme. The policy has been approved, and system set up and testing continues. During testing issues were identified which the team are engaging with the software provider to resolve. The revised target date is December 2021.</p>
Council Website March 2021	<p>Absence of an appropriate content strategy or website policy</p>	<p>We are working to introduce a Content Management Strategy based on</p>	July 2021	Website Development and Internet Manager	<p>Content strategy is being developed alongside site rebuild on Jadu.</p>	<p>31 December 2021 This will be done in conjunction with site rebuild, overseen by</p>

APPENDIX D – IMPLEMENTATION STATUS OF MEDIUM PRIORITY RECOMMENDATIONS

Report Title and Date	Recommendation	Management Response	Original Target Date	Responding Officer	Management Action Taken to Date	Revised Target Date and Reason
	<p>Management should develop and adopt a website content management strategy that defines the Council's expectations and priorities for ensuring that corporate objectives are being met, which should include, but not be limited to, a requirement for dedicated resources to be committed and stringent service level agreements to be established.</p> <p>Furthermore, management should put arrangements in place for improving and promoting self-service options and features, which should be used as a basis for evaluating and increasing website traffic, raising website awareness and enhancing the website's content.</p>	<p>recommendations to introduce our Digital Platform. We plan to move to a model where future requests for work will be considered by a Digital Strategy Group against our corporate objectives. We will need to ensure we have the appropriate resources to achieve this with senior management support.</p> <p>Content Guidelines have now been drafted and we will agree a more detailed approach for using metrics to measure success, which we can introduce as more services move into the Digital Platform.</p>				the new corporate web content management group.
Housing Land Supply June 2021	Monitoring the Position of Site Developments, Completions and Land Supply	1. The Council will regularly monitor the status of key sites. Reporting on	1.31/07/21 2.31/07/21 3. 31/08/21 4. DM	Head of Planning, Planning Policy	Additional monitoring to be carried out throughout the year is not considered to be necessary or cost-effective.	See Management Action Comments

APPENDIX D – IMPLEMENTATION STATUS OF MEDIUM PRIORITY RECOMMENDATIONS

Report Title and Date	Recommendation	Management Response	Original Target Date	Responding Officer	Management Action Taken to Date	Revised Target Date and Reason
	<p>We recommend:</p> <p>1. The Council uses the available information streams to monitor the status of key site developments (large number of dwellings) on a regular basis throughout the year (e.g. quarterly).</p> <p>2. The position status of key sites, should then be formally reported to key officers (e.g. Head of Planning and Planning Policy Manager).</p> <p>3. The Council updates its completion projections and timescales where its current projections are unlikely to be met. Additionally, the Council should use this information to project its end of year housing land supply figure. These are to be monitored by key officers on a regular basis (e.g. quarterly).</p> <p>4. Where projections show that shortfalls in completions and housing land supply are likely to</p>	<p>completions takes place annually. Commitments are reported upon when required.</p> <p>2. This will be done as part of 1-2-1 meetings and manager meetings.</p> <p>3. More frequent monitoring of completions will have budgetary implications as land surveys would be required to take place multiple times a year rather than annually. Discussions will need to take place with Herts CC to establish the cost of more frequent surveys and Portfolio Holder / CMT to establish the cost benefit for undertaking this work. Consideration will therefore be given to use of secondary data and sampling rather than full surveys.</p> <p>4. Consideration will be given to asking</p>	<p>Service Review Underway</p> <p>5. As above</p>	<p>Manager and Planning & Data Analysis Officer</p>	<p>Currently the monitoring of completions and construction starts at development sites in the borough is undertaken annually by Hertfordshire County Council (HCC), through a survey carried out in March/April. If a complete and timely update on the status of all sites in the supply is needed each quarter this would have budgetary implications as an additional 3 surveys by HCC would be required. The additional cost for surveying all residential sites has been quoted at £1,505 per quarter (which would total £4,515 per year).</p> <p>There is potentially little value in introducing additional monitoring at present, as there is not much that the Council could do to speed up any construction delays. In addition, whilst identifying delays may help the Council understand if it is likely to meet its annual <i>completion</i> targets, and therefore whether it will require an additional 20% buffer to be</p>	

APPENDIX D – IMPLEMENTATION STATUS OF MEDIUM PRIORITY RECOMMENDATIONS

Report Title and Date	Recommendation	Management Response	Original Target Date	Responding Officer	Management Action Taken to Date	Revised Target Date and Reason
	<p>occur, the Council should consider whether mitigating actions are required to meet its targets.</p> <p>5. Where key sites are not under construction by the Council’s projected start date, key officers should decide whether the site developers are to be contacted to determine:</p> <ul style="list-style-type: none"> • If any delays are being experienced • The developer’s projection of the start and end dates of the development. <p>This could support the Council’s completion projections, by obtaining the views and plans of developers.</p>	<p>applicants to submit data on when construction is likely to commence to assist in monitoring. This will allow officers to compare intended delivery against the Local Plan housing trajectory. This will be considered as part of the wider review of the DM service being undertaken during 2021.</p> <p>5. The Council will remain in dialogue with landowners and developers, to help identify barriers which might prevent delivery or market issues which would then provide useful data to challenge the appropriateness of the housing target. As part of the wider modernisation review of the planning service which is being carried out in 2021, consideration will be given to developing an active monitoring regime</p>			<p>added to its 5YHLS requirement, it would not actually assist in improving the housing supply.</p> <p>In future years, once the Council has an adopted Local Plan, there may be some benefit to increasing the frequency of site surveys.</p> <p>CMT have therefore agreed that additional surveys of completions are not carried out at the current time but that this position will be reviewed once the Local Plan is adopted.</p>	

APPENDIX D – IMPLEMENTATION STATUS OF MEDIUM PRIORITY RECOMMENDATIONS

Report Title and Date	Recommendation	Management Response	Original Target Date	Responding Officer	Management Action Taken to Date	Revised Target Date and Reason
		<p>to proactively target developers who have yet to commence development that has received consent. This will include alerts and trigger points.</p> <p>Herts Growth Board is in the process of setting up a countywide Developer Forum to assist this dialogue. It should be noted however that the Council ultimately has limited powers to address construction delays.</p>				

APPENDIX E – ASSURANCE AND FINDINGS DEFINITIONS 2021/22

Audit Opinions	
Assurance Level	Definition
Assurance Reviews	
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 / Funding Certification Reviews	
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.
Recommendations	
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	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.