



Welwyn Hatfield Borough Council Audit Committee Progress Report 25 June 2024

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 3 June 2024
- Note the plan amendment to the 2024/25 Annual Audit Plan.
- Note the implementation status of internal audit recommendations and the management update.

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1. Introduction and Background

Purpose of Report

1.1 This report details:

- a) Progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's Annual Internal Audit Plan for 2024/25 as at 3 June 2024.
- b) In-Year Audit Plan review and proposed plan amendments.
- c) The implementation status of previously agreed audit recommendations.
- d) An update on performance indicators as at 3 June 2024.

Background

1.2 The 2024/25 Internal Audit Plan was approved by the Audit Committee on 18 March 2024.

1.3 The Committee receives periodic updates of progress against the Annual Internal Audit Plan. This is the first report giving an update on the delivery of the 2024/25 Internal Audit Plan.

1.4 The work of Internal Audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. It is considered good practice that progress reports also include proposed amendments to the agreed annual audit plan.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

2.1 As at 3 June 2024, 13% of the 2024/25 Audit Plan days had been delivered.

2.2 There have been eight final audit reports that have been issued since the previous progress report, all being carried forward from the 2023/24 Internal Audit Plan. The outcomes of these have been reported in the SIAS Annual Assurance Statement and Annual Report 2023/24, also on the agenda for this Committee, but for completeness are as follows:

Audit Title	Assurance Opinion	Recommendations
Handheld Devices Security	Reasonable	2 Medium
Anti-Fraud Contract	Substantial	1 Low
Risk Management Policy, Framework and Reporting	Reasonable	1 Medium, 1 Low
Housing Complaints Handling	Reasonable	2 Medium

Audit Title	Assurance Opinion	Recommendations
Food Hygiene Inspection Programme	Reasonable	2 Medium, 2 Low
Private / Social Housing – Damp and Mould	Limited*	8 Medium, 1 Low
Emergency Planning	Reasonable	1 Medium, 2 Low
Corporate Health and Safety – Policies and Procedures	Substantial	1 Low

* The Final Report has been issued to Committee Members

High Priority Recommendations

- 2.3 Members will be aware that a Final Audit Report is issued when it has been agreed by management; this includes an agreement to implement the recommendations that have been made. It is SIAS's responsibility to bring to Members' attention the implementation status of high priority recommendations; it is the responsibility of officers to implement the recommendations by the agreed date.
- 2.4 No new high priority recommendations have been raised as a result of the work completed and reported in the table at paragraph 2.2. Therefore, there are no outstanding high priority recommendations.

Medium Priority Recommendations

- 2.5 It has been agreed with Council management that SIAS will follow up all medium priority recommendations resulting from internal audit reports at the point that they reach the implementation target date advised in the action plan provided by management. There were three medium priority recommendations due for follow up during this cycle, one of which has been implemented. An update has been provided in respect of the outstanding medium priority recommendations in appendix D.

Proposed Amendments

- 2.6 One minor plan amendment has been agreed with management within this reporting period. This related to the 2023/24 Building Maintenance Compliance Audit which was cancelled after year-end as Management confirmed that alternative assurance is available to provide evidence that the key risks that gave rise to the audit have been appropriately managed. As part of agreeing to remove this audit from the plan we have requested evidence from the service to verify that sufficient alternative assurance is in place.

Performance Management: Reporting of Audit Plan Delivery Progress

- 2.7 To help the Committee assess the current progress of the projects in the Audit Plan, we have provided an overall progress update of delivery against planned commencement dates at Appendix B. The table below shows that

summary of performance based in the latest performance information reported at Appendix A.

Status	No of Audits at this Stage	% of Total Audits	Profile to 3 June 2024
Draft / Final Report Issued	1	4%	(2/24)
In Fieldwork / Quality Review	3	13%	(2/24)
Terms of Reference Issued / In Planning	2	8%	(2/24)
Not Yet Started	18	75%	(18/24)

2.8 Annual performance indicators and associated targets were approved by the SIAS Board in March 2023. As at 3 June 2024, actual performance for Welwyn Hatfield Borough Council against the targets that can be monitored in year was as shown in the table below:

Performance Indicator	Annual Target	Profiled Target to 3 June 2024	Actual to 3 June 2024
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	17% (47 / 280 days)	13% (36 / 280 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects by 31 st March 2024	90%	8% (2 / 24 projects)	4% (1 / 24 projects)
3. Planned Projects – percentage of actual completed projects to Final report stage against planned completed projects by the production of the HoA Annual Report	100% (By June 2024)	n/a	n/a – reported annually within the Chief Audit Executive’s annual report and opinion.
3. Client Satisfaction with Conduct of the Audit – percentage of client satisfaction questionnaires returned at ‘satisfactory’ level	100%	100%	100% (2 returned from 8 issued within 2024/25)
4. Number of High Priority Audit Recommendations agreed	95%	95%	No high priority recommendations have been made to date in 2024/25

2.9 In respect of Planned Projects, it was anticipated that two draft reports would have been issued based on original scheduling at the start of the year. The Procurement Act Preparedness audit has been deferred to Q2 at the request of management to align to the Council’s current action plan. Fieldwork is in progress for all other Q1 audits.

2.10 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2024/25 Head of Assurance's Annual Report:

- **5. Annual Plan** – prepared in time to present to the March meeting of each Audit Committee. If there is no March meeting, then the plan should be prepared for the first meeting of the financial year.
- **6. Head of Assurance's Annual Report** – presented at the Audit Committee's first meeting of the civic year.

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

2024/25 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS	CSQ Completed
		C	H	M	L					
Key Financial Systems										
Cash and Banking						10				
Creditors (Risk & Control Mapping)						5				
Debtors (Risk & Control Mapping)						5				
Housing Benefits						10				
Payroll (Risk & Control Mapping)						5				
Treasury Management						10				
Operational Services										
CCTV and Body Worn Cameras						10				
CIL – Implementation						10				
Damp and Mould Follow Up						5				
Oak Hill						10				
Parking - New On-Street Parking Restrictions						10				
Planned work and repairs						12				
Statutory Compliance						12				
Tenancy Audits						10				
Trees Inspection						10	SIAS	3	In Fieldwork	

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS	CSQ Completed
		C	H	M	L					
Programme										
Corporate Services										
Agency Staffing						10				
Contract Procurement						10				
Engagement Strategy						8	SIAS	0.5	In Planning	
Procurement Act - Preparedness						8	SIAS	2	ToR Issued	
Sickness Absence Management						10	SIAS	4	In Fieldwork	
Transformation Board						10	SIAS	1.5	In Fieldwork	
IT Audits										
Cyber - Governance and Culture						10				
IT Architecture Assessment						10				
Remote Working and Multi Factor Authentication						12	BDO	11	Draft Report Issued	
Grant Claims / Charity Certification										
Miscellaneous Grant Claims						2				
Contingency										
Contingency						5				
Client Management - Strategic Support										
Audit Committee and Recommendation Follow Up						10	SIAS	2		

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

AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS	CSQ Completed
		C	H	M	L					
Chief Audit Executive Opinion 2023/24						3	SIAS	3	Complete	N/A
Client Liaison and Corporate Governance Group						8	SIAS	1.5		
Plan and Progress Monitoring						7	SIAS	1.5		
SAFS Management Actions Follow Up						1	SIAS	0		
SIAS Development and Global Internal Audit Standards implementation.						15	SIAS	1		
2025/26 Audit Planning						7	SIAS	0		
2023/24 Carry Forward										
Completion of outstanding 2023/24 projects						5	SIAS	5	Complete	N/A
Total						285		36		

Key / Notes

Not Assessed = No assurance opinion provide as the project was either consultancy based or validation for compliance

C = Critical Priority, H = High Priority, M = Medium Priority, L = Low Priority

BDO = SIAS Audit Partner

N/A = Not Applicable

Audit Plan Days are a guide only and are not formally allocated. This is as per the approved 2023/24 Internal Audit Plan.

CSQ = Client Satisfaction Questionnaire

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

	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>
Audits	Procurement Act – Preparedness (ToR Issued – Deferred to Q2)	Contract Procurement	Agency Staffing	Cash and Banking
	Sickness Absence Management (In Fieldwork)	Damp and Mould Follow Up	Housing Benefits	CCTV and body worn cameras
	Trees Inspection Programme (In Fieldwork)	Oak Hill	Payroll CRA Mapping	CIL - Implementation
	Transformation Board (In Fieldwork)	Parking - New On-Street Parking Restrictions	Statutory Compliance	Creditors CRA Mapping
		Planned work and repairs	Tenancy Audits	Debtors CRA Mapping
		Treasury Management		
IT Audits	Remote Working and Multi Factor Authentication (Draft Report Issued)	IT Architecture Assessment		Cyber - Governance and Culture
Engagement Strategy - Provision across 2024/25 (In Planning)				
Other	2023/24 Carry Forward (Complete)			

Key:

H – High Priority

M – Medium Priority

IT – IT Audits

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

O - Other

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

APPENDIX C – IMPLEMENTATION STATUS OF OUTSTANDING MEDIUM PRIORITY RECOMMENDATIONS

Report Title and Date	Recommendation	Management Response	Original Target Date	Responding Officer	Management Action Taken to Date	Revised Target Date	Implementation Status
Handheld Devices Security	<p>Mobile Device Policies and Procedures</p> <p>As part of the mobile device provisioning process, members of staff should be provided with all associated relevant policies and directed to read them on a mandatory basis. Members of staff should be required to sign a declaration confirming that they have read and understood all necessary policies and procedures prior to being able to use their devices.</p> <p>It is understood that the Council's starters and leavers process is currently under review, and this recommendation should be included as part of this project.</p>	<p>WHBC ICT will create a form for completion by new mobile device users, indicating the location of relevant policies and requiring confirmation that they have been read. Users will only be issued with mobile devices on completion of the form.</p>	31/05/2024	ICT Operations Manager	<p>We are in discussions with HR to include the document as a signature requirement to be included within the onboarding process for new starters.</p> <p>The ICT policy is to be included as part of the DocuSign issued alongside the Code of conduct which is issued currently.</p>	31/08/2024	Partially Implemented

APPENDIX C – IMPLEMENTATION STATUS OF OUTSTANDING MEDIUM PRIORITY RECOMMENDATIONS

Report Title and Date	Recommendation	Management Response	Original Target Date	Responding Officer	Management Action Taken to Date	Revised Target Date	Implementation Status
Handheld Devices Security	<p>Mobile Device Asset Inventory Reviews Management should put arrangements in place so that proactive asset inventory reviews or audits are performed on a regular basis. Microsoft Intune provides asset details associated with individual users, and sample testing should be performed to verify that the tested assets are still in the individual's possession, and still valid for their job role. Any devices that cannot be found must be locked and erased for security purposes.</p>	<p>WHBC ICT will create a scheduled report in Intune capturing mobile devices that have not been used in the previous 60 days. The assigned users of any identified device (and their line managers) will be contacted and asked to confirm it is still in their possession and still required for their role.</p>	31/05/2024	ICT Operations Manager	<p>The Intune report is in place and is currently being produced manually. Additional work is required to schedule this report to be issued automatically every 60 days.</p>	31/08/2024	Partially Implemented

APPENDIX D – ASSURANCE AND FINDINGS DEFINITIONS 2024/25

Audit Opinions		
	Assurance Level	Definition
Assurance Opinions	Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
	Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
	Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
	No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
	Not Assessed	This opinion is used in relation to consultancy or embedded assurance activities, where the nature of the work is to provide support and advice to management and is not of a sufficient depth to provide an opinion on the adequacy of governance or internal control arrangements. Recommendations will however be made where required to support system or process improvements.
Grant Certification	Unqualified	No material matters have been identified in relation the eligibility, accounting and expenditure associated with the funding received that would cause SIAS to believe that the related funding conditions have not been met.
	Qualified	Except for the matters identified within the audit report, the eligibility, accounting and expenditure associated with the funding received meets the requirements of the funding conditions.
	Disclaimer Opinion	Based on the limitations indicated within the report, SIAS are unable to provide an opinion in relation to the Council's compliance with the eligibility, accounting and expenditure requirements contained within the funding conditions.
	Adverse Opinion	Based on the significance of the matters included within the report, the Council have not complied with the funding conditions associated with the funding received.
Finding Priority Levels		
	Priority Level	Definition
Corporate	Critical	Audit findings which, in the present state, represent a serious risk to the organisation as a whole, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately.
Service	High	Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently.
	Medium	Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner.
	Low	Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible.