



## Welwyn Hatfield Borough Council Audit Committee Progress Report 21 September 2022

### Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 9 September 2022
- Note the implementation status of internal audit recommendations and the management update.
- Approve the two medium priority audits to be undertaken in quarter 4 - 2022/23.

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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 2022/23 as at 9 September 2022.
- 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 9 Sept 2022.

## Background

- 1.2 The 2022/23 Internal Audit Plan was approved by the Audit Committee on 28 March 2022.
- 1.3 The Committee receives periodic updates of progress against the Annual Internal Audit Plan. This is the second report giving an update on the delivery of the 2022/23 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 9 September 2022, 31% of the 2022/23 Audit Plan days had been delivered.
- 2.2 There has been one final audit report issued since the previous progress report, relating to the 2022/23 audit plan.

<b>Audit Title</b>	<b>Assurance Opinion</b>	<b>Recommendations</b>
COMF Grant Certification	Unqualified	N/A

- 2.3 The status of the one remaining audit from the Council's 2021/22 audit plan is detailed below:

<b>Audit Title</b>	<b>Status</b>

Training Budgets	Draft Report Issued. Awaiting management response.
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- 2.4 In relation to the 2022/23 audit plan, the Audit Committee are reminded that SIAS will deliver all audits prioritised as ‘High’ in the approved Plan and will deliver at least ten projects prioritised as ‘Medium’. In addition, all IT audits will be completed. The outcomes of these projects will support the Chief Audit Executive in forming their overall annual opinion on the robustness of governance, risk management and internal control arrangements at the Council.
- 2.5 The medium priority projects that will be undertaken (see Appendix B) are to be approved by the Audit Committee in the meeting prior to the quarter commencing, i.e., Q1 and Q2 were approved in March 2022. The Audit Committee are requested to confirm the approval of two further audits for completion in Q4, the first being Procurement Board, to provide assurance that the removal of procurement boards has not impacted the robustness of large procurements undertaken. The second to be confirmed through a verbal update to the Audit Committee. (see Appendix B for a list of other audits that could be considered for inclusion).

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 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.
- 2.7 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

- 2.8 It has been agreed with Council management that SIAS will follow up all medium priority recommendations resulting from internal audit reports. There are six medium priority recommendations, due for follow up by the end of September. Three have been implemented and an update has been provided regarding the status of each remaining outstanding audit recommendation and is included in appendix D.
- 2.9 Appendix D details the implementation status of all ‘Medium’ priority recommendations that have not been fully implemented by the original target date. 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.

## Proposed Amendments

- 2.10 Two minor plan amendments have been agreed with management within this reporting period, the first reflecting an additional grant certification (COMF), this having been completed to meet the declaration submission timescales. The second relates to the cancellation of the Voids Management Audit, due to the timing of the implementation of the new Housing Maintenance Contract, with the remaining days added to the existing Housing Maintenance Contract Mobilisation Audit. This extension will look to include a review of process mapping provided by the new contractor in advance of the new contract going live and will include the voids management process.

## Performance Management: Reporting of Audit Plan Delivery Progress

- 2.11 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 (24 minimum)	Profile to 9 September 2022
Draft / Final Report Issued	4	15%	(6/26)
In Fieldwork / Quality Review	7	27%	(7/26)
Terms of Reference Issued / In Planning	7	27%	(5/26)
Not Yet Started	8	31%	(8/26)

- 2.12 Annual performance indicators and associated targets were approved by the SIAS Board in March 2022. As at 09 September 2022, 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 9 September 2022	Actual to 9 September 2022
<b>1. Planned Days</b> – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	38% (111.5 / 295 days)	31% (91.5 / 295 days)
<b>2. Planned Projects</b> – percentage of actual completed projects to draft report stage against planned completed projects	95%	23% (6 / 26 projects)	15% (4 / 26 projects)
<b>3. Client Satisfaction with Conduct of the Audit</b> – percentage	100%	100%	100%

of client satisfaction questionnaires returned at 'satisfactory' level			(1 returned from 5 issued)
<b>4. Number of High Priority Audit Recommendations agreed</b>	95%	95%	No high priority recommendations have been made in 2022/23

2.13 In respect of delivery of Planned Days and Planned Projects, performance is slightly behind the profiled target as the commencement of fieldwork has been delayed for two 2022/23 audits. These relate to the Vaccine Uptake audit (the Terms of Reference has been issued) and the Cyber Risk audit (this is now in fieldwork).

2.14 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2022/23 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 2022/23 AUDIT PLAN AS AT 09 SEPTEMBER 2022**

**2022/23 SIAS Audit Plan**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
		C	H	M	L				
<b>High Priority Audits</b>									
Annual Governance Statement - Phase 1 - Advisory Report	Not Assessed					10	SIAS	3	Draft Report Issued
Annual Governance Statement - Phase 2 - Assurance Review	Reasonable							6	Draft Report Issued
Sopra Steria Contract (Part 1)	Substantial					7	SIAS	7	Draft Report Issued
Statutory Compliance						15	BDO	12	In Fieldwork
Tenancy Fraud						12	BDO	1	In Planning
Performance Indicators						15	BDO	1	In Planning
Sopra Steria Contract (Part 2)						6	SIAS	1.5	In Planning
Covid-19 Recovery						10	SIAS		
Sopra Steria Contract (Part 3)						6	SIAS		
Streetscene Contract Resilience						10	SIAS		
Resilience						15	SIAS		
<b>Medium Priority Audits) – 6 audits nominated for Q1 and Q2 to date</b>									
Housing Maintenance Contract Mobalisation						11	BDO	9	Quality Review
Housing Maintenance Contract Mobalisation – Review of Process Mapping						6.5	BDO		In Planning
Member Training						8	BDO	6	Quality Review

**APPENDIX A – PROGRESS AGAINST THE 2022/23 AUDIT PLAN AS AT 09 SEPTEMBER 2022**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
		C	H	M	L				
Vaccine Uptake						8	SIAS	4.5	In Fieldwork
Homelessness Prevention Grant Funding						8	SIAS	1	In Planning
Voids Management						1.5	SIAS	1.5	Audit Cancelled
Planning Services Review Recommendations						8	SIAS	0.5	In Planning
Revenues Discounts and Exemptions						8			
Grounds Maintenance Contract Management						8			
Days Remaining to Allocate						16			
<b>IT Audits</b>									
Cyber Risk						15	BDO	7	In Fieldwork
Phishing						10	BDO	1	In Planning
IT Hardware						10	BDO	1	In Planning
<b>Shared Learning and Joint Reviews</b>									
Shared Learning						2	SIAS		
Joint Reviews						2	SIAS		
<b>Grant Claims / Charity Certification</b>									
COMF Grant Certification	Unqualified	0	0	0	0	1	SIAS	1	Final Report Issued
DFG Certification						2	SIAS	1	In Fieldwork
Miscellaneous Grants						2	NYA		
<b>Consultancy</b>									
Consultancy Assignments						5	NYA		



**APPENDIX A – PROGRESS AGAINST THE 2022/23 AUDIT PLAN AS AT 09 SEPTEMBER 2022**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
		C	H	M	L				
<b>Contingency</b>									
Contingency						5	NYA		
<b>Client Management - Strategic Support</b>									
CAE Internal Audit Opinion 2021/22						3	SIAS	3	Complete
Audit Committee						6	SIAS	3	Through Year
Performance Monitoring						8	SIAS	2.5	Through Year
Client Liaison						8	SIAS	2.5	Through Year
SIAS Development						5	SIAS	1.5	Through Year
2023/24 Audit Planning						8	SIAS		Through Year
Recommendations Follow Up						5	SIAS	2	Through Year
<b>2021/22 Carry Forward</b>									
Completion of outstanding 2021/22 projects						14	SIAS	12	Partially Completed
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>300</b>		<b>91.5</b>	

**Key / Notes**

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

Unqualified – Assurance Opinion Provided for Grant or Accounts Certifications indicating the return provides a fair and true view and complies with funding conditions (in relation to grants)

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 2022/23 Internal Audit Plan.

**APPENDIX B – 2022/23 AUDIT PLAN START DATES AGREED WITH MANAGEMENT**

	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
<b>H</b>	Annual Governance Statement (Draft Report Issued)	Tenancy Fraud (In Planning)	Sopra Steria Contract (Part 3)	Covid-19 Recovery
	Sopra Steria Contract (Part 1) (Draft Report Issued)	Performance Indicators (In Planning)		Streetscene Contract Resilience
	Statutory Compliance (In fieldwork)	Sopra Steria Contract (Part 2) (In Planning)		Resilience
<b>M</b>	<b>A minimum of 10 medium priority audits from the following</b>			
	Housing Maintenance Contract Mobilisation (Quality Review)	Housing Maintenance Contract Mobilisation – Process Mapping (In Planning)	Revenues Discounts and Exemptions	Grounds Maintenance Contract Management
	Member Training (Quality Review)	Homelessness Prevention Grant Funding (In Planning)		To be confirmed
	Vaccine Uptake (Terms of Reference Issued)	Planning Services Review Recommendations (In Planning)		Procurement Board
			(The two audits above have been proposed for approval by the Committee as the Medium Priority audits for Q4 – see para 2.5)	

**APPENDIX B – 2022/23 AUDIT PLAN START DATES AGREED WITH MANAGEMENT**

IT		Cyber Risk (In Fieldwork)	Phishing	<p>The audits below are the additional audits considered when selecting the proposed two audits for Quarter 4 for Committee Approval.</p> <p>Housing Rents</p> <p>Housing Complaints Handling</p> <p>Traffic Regulation Order</p> <p>Project Management</p> <p>Procurement Cards</p> <p>Planning Appeals and Interim Guidance</p> <p>Budgetary Control</p> <p>Talent Management</p> <p>S106</p> <p>Ways of Working</p>
			IT Hardware	
G/C		DFG Certification (In fieldwork)		
O	2021/22 Carry Forward (Partially completed)			

Key:

H – High Priority: 100% of audits will be delivered

M – Medium Priority: Ten of these audits will be delivered, Audit Committee to approve which audits will be delivered from this list.

IT – IT Audits: 100% of IT audits will be delivered

C – Consultancy: Assignments will be delivered as part of the audit plan

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

O - Other

## **APPENDIX C – IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS**

There are no high priority recommendations outstanding.

## APPENDIX D – 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
Payroll 2020/21	<p><b>Digital Authorisation of starter forms, leaver forms and Payroll checklists</b></p> <p>In light of current remote working practices, a method for digital approval should be developed to ensure all starter and leaver forms are completed thoroughly and evidence of approval of all forms at each level is available.</p> <p>There should be one method that is followed and comprehensive to all Officers. Until this can be implemented, emails of the forms being sent should be kept as proof of approval.</p>	<p>Email authorisations will be retained for leavers as they are for starters in the short term.</p> <p>The implementation of the on-boarding module in Resourcelink will replace the need for physical starter forms and the authorisation process will be carefully considered as part of the implementation.</p> <p>A system solution for leavers will be considered to remove the need for paper forms.</p>	31/12/2021	Financial Processes Team Leader	<p><u>March 2022</u> Email authorisations are being retained for leavers and the on-boarding module for starters has now been implemented. The next phase of the system improvement project includes a review of the leaver process. A new leaver form incorporating workflow is being developed using Power Automate as an interim solution.</p> <p><u>September 2022</u> Confirmation provided by officers that the new form is expected to be in place by the end of September.</p>	30/09/2022	Partially Implemented

## APPENDIX D – 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
Council Website	<p><b>Insufficient control over sub-sites not managed directly by the Council</b></p> <p>Management should put appropriate arrangements in place so that all sub-sites and customer facing web services interacting with the Council’s website are centrally managed and controlled.</p> <p>As part of the arrangements, there should be defined procedures in place for reviewing the accessibility of the main website and the sub-sites and ensuring that they comply with accessibility requirements.</p>	<p>We recognise the need to ensure all our sub-sites are centrally managed and have identified those externally provided websites and web systems providing council services to customers that should be considered. Some of these are managed by large suppliers with dedicated resources (such as mod.gov) where our involvement is expected to be light touch. Others will require a higher level of support from the Web Team, and we will need to make a case to senior management to ensure we are effectively resourced to do this.</p>	31/12/2021	Corporate Strategy and Engagement Manager	<p><u>March 2022</u> Work has been undertaken to update the Council’s website, for which changes went live in January 2022. This significantly improved the accessibility of the site. We include these sub-sites in our accessibility testing and raise issues identified with system owners or suppliers. Work has commenced on a review of the Council’s sub-sites, overseen by the Community Engagement group, after which controls will be implemented on these sub sites.</p> <p><u>September 2022</u> Awaiting officer response. The current position will be provided through a verbal update to the committee.</p>	30/09/2022	Partially Implemented

## APPENDIX D – 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
Housing Rents May 2022	<p><b>Rent Standard</b> We recommend that a full review of all properties is carried out to ensure that the calculation of the rent standard is correct and to determine the full materiality of potential errors. Once this review has been completed, the Council should ensure that any errors are corrected for future rent setting periods.</p>	Agreed – as per recommendation	30/09/2022	Income and Home Ownership Manager	<p><u>September 2022</u> Review currently taking place of formula rents against 1999 value.</p>	30/10/2022	Partially Implemented

## APPENDIX E – ASSURANCE AND FINDINGS DEFINITIONS 2022/23

Audit Opinions		
	Assurance Level	Definition
Assurance Opinions	<b>Substantial</b>	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.
	<b>Reasonable</b>	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.
	<b>Limited</b>	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.
	<b>No</b>	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.
	<b>Not Assessed</b>	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	<b>Unqualified</b>	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.
	<b>Qualified</b>	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.
	<b>Disclaimer Opinion</b>	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.
	<b>Adverse Opinion</b>	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	<b>Critical</b>	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	<b>High</b>	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.
	<b>Medium</b>	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.
	<b>Low</b>	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.