



Welwyn Hatfield Borough Council  
Audit Committee Progress Report  
28 June 2023

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 12 June 2023
- 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 2023/24 as at 12 June 2023.
  - 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 12 June 2023.

## Background

- 1.2 The 2023/24 Internal Audit Plan was approved by the Audit Committee on 29 March 2023.
- 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 2023/24 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 12 June 2022, 9% of the 2023/24 Audit Plan days had been delivered.
- 2.2 There have been nine final audit reports that have been issued since the previous progress report, all being carry forward audits from the 2022/23 Internal Audit Plan. The outcomes of these have been reported in the SIAS Annual Assurance Statement and Annual Report 2022/23, also on the agenda for this Committee, but for completeness are as follows:

<b>Audit Title</b>	<b>Assurance Opinion</b>	<b>Recommendations</b>
Resilience	Substantial	2 Advisory Actions
IT Hardware	Substantial	1 Low
Biodiversity Net Gains Grant	Unqualified	None
Housing Maintenance Contract – Process Maps	Reasonable	3 Low

Procurement Decision Making Process	Reasonable	1 Medium
Streetscene	Reasonable	2 Medium, 1 Low
Homelessness Prevention Grant Funding	Reasonable	2 Medium, 2 Low
Procurement Cards	Reasonable	3 Medium, 1 Low
Grounds Maintenance	Reasonable	3 Medium, 2 Low

2.3 The status of the three remaining audit from the Council's 2022/23 audit plan is detailed below:

<b>Audit Title</b>	<b>Status</b>
Vaccine Uptake	Draft Report Issued January 2023 – Awaiting Officer Response
Performance Indicators	Draft Report Issued March 2023 – Awaiting Officer Response
Tenancy Fraud	Draft Report Issued March 2023 – Awaiting Officer Response

#### High Priority Recommendations

2.4 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.

2.5 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

2.6 It has been agreed with Council management that SIAS will follow up all medium priority recommendations resulting from internal audit reports. There were 11 medium priority recommendations due for follow up during this cycle, four of which have been implemented. An update has been provided in respect of the outstanding medium priority recommendations in appendix D.

#### Proposed Amendments

2.7 There are no plan amendments proposed within this reporting period.

#### Performance Management: Reporting of Audit Plan Delivery Progress

2.8 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 12 June 2023
Draft / Final Report Issued	0	0%	(1/24)
In Fieldwork / Quality Review	3	12.5%	(3/24)
Terms of Reference Issued / In Planning	1	4%	(0/24)
Not Yet Started	20	83.5%	(20/24)

2.9 Annual performance indicators and associated targets were approved by the SIAS Board in March 2022. As at 12 June 2023, 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 12 June 2023	Actual to 12 June 2023
<b>1. Planned Days</b> – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	12% (34 / 280 days)	9% (24/ 280 days)
<b>2. Planned Projects</b> – percentage of actual completed projects to draft report stage against planned completed projects	95%	4% (1 / 24 projects)	0% (0 / 24 projects)
<b>3. Client Satisfaction with Conduct of the Audit</b> – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100% (4 returned from 5 issued within 2023/24)
<b>4. Number of High Priority Audit Recommendations agreed</b>	95%	95%	No high priority recommendations have been made in 2023/24

2.10 In respect of delivery of Planned Days, performance is slightly behind the profiled target as the commencement of fieldwork has been delayed for three 2023/24 audits. These relate to Oak Hill Lawn Cemetery and Crematorium, White Paper: Preparedness and Tenant Engagement and Planning Appeals, all of which are now in fieldwork.

2.11 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2023/24 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 2023/24 AUDIT PLAN AS AT 12 JUNE 2023**

**2023/24 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					
<b>High Priority Audits</b>										
Oak Hill Lawn Cemetery and Crematorium						10	SIAS	2	In Fieldwork	
Revenues and Benefits - New Contract						10	NYA			
Building Maintenance Compliance						12	NYA			
Private / Social Housing - Damp and Mould						8	NYA			
IT - New Contracts						10	NYA			
Corporate Health and Safety - Policy and Procedures						12	NYA			
Risk Management Framework Policy / Reporting						12	NYA			
<b>Medium Priority Audits</b>										
White Paper: Preparedness and Tenant Engagement						12	BDO	2	In Fieldwork	
Food Hygiene Inspection Programme						8	SIAS	1.5	In Planning	
Planning Appeals						10	SIAS	3	In Fieldwork	
Climate Emergency						8	NYA			

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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					
Housing Development - Affordable Accommodation						10	NYA			
White Paper: Housing Complaints Handling						10	NYA			
Budgetary Control						8	NYA			
Community Lottery						6	NYA			
Payroll						10	NYA			
Emergency Planning						10	NYA			
Anti-Fraud Contract						8	NYA			
Creditors						10	NYA			
Debtors						10	NYA			
<b>IT Audits</b>										
IT Disaster Recovery and Business Continuity						14	BDO			
Handheld Devices Security						10	BDO			
Software Licensing						10	BDO			
<b>Grant Claims / Charity Certification</b>										
DFG Certification						2	SIAS			
Miscellaneous Grants						3	NYA			N/A
<b>Contingency</b>										
Contingency						5	NYA			N/A
<b>Client Management - Strategic Support</b>										
CAE Internal Audit Opinion 2022/23						3	SIAS	3	Complete	N/A

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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					
Audit Committee						6	SIAS	0.5	Through Year	N/A
Performance Monitoring						6	SIAS	0.5	Through Year	N/A
Client Liaison						8	SIAS	0.5	Through Year	N/A
2024/25 Audit Planning						8	SIAS		Through Year	N/A
Recommendations Follow Up						4	SIAS	1	Through Year	N/A
SIAS Development						3	SIAS	2	Through Year	N/A
<b>2021/22 Carry Forward</b>										
Completion of outstanding 2022/23 projects						10	SIAS	8	Partially Completed	N/A
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>285</b>		<b>24</b>		

**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 – 2023/24 AUDIT PLAN START DATES AGREED WITH MANAGEMENT

	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>
H	Oak Hill Lawn Cemetery and Crematorium (In Fieldwork)	Revenues and Benefits - New Contract	Private / Social Housing - Damp and Mould	Risk Management Framework Policy and Reporting
		Building Maintenance Compliance	IT - New Contracts	Corporate Health and Safety - Policy and Procedures
M	White Paper: Preparedness and Tenant Engagement (In Fieldwork)	Climate Emergency	Budgetary Control	Anti-Fraud Contract
	Food Hygiene Inspection Programme (In Planning)	Housing Development - Affordable Accommodation	Community Lottery	Creditors
	Planning Appeals (In Fieldwork)	White Paper: Housing Complaints Handling	Payroll	Debtors
			Emergency Planning	
IT		IT Disaster Recovery and Business Continuity	Handheld Devices Security	Software Licensing
G/C		DFG Certification		
O	2022/23 Carry Forward (Partially Completed)			

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

## **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
					there are no further issues. The manual process in these areas has continued to ensure compliance is met.		



**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
					<p>The implementation of the asset system is ongoing and is currently being tested to ensure there are no further issues. The manual process in these areas has continued to ensure compliance is met.</p>		

## 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
Climate Emergency June 2022	<p><b>Strategic Reporting</b></p> <p>The Energy Efficiency and Climate Change Officer should generate annual reports to the Climate Change Member Group on the Council's progress against the Climate Change Strategy and objectives. The reports should provide an overview of key projects and their contribution to the Strategy, as well as operational achievements, taking into consideration the costs of actions. In addition, the report should detail areas of improvement and good practice.</p>	This recommendation is accepted	31/03/2023	Economic Development Officer	<p><u>March 2023</u></p> <p>The Council are yet to successfully recruit to the Climate Change Officer role which we hope to do so in the next couple of months.</p> <p>The Climate Action Plan has been updated and tracks the efforts taken which outlines elements such as cost, impact and is tracked using SMART targets.</p> <p>The council has access to the Sigma database which is tracking the energy usage and reports are able to be run on a regular basis to ensure that reductions are seen as well as being able to focus the Climate Action Plan schemes around those that would see a decrease in energy consumption.</p> <p><u>June 2023</u></p> <p>We now have a start date of the 10<sup>th</sup> July for the Climate Change</p>	31/07/2023	Partially 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	Implementation Status
					Officer therefore plans will be in place following the appointment to ensure reporting is carried out.		

## 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
Training Budgets October 2022	<p><b>Identification of current and future training needs</b></p> <p>We recommend:</p> <ol style="list-style-type: none"> <li>Managers map the KSBs required their service to effectively meet the service delivery. <ul style="list-style-type: none"> <li>Once completed officers should complete competency/skills assessments against the KSBs to identify any gaps in skills and support the identification of officer training needs.</li> </ul> </li> <li>Services Managers conduct regular horizon scanning to identify the missing KSBs which their service areas need in the medium-term future. <ul style="list-style-type: none"> <li>KSBs required in the medium-term future are to be logged on a training plan and costed.</li> </ul> </li> </ol> <p>Medium term training plans are to be discussed with HR/ the L&amp;D officer to update the corporate training matrix and establish whether the training can be delivered from the corporate training budget.</p> <ul style="list-style-type: none"> <li>Where training cannot be delivered from the corporate training budget, discussions take place with HR/L&amp;D to establish whether the CPD budget can be used, or other avenues can be explored to develop the required skills.</li> </ul>	<p>This should be done in the annual appraisal process which cover behaviours, skills and development needs. This is communicated yearly by HR. The training matrices need to be kept up to date by managers. A reminder will be sent to Directors to follow up with their areas.</p>	31/03/2023	Human Resources Manager	<p><u>March 2023</u> Appraisals need to be completed by 30 April. Statutory and mandatory training will be updated once we have this information.</p> <p>New LMS implemented with wider course material and enhanced reporting of attendance.</p> <p>The Learning and Development Programme is being reviewed as part of the roll out of the new LMS (Learning Management System) and a forward programme is being developed.</p> <p><u>June 2023</u> The majority of appraisal data relating to statutory and mandatory training has been updated on the matrices.</p> <p>The OD Advisor is to meet with Directors &amp; service managers to</p>	30/06/2023	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
					<p>approve and sign off any changes.</p> <p>We are working on devising our own data protection online material.</p>		

## **APPENDIX D – IMPLEMENTATION STATUS OF OUTSTANDING MEDIUM PRIORITY RECOMMENDATIONS**

<b>Report Title and Date</b>	<b>Recommendation</b>	<b>Management Response</b>	<b>Original Target Date</b>	<b>Responding Officer</b>	<b>Management Action Taken to Date</b>	<b>Revised Target Date</b>	<b>Implementation Status</b>
Homelessness Prevention Grant Funding April 2023	<b>Review of Grants</b> We recommend that grants which required a declaration sign-off are reviewed to ensure they have been completed, with evidence saved to the appropriate project folder. All future grant declarations should be highlighted to the relevant officers to ensure that these are signed and approved in line with the relevant grant requirements. Once submitted these should be saved in the corresponding project folder.	Recommendation would be a good development and can be stored in the same way.	01/06/2023	Housing Options Manager, with support from Assistant Director (Leisure, Community & Cultural Services) when Senior manager involvement is required.	<u>June 2023</u> Recommendation in progress	01/07/2023	Partially Implemented

## **APPENDIX D – IMPLEMENTATION STATUS OF OUTSTANDING MEDIUM PRIORITY RECOMMENDATIONS**

<b>Report Title and Date</b>	<b>Recommendation</b>	<b>Management Response</b>	<b>Original Target Date</b>	<b>Responding Officer</b>	<b>Management Action Taken to Date</b>	<b>Revised Target Date</b>	<b>Implementation Status</b>
Grounds Maintenance Contract Management April 2023	<p><b>Performance Management: alignment with KPIs</b></p> <p>We recommend that the Council takes appropriate action to ensure that CL improves the quality of monthly reports.</p> <p>The monthly report should include direct reference to the performance management framework to ensure transparency where targets in the previous calendar month were met or fell below expectation and therefore may constitute default.</p>	<p>Full review of current reporting to be undertaken and future reports to align with KPI's.</p> <p>CLL to ensure that detailed reporting in line with the KPI's is provided as contractually required and any issues with his are flagged at the April contract review meeting.</p>	31/05/2023	Environmental Services Manager	<p><u>June</u></p> <p>KPI reporting is in development with access for Officers available to Continental Landscapes reporting systems. KPI's have been inputted and auditing taking place of data to ensure accuracy of reporting against targets.</p>	31/08/2023	Partially Implemented

## **APPENDIX D – IMPLEMENTATION STATUS OF OUTSTANDING MEDIUM PRIORITY RECOMMENDATIONS**

<b>Report Title and Date</b>	<b>Recommendation</b>	<b>Management Response</b>	<b>Original Target Date</b>	<b>Responding Officer</b>	<b>Management Action Taken to Date</b>	<b>Revised Target Date</b>	<b>Implementation Status</b>
IT Hardware April 2023	<p><b>IT Hardware Management Policies and Documented Procedures</b></p> <p>Management should review and, where necessary, update the Council's IT Hardware Asset Management Policy, the Acceptable Use Policy for ICT, and the IT Infrastructure Security Policy to ensure that they are accurate and up-to-date and reflect the Council's current working arrangements and procedures.</p> <p>The reviewed policies should be approved and made available to all members of staff and arrangements should be put in place for the policies to be reviewed in line with their normal review cycles or following a significant change to the Council's operations.</p>	<p>This recommendation is agreed. The policies are in the process of being reviewed and will reflect the Council's current working arrangements. These will be shared with staff through the Council's intranet.</p>	30/06/2023	Assistant Director (ICT & Digital)	<p><u>June</u></p> <p>The relevant policies are currently being reviewed. Working with the Council, SOCITM have recently provided an extensive set of draft service policies, the content of which is being considered in scope to improve existing WHBC policies. This work is likely to conclude in July.</p>	31/07/2023	Partially Implemented

## APPENDIX E – ASSURANCE AND FINDINGS DEFINITIONS 2023/24

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.