



Stevenage Borough Council
Audit Committee

12 November 2019

Shared Internal Audit Service –
Progress Report

Recommendation

Members are recommended to:

- a) Note the Internal Audit Progress Report
- b) Approve Amendments to the Internal Audit Plan as at 25 October 2019
- c) Note the Status of Critical and High Priority Recommendations

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1 Introduction and Background

Purpose of Report

- 1.1 To provide Members with:
- The progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's 2019/20 Internal Audit Plan as at 25 October 2019.
 - The findings for the period 1 April 2019 to 25 October 2019.
 - The proposed amendments required to the approved Internal Audit Plan.
 - The implementation status of previously agreed audit recommendations.
 - An update on performance management information as at 25 October 2019.

Background

- 1.2 Internal Audit's Annual Plan for 2019/20 was approved by the Audit Committee at its meeting on 19 March 2019. The Audit Committee receive periodic updates against the Annual Internal Audit Plan.
- 1.3 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 the internal audit function is fulfilling its statutory obligations. It is considered good practice that progress reports also include proposed amendments to the agreed Annual Internal Audit Plan.

2 Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 25 October 2019, 46% of the 2019/20 Audit Plan days have been delivered (calculation excludes contingency days that have not yet been allocated).
- 2.2 Final reports for the following audits and projects have been issued or completed so far this financial year:

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Stevenage Museum	July 2019	Satisfactory	Two High, One Medium, Five Low/Advisory priority
Herts Home Improvement Agency (2018/19) *	July 2019	Limited	Seven High, Eight Medium, Three Low/Advisory priority
Cemeteries	August 2019	Satisfactory	Four Medium priority
Insurance	August 2019	Good	One Medium, One Low/Advisory priority
Rechargeable Works	Sept 2019	Good	One Medium priority

Safeguarding	Sept 2019	Good	Three Low/Advisory priority
Homelessness Reduction Act	Sept 2019	Good	None
Health & Safety	Oct 2019	Good	One Medium priority

* This was a Hertfordshire County Council led internal audit which has been distributed to the Council as a contributing partner of the Hertfordshire Home Improvement Agency.

- 2.3 The table below also summarises the position regarding 2019/20 projects as at 25 October. Appendix A provides a status update on each individual project within the 2019/20 Internal Audit Plan. Details of indicative start dates for the individual projects are also shown in Appendix C.

Status	No. of Audits at this Stage	% of Total Audits
Final Report Issued	7	19%
Draft Report Issued	7	19%
In Fieldwork/Quality Review	4	12%
In Planning/Terms of Reference Issued	8	22%
Allocated	8	22%
Not Yet Allocated	1	3%
Deferred/Cancelled	1	3%
Total	36	100%

Proposed Audit Plan Amendments

- 2.4 The audit of Land Charges, due to start during July 2019, has been cancelled and the audit days returned to contingency. This was due to Land Charges staff having insufficient availability.

Performance Management

- 2.5 The 2019/20 annual performance indicators were approved at the SIAS Board meeting in March 2019. Targets were also agreed by the SIAS Board for the majority of performance indicators.
- 2.6 The actual performance for Stevenage Borough Council against the targets that can be monitored in year is set out in the table below:

Performance Indicator	Annual Target	Profiled Target	Actual to 25 Oct 2019
1. Planned Days – percentage of actual billable days against planned chargeable days completed	95%	48% (160/333.5 days)	46% (152.5/333.5 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	43% (15/35 projects)	40% (14/35 projects)
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100% (5 received) Note (1)
4. Number of Critical and High Priority Audit Recommendations agreed	95%	95%	100% (9 High agreed) Note (2)

Note (1) – 3 received so far in 2019/20 relate to 2018/19 audits.

Note (2) – 7 recommendations are from the Hertfordshire County Council led internal audit of the Hertfordshire Home Improvement Agency. This has been distributed to the Council as a contributing partner of the Agency.

Critical and High Priority Recommendations

- 2.7 Members will be aware that a Final Audit Report is issued when it has been agreed (“signed off”) by management; this includes an agreement to implement the recommendations that have been made.
- 2.8 The schedule attached at Appendix B details any outstanding Critical and High priority audit recommendations.

APPENDIX A - PROGRESS AGAINST THE 2019/20 AUDIT PLAN

2019/20 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Key Financial Systems – 74 days									
Main Accounting System (General Ledger)						8	Yes	0	Allocated
Debtors						6	Yes	0.5	In planning
Creditors						10	Yes	0.5	In planning
Treasury Management						6	Yes	0	Allocated
Payroll						10	Yes	0	Allocated
Council Tax						6	Yes	0.5	In fieldwork
NDR						6	Yes	0.5	In fieldwork
Housing Benefits						6	Yes	0.5	In fieldwork
Cash and Banking						6	Yes	0.5	In planning
Housing Rents						10	Yes	0	Allocated
Operational Audits – 122.5 days									
Health and Safety	Good	0	0	1	0	10	Yes	10	Final report issued
Sickness Absence Management						10	Yes	2.0	In planning
Facilities Management						6	Yes	5.5	Draft report issued
Rechargeable Works	Good	0	0	1	0	10	Yes	10.0	Final report issued
Insurance	Good	0	0	1	1	6	Yes	6.0	Final report issued
Garage Investment Programme						10	Yes	9.5	Draft report issued
Cemeteries	Satisfactory	0	0	4	0	6	Yes	6.0	Final report issued
Herts Home Improvement Agency						2	No	0	Not yet allocated
Town Centre Regeneration – SG1						12	Yes	1.0	In planning
Queensway/Marshgate Redevelopment						12	Yes	3.5	In planning
Recycling						10	Yes	9.5	Draft report issued
Stevenage Museum	Satisfactory	0	2	1	5	7	Yes	7.0	Final report issued

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		C	H	M	LA				
Homelessness Reduction Act	Good	0	0	0	0	10	Yes	10.0	Final report issued
Land Charges						1.5	Yes	1.5	Audit cancelled
Safeguarding	Good	0	0	0	3	10	Yes	10.0	Final report issued
Procurement, Contract Management and Project Management – 30 days									
Major Refurbishment Contract						10	Yes	0	Allocated
Procurement						10	Yes	9.5	Draft report issued
Housing Development Schemes						10	Yes	1.0	In planning
Risk Management and Governance – 12 days									
Risk Management						6	Yes	0	Allocated
Corporate Governance						6	Yes	0	Allocated
IT Audits – 24 days									
IT Service Shared Service Agreement						6	Yes	5.5	Draft report issued
Cyber Security Follow-up						6	Yes	0	Allocated
Information Management						6	Yes	1.5	In fieldwork
Project Management						6	Yes	1.0	ToR Issued
Shared Learning and Joint Reviews – 8 days									
Shared Learning						4	No	1.0	Through year
Joint Review – SAFS						2	Yes	0.5	ToR Issued
Joint Review – Building Control						2	Yes	0	In planning
Ad Hoc Advice – 3 days									
Ad Hoc Advice						3	No	0.5	Through year
Follow-up Audits – 10 days									
CCTV						5	Yes	4.5	Draft report issued
Street Cleansing						5	Yes	4.5	Draft report issued
Completion of 18/19 Projects – 4 days									
Various						4	Yes	3.5	Complete

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Contingency – 16.5 days									
Contingency						16.5	No	0	Not yet allocated
Strategic Support – 46 days									
Annual Report and Head of Internal Audit Opinion 2018/19						3	Yes	3.0	Complete
Audit Committee						12	Yes	6.5	Through year
Client Liaison						10	Yes	5.5	Through year
Liaison with External Audit						1	Yes	0.5	Through year
Monitoring						10	Yes	4.5	Through year
SIAS Development						5	Yes	5.0	Through year
2020/21 Audit Planning						5	Yes	0	Allocated
SBC TOTAL		0	2	8	9	350		152.50	

APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (25 October 2019)
1.	CCTV (joint review) 2018/19.	We recommend that an appropriate new Partnership Agreement between the current four CCTV Partner Authorities is drawn up and executed. It should clearly include the specific roles and responsibilities of the Partner Authorities. It should also clearly state the relationship the Partner Authorities have with Hertfordshire CCTV Partnership Ltd. and the function of that company in respect of the overall CCTV Partnership.	We will prepare an updated CCTV Partnership Agreement drafted through the CCTV Officer Management Board to be signed by all four Partner Authorities.	CCTV Officer Management Board.	31 March 2019. Revised to 30 September 2019.	<u>January 2019.</u> On track. <u>March 2019.</u> On track. <u>May 2019.</u> In progress. <u>August 2019.</u> In progress. <u>October 2019.</u> Approved by Joint Executive on 25 September 2019. Final document being completed by Legal Service for sealing.	Implemented.
2.	CCTV (joint review) 2018/19.	We recommend that all reporting arrangements for the Partner Authorities are formally reassessed, agreed and documented to ensure there is complete clarity and transparency of expectations and understanding across all interested parties regarding the need,	Authority reporting arrangements to be included as part of a revised Partnership Agreement, Shareholder Agreement and Terms of Reference as necessary.	CCTV Joint Executive, CCTV Officer Management Board and Company Board of Directors as appropriate.	31 July 2019. Revised to 30 September 2019.	<u>January 2019.</u> On track. <u>March 2019.</u> On track. <u>May 2019.</u> This will be captured as part of the partnership agreement. Revised deadline is 30 September 2019.	Implemented.

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		responsibility, frequency, timing, content, format and distribution of each report required.				<p><u>August 2019.</u> In progress.</p> <p><u>October 2019.</u> Approved by Joint Executive on 25 September 2019. Final document being completed by Legal Service for sealing.</p>	
3.	TSS Improvement Plan – Governance 2018/19.	<p>Management should complete the review of the IT policies and tailor them to the needs of both Councils. The purchased IT policy software should be deployed without any further delay and the policies should be made available to all members of staff. Management should track and monitor staff attestation and responses.</p> <p>Furthermore, management should review and, where necessary, revise the Service’s IT procedures so that they are consistent across both Councils. The procedures should</p>	<p>Meta - compliance must be fully implemented first to assure acceptance and compliance from staff and this cannot be rolled out till Azure-AD project is finalized. This project has been assigned to Project Manager Roxanne Owedele. Time-line as follows:</p> <p>Azure AD - end of May</p> <p>Implementation of Meta - Compliance – end of July</p> <p>Deployment of polices as written on intranet - as completed</p> <p>Deployment of policies via Meta-Compliance two a</p>	ICT Strategic Partnership Manager.	Creation - April - August 2019 Deployment - November	<p><u>May 2019.</u> This is a new addition and the management response opposite is therefore the latest comment.</p> <p><u>August 2019.</u> In progress.</p> <p><u>October 2019.</u> Acceptable Usage Policy has been agreed by Staff Side. 4th Tier managers to be advised of this policy. Policy needs to be read before staff will be able to log in to their IT.</p> <p>HR have created a draft Working from Home Policy - awaiting advice regarding the Hub and requirements re staff working from home. It</p>	Partially implemented – continue to monitor.

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		<p>be documented and communicated to all members of staff.</p>	<p>month – Final completion November</p> <p>During that period policies will be confirmed and placed on the intranet, with a number that must be written or amended.</p> <p>To get staff fully compliant will require roll-out of Meta - Compliance.</p> <p>There are two classifications, policies and protocols; policies are documents which all staff need to adhere to and protocols are internal policies for ICT staff only.</p> <p>Policies:</p> <p>Acceptable Usage Policy – Written and gone to HR for consultation</p> <p>Data Protection Policy – Completed and on intranet</p> <p>Mobile Device Policy – In draft security team to approve</p> <p>ICT Monitoring Policy - Security team to write</p> <p>ICT Remote Working Policy - Security</p>			<p>was suggested at CGG that we may need an interim policy as the Hub is a while away and we currently have some home working happening already.</p> <p>Mobile Policy: In process of being written.</p>	

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			team/MGT team to write Social Media Policy – Completed and on intranet Data sharing policy (Contractors) - Security team to write Protocols: Security Breach response Protocol - Security team to write Change Control Protocol – In draft				
4.	TSS Improvement Plan – Governance 2018/19.	Representatives from both Councils should agree a shared set of expectations for how technology will be used to achieve their respective strategic objectives. These expectations should form the basis for a defined IT Strategy for the Shared IT Service, which should include as a minimum: The expectations for the levels of service to be provided The metrics for monitoring the performance of the Shared IT Service.	ICT strategy & Roadmap are being written in collaboration with Microsoft Navigator consultancy project.	ICT Strategic Partnership Manager.	August 2019.	<u>May 2019.</u> This is a new addition and the management response opposite is therefore the latest comment. <u>August 2019.</u> In progress. <u>October 2019.</u> IT Strategy approved at October 2019 Executive	Implemented.

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		The performance of the Service should be reviewed on a routine basis by the ICT Partnership Board and measured against the defined metrics and key performance indicators.					
5.	Cyber Security - follow up 2018/19.	<p>Management should establish a network access control to block unknown or unauthorised devices from connecting to the Council's IT network. This should include restricting the ability to physically connect to the IT network.</p> <p>Where there is a demonstrable need for a device to connect to the IT network, the Service should require:</p> <p>The purpose for the connection has been recorded</p> <p>Appropriate security controls have been enabled on the device connecting to the IT network</p> <p>The period of time that the device will require the connection</p> <p>All connections are</p>	The Council has created a Security & Network Team who has been tasked to look at security / network tools. There is also a planned upgraded Office 365 and in particular Intune to manage all mobile (non-network connected) devices. The plan is to ensure that only known devices are allowed to access Council systems.	ICT Strategic Partnership Manager.	Network Tools July 2019. Intune October 2019.	<p><u>May 2019.</u> This is a new addition and the management response opposite is therefore the latest comment.</p> <p><u>August 2019.</u> In progress.</p> <p><u>October 2019.</u> It is very rare (if ever) that someone connects an external device to the IT network. The Zero Clients do not allow the transfer of data to anything plugged into it.</p>	Partially implemented – continue to monitor.

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		<p>approved before being allowed to proceed.</p> <p>Devices connected to the IT network should be reviewed on a routine basis.</p>					
6.	Cyber Security - follow up 2018/19.	<p>There should be a record of the configuration of the Council's firewalls, which includes but is not limited to:</p> <p>The purpose of all of the rules</p> <p>The expected configuration and activity for each rule</p> <p>The member of staff that requested and approved the rule</p> <p>The configuration of the firewall should be reviewed on a routine basis.</p> <p>The Service should develop a Firewall rule policy to provide the list of controls that are required to secure firewall implementations to an approved level of security.</p>	<p>The Council has created a Security & Network Team who have been tasked to look at replacing the entire Firewall (and switch) estate. As part of this work all firewall configurations will need to be reviewed and recorded.</p>	ICT Strategic Partnership Manager.	November 2019.	<p><u>May 2019.</u></p> <p>This is a new addition and the management response opposite is therefore the latest comment.</p> <p><u>August 2019.</u></p> <p>In progress.</p> <p><u>October 2019.</u></p> <p>Firewalls to be replaced April 2020 due to financial and resource reasons</p>	Not yet implemented – continue to monitor.
7.	Incident Management -	Management should update the Council's IT	We have started a project to install a	ICT Strategic Partnership	August 2019 – Microwave Link.	<p><u>May 2019.</u></p> <p>This is a new addition</p>	Not yet implemented – continue to monitor.

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	follow up 2018/19.	<p>disaster recovery plan to include the procedure for establishing all IT services at a single data centre.</p> <p>A complete IT Disaster Recovery scenario test on all applications and systems should take place to provide assurance that recovery could happen within the expected time frame.</p> <p>The Service should document the results of the test to determine the further actions required to improve the efficacy of the plan.</p>	<p>secondary Microware link between our data centres. This will give us a resilient link where either can be down, and connectivity remains.</p> <p>Also, with our upgrade to horizon VDI, we are installing hardware which will allow either site to run 100% of capacity allowing the complete downing of one site for upgrade work but will of course allow for full capacity in the event on one data centre being of offline.</p>	Manager.	January 2020 - VDI upgrade.	<p>and the management response opposite is therefore the latest comment.</p> <p><u>August 2019.</u> In progress.</p> <p><u>October 2019.</u> This work is now progressing and is currently going through the tender process with a scheduled January 2020 implementation date.</p>	
8.	Incident Management - follow up 2018/19.	<p>Management should update the Council's IT disaster recovery plan to include the procedure for establishing all IT services at a single data centre.</p> <p>A complete IT Disaster Recovery scenario test on all applications and systems should take place to provide assurance that recovery could happen</p>	<p>Also, with our upgrade to horizon VDI, we are installing hardware which will allow either site to run 100% of capacity allowing the complete downing of one site for upgrade work but will of course allow for full capacity in the event on one data centre being of offline.</p>	ICT Strategic Partnership Manager.	<p>August 2019 – DR review.</p> <p>October 2019 - VDI upgrade.</p> <p>Revised to April 2020.</p>	<p><u>May 2019.</u> This is a new addition and the management response opposite is therefore the latest comment.</p> <p><u>August 2019.</u> In progress.</p> <p><u>October 2019.</u> Expected completion for this work is now April 2020.</p>	Not yet implemented – continue to monitor.

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		<p>within the expected time frame.</p> <p>The Service should document the results of the test to determine the further actions required to improve the efficacy of the plan.</p>					
9.	Stevenage Museum 2019/20.	Outstanding actions on the 'Museum Operational Management Risk Reduction Plan' are closed down without further delay.	Already started, complete following next cycle of 1-2-1s.	Museum Curator.	October 2019.	<p><u>August 2019.</u> This is a new addition and the management response opposite is therefore the latest comment.</p> <p><u>October 2019.</u> Actions have been implemented and closed.</p>	Implemented.
10.	Stevenage Museum 2019/20.	<p>Access to the safe and petty cash is restricted and the keys to both the safe and petty cash tin are given to a nominated senior member of staff;</p> <p>Reimbursements for petty cash should be limited to a nominated senior member of staff.</p>	Museum Curator / Senior Museum Officer to hold the petty cash key. If Senior Museum Officer is not at work, to hand over to another nominated member of staff (sign in book to be maintained).	Museum Curator.	July 2019.	<p><u>August 2019.</u> This is a new addition and the management response opposite is therefore the latest comment.</p> <p><u>October 2019.</u> All petty cash control requirements have been implemented.</p>	Implemented.
11.	Herts Home Improvement Agency - joint review led by Hertfordshire	<p><u>Governance structures, work streams and resources.</u></p> <p>In order to ensure that</p>	Recruit project	Head of HHIA	Resource	<u>September 2019.</u>	Partially implemented –

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	<p>County Council (2018/19). <i>These recommendations and their implementation status are overseen and monitored by Hertfordshire County Council as the lead authority but are included here for Member information.</i></p>	<p>operational systems, processes and governance structures can be assessed and re-modelled, where required, to support the HHIA in delivering key business objectives, we recommend that:</p> <ul style="list-style-type: none"> - A formal project plan is produced to facilitate a review of existing systems and processes across the HHIA as a whole, with the intention of identifying any key change activities required (e.g. management information, KPI's, recruitment and retention). - The above plan should seek to promote a sufficiently robust review to identify both existing issues and longer-term changes required to existing models. - Work streams, with a specific purpose and lead officer, are established to accelerate delivery of any key business 	<p>resource (graduate trainee) to develop formal plan based on audit report and operational requirements identified by MA/SE. Plan to address current resource issues and financial objectives for the service.</p> <p>Formal plan developed using audit report recommendations and areas identified by MA as part of her orientation with service.</p> <p>Bi-monthly meetings with Deputy Chair and Chair of HHIA Board to update on progress/ RAG ratings and seek support for activities from Board Partners where required</p> <p>MA/SE to lead on all of actions, with input from Board.</p> <p>Workstreams felt not to be practical except perhaps in the areas identified for Board consideration.</p>	<p>and Head of Hertfordshire Equipment Service.</p>	<p>identified and in post July 2019.</p> <p>To be submitted for Board approval by Autumn 2019.</p> <p>Complete.</p>	<p>This is a new addition and the management response opposite is therefore the latest comment.</p> <p><u>October 2019.</u> Verbal update to be provided.</p>	<p>continue to monitor.</p>

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		<p>change activities required, with partners providing the required resources and professional expertise to support or deliver the activities</p> <p>- To provide sufficient capacity to oversee and support performance and business change activities, consideration should be given to establishing an operational oversight group (a sub-set of the Board). Where such a group is established, the formal HHIA Board should receive high level reports on progress (e.g. RAG ratings) to retain the Board's ability to monitor progress.</p>					
12.	<p>Herts Home Improvement Agency 2018/19. <i>As above.</i></p>	<p><u>Recruitment and business continuity.</u></p> <p>The HHIA should review the current business continuity and succession planning arrangements in place to ensure that the service can continue to function in</p>	<p>New Senior Management structure in place: Head of Service reporting to Head of Hertfordshire Equipment Service.</p>	<p>Head of HHIA and Head of Hertfordshire Equipment Service (HES).</p>	<p>In place.</p>	<p><u>September 2019.</u></p> <p>This is a new addition and the management response opposite is therefore the latest comment.</p>	<p>Partially implemented – continue to monitor.</p>

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		<p>the absence of key officers.</p> <p>Given the existing recruitment difficulties, the Board should critically review whether the existing pay grading structure is sufficient, or indeed whether recruitment difficulties relate to underlying issues in respect of the structure, job roles and responsibilities within the Agency.</p> <p>The above recommendation is critical as whilst the HHIA may be able to secure sufficient staff capacity through the use of temporary staff, this is not financially sustainable within the business model, nor does it provide the required workforce stability that the HHIA requires to provide a consistent level of service and drive through key business change activities.</p>	<p>Longer term continuity to be reviewed as part of the review project.</p> <p>Put in place staffing to support the service whilst review is undertaken:</p> <ul style="list-style-type: none"> - MA overseeing Operations team but not undertaking operations tasks - Operations Manager replaced by Senior Technical Officer (Agency) with sole focus on progressing projects - SE acts as cover/support for MA - Business Development Manager resigned – to be replaced by Business Analyst (fixed term 1 year) <p>Work with HR colleagues to review current structure, with particular focus on technical roles, although there needs to be an acceptance that there will be short-term reliance on agency staff in technical roles until</p>		<p style="text-align: center;">In place/ in progress.</p> <p style="text-align: center;">Oct/Nov 2019.</p>	<p><u>October 2019.</u></p> <p>Verbal update to be provided.</p>	

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			<p>these can be reviewed.</p> <p>Undertake Financial Analysis to understand potential to grow staffing with revenue</p> <p>Review of processes to improve productivity and stop blockages. To be incorporated in recovery plan.</p>		<p>Oct/Nov 2019.</p> <p>In progress.</p>		
13.	<p>Herts Home Improvement Agency 2018/19.</p> <p><i>As above.</i></p>	<p><u>Management information systems.</u></p> <p>Further training should be provided to HHIA staff to ensure that the case management system is completed and updated in line with expectations.</p> <p>Regular data quality checks should be performed on the case management system to obtain assurance that records are updated in an accurate and timely manner (including a review of data exceptions – e.g. blank fields).</p> <p>A mapping exercise should be performed to identify the key fields within the case</p>	<p>Undertaking review of CMS system</p> <p>Process mapping exercise completed to understand how staff currently use the system and where changes need to be made</p> <p>Identification of training needs for staff and resource to undertake these.</p> <p>Training to include inputting and quality of data.</p> <p>Super-user/ system manager to be identified to oversee data checks, develop the system e.g. for</p>	<p>Head of HHIA and Business Improvement Manager.</p>	<p>In progress completion by August 2019.</p> <p>Mapping complete.</p> <p>Further recommendation by Aug 2019.</p> <p>By August 2019 Training by Oct 2019.</p>	<p><u>September 2019.</u></p> <p>This is a new addition and the management response opposite is therefore the latest comment.</p> <p><u>October 2019.</u></p> <p>Verbal update to be provided.</p>	<p>Partially implemented – continue to monitor.</p>

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		<p>management system that support key monitoring and KPI routines, with data quality checks focusing in particular on these areas.</p> <p>We also recommend that HCC Finance is provided with access to a reporting suite within the case management system, sufficient to support the production of financial monitoring / Board reports.</p>	<p>mobile working, and work with Finance to develop reporting suite.</p> <p>Review access to CMS/ other reporting suites for Finance to allow for improved financial reporting or define how this will be achieved e.g. Business Analyst to report on non-SAP data.</p>				
14.	<p>Herts Home Improvement Agency 2018/19.</p> <p><i>As above.</i></p>	<p><u>Financial reporting and monitoring.</u></p> <p>A formal review of the current format, approach and underlying information to support reporting of financial position of the HHIA should be undertaken. This should include:</p> <ul style="list-style-type: none"> - Review of the structure of financial performance reports, in particular ensuring that financial projections are clearly linked to performance and other key information (such as staff capacity, job 	<p>Review Finance reporting with the Finance team. Utilise Finance Graduate capacity to put in place systems to capture staff capacity.</p> <p>Review 2018/19 data</p>	<p>Head of HHIA, Head of HES and Head of Accountancy Services.</p>	<p>September 2019.</p>	<p><u>September 2019.</u> This is a new addition and the management response opposite is therefore the latest comment.</p> <p><u>October 2019.</u> Verbal update to be provided.</p>	<p>Not yet implemented – continue to monitor.</p>

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		<p>over-runs etc).</p> <ul style="list-style-type: none"> - Where assumptions are being included, in particular significant increases in activity, appropriate identification of key risks to their achievement should be included. - Clearer evidence should be provided of existing performance of the HHIA against anticipated performance profiles (financial and non-financial), with clear statements provided of corrective actions being taken where targets are not being met. - A mapping process should be considered between the financial information required to populate Board Reports and the sources where this could be derived from, with an assessment also made on the reliability of that information. - Finally, further clarity should be provided on the respective roles 	<p>to identify activity trends and predict for 2019/20. Identify current risks and report on those to Board.</p> <p>Develop KPI projections and report to Board where action is being taken to address issues or meet/exceed projections.</p> <p>Finance Graduate to work with CMS Project Manager to look at financial reporting within both CMS and SAP to improve accuracy and reliability of reporting.</p> <p>Review of above actions when complete to agree on future reporting protocol. Consider potential options such as preparation of reports by Business Analyst or Finance having access to</p>		<p>September 2019.</p> <p>November 2019.</p> <p>September 2019.</p> <p>December 2019.</p>		

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		and responsibilities of HCC Finance and HHIA management in relation to creating financial / performance reports for the HHIA Board. Should reports continue to be substantially prepared by Finance, these should be subject to final authorisation by the Head of Service or relevant Assistant Director to reduce the risks of a lack of future ownership.	CMS/ financial spreadsheets.				
15.	Herts Home Improvement Agency 2018/19. <i>As above.</i>	<u>Cost recovery model.</u> The HHIA seeks further clarification (in writing) from the relevant government department in relation to the restrictions on recovering overheads from the DFG. This should include the position on whether: - It is permissible to recover general staff costs that are relevant to delivering the service, but which cannot be attributed to a specific project; - The current design and project management fee	Meet with Foundations to seek relevant advice and understand where written assurances can be sought in relation to staff costs and fees. Use information obtained to inform project plan e.g. develop policy concerning warranties. Project support to work with SE/MA and Business Intelligence to develop timesheet tracker system for staff activities, similar	Head of HHIA and Head of HES.	July 2019. Oct/Nov 2019. October 2019.	<u>September 2019.</u> This is a new addition and the management response opposite is therefore the latest comment. <u>October 2019.</u> Verbal update to be provided.	Not yet implemented – continue to monitor.

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		<p>of all staff costs or overheads through the DFG, consideration should be given as to whether this issue could be resolved through DFG funding being retained by the individual partners, allowing the HHIA to invoice as a third party, although further legal and finance advice would be required.</p> <p>Alternatively, the HHIA would need to investigate whether it is viable to increase the volume of non-DFG funded adaptations, thereby providing a separate income route to address any shortfalls in costs that are recoverable from the DFG.</p>					
16.	<p>Herts Home Improvement Agency 2018/19. <i>As above.</i></p>	<p><u>Site visits/inspections.</u> We recommend that the service create more formal guidelines on the extent of monitoring visits required, based on the complexity and length of works. As part of this it should be a</p>	<p>Develop agreed process for pre- and post-works site meetings and sign off with expectations for interim site visits for longer works Ensure meetings are recorded and</p>	Head of HHIA.	<p>January 2020. January 2020.</p>	<p><u>September 2019.</u> This is a new addition and the management response opposite is therefore the latest comment. <u>October 2019.</u></p>	Not yet implemented – continue to monitor.

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		<p>minimum requirement that pre-start site meetings and completion / sign off meetings are held for all projects, irrelevant of length / complexity, with these involving the client, HHIA and the Contractor.</p> <p>Finally, we recommend that more stringent monitoring is undertaken by management to ensure that such standards are maintained.</p>	<p>captured on CMS system so information can be reported on Monitoring undertaken by Business Analyst (subject to recruitment) as part of reporting process.</p>		<p>January 2020.</p>	<p>Verbal update to be provided.</p>	
17.	<p>Herts Home Improvement Agency 2018/19.</p> <p><i>As above.</i></p>	<p><u>Post work completion sign off/certification.</u></p> <p>The HHIA strengthen the existing processes for signing off completed works, ensuring that there is appropriate evidence that the HHIA, as project managers, have visited and signed off all works that they are responsible for project managing as complete and to standard.</p> <p>We also recommend that a “schedule of defects” is completed</p>	<p>To be incorporated in the above. Schedule of defects to be added.</p> <p>Payments not to be made until client/HHIA are satisfied that works are completed to the agreed standard.</p>	<p>Head of HHIA.</p>	<p>January 2020.</p> <p>In progress.</p>	<p><u>September 2019.</u></p> <p>This is a new addition and the management response opposite is therefore the latest comment.</p> <p><u>October 2019.</u></p> <p>Verbal update to be provided.</p>	<p>Not yet implemented – continue to monitor.</p>

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		for all projects (even if there are none) and that this is retained on the CMS. Where issues are identified there should be formal processes in place to ensure that these have been addressed prior to the invoice being paid (or a retention amount held back).					

APPENDIX C – AUDIT PLAN ITEMS (APRIL 2019 TO MARCH 2020) – INDICATIVE START DATES AGREED WITH MANAGEMENT

Apr	May	Jun	July	Aug	Sept
2018/19 Projects Requiring Completion (Complete)	Safeguarding (Final Report Issued)	Homelessness Reduction Act (Final Report Issued)	Health and Safety (Final Report Issued)	Street Cleaning (follow up) (Draft Report Issued)	IT Shared Service Agreement (Draft Report Issued)
Insurance (Final Report Issued)	Rechargeable Works (Final Report Issued)	Recycling (Draft Report Issued)	Land Charges (Cancelled)	CCTV (follow up) (Draft Report Issued)	Garage Investment Programme (Draft Report Issued)
Cemeteries (Final Report Issued)	Facilities Management (Draft Report Issued)		Procurement (Draft Report Issued)		Town Centre Regeneration – SG1 (In Planning)
Stevenage Museum (Final Report Issued)					
Oct	Nov	Dec	Jan	Feb	Mar
Housing Development Schemes (In Planning)	Council Tax (In Fieldwork)	Payroll (Allocated)	Risk Management (Allocated)	Corporate Governance (Allocated)	Herts Home Improvement Agency (Not yet allocated)
Cash & Banking (In Planning)	Business Rates (In Fieldwork)	Debtors (In Planning)	Housing Rents (Allocated)	IT Cyber Security (follow up) (Allocated)	
Queensway/Marshgate Redevelopment (In Planning)	Housing Benefits (In Fieldwork)	Creditors (In Planning)	Main Accounting (Allocated)	IT Project Management (TOR Issued) (c/f from June)	
IT Information Mgmt (In Fieldwork) (b/f from Nov)	Major Refurbishment Contract (flat blocks) (Allocated)	Treasury Management (Allocated)		Sickness Absence Management (In Planning) (c/f from July)	

APPENDIX D – ASSURANCE LEVELS / RECOMMENDATION PRIORITY LEVELS

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
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 / 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.