



Stevenage Borough Council Audit Committee

28 March 2022
Shared Internal Audit Service –
Progress Report

Recommendation

Members are recommended to:

- a) Note the Internal Audit Progress Report
- b) Approve Changes to the Internal Audit Plan as at 11 March 2022
- 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:
- a) The progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's 2021/22 Internal Audit Plan to 11 March 2022.
 - b) Final audit reports issued for the period 21 January 2022 to 11 March 2022.
 - c) Details of any changes to the approved Internal Audit Plan.
 - d) The implementation status of previously agreed audit recommendations.
 - e) An update on performance management information to 11 March 2022.

Background

- 1.2 Internal Audit's Annual Plan for 2021/22 was approved by the Audit Committee at its meeting on 24 March 2021. The Audit Committee receive periodic updates against the 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 its internal audit function is fulfilling its statutory obligations. It is considered good practice that progress reports also include details of changes to the agreed Annual Internal Audit Plan.

2 Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As of 11 March 2022, 87% of the 2021/22 Audit Plan days have been delivered (the calculation excludes contingency days that have not yet been allocated).
- 2.2 The following final reports have been issued since the last Audit Committee meeting:

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Creditors	Feb 2022	Reasonable	One Medium Priority
Risk Management Follow Up	Mar 2022	Not Assessed	None
Corporate Governance Follow Up	Mar 2022	Not Assessed	None

- 2.3 The table below summarises the position regarding 2021/22 projects to 11 March 2022. Appendix A provides a status update on each individual project within the 2021/22 Internal Audit Plan.

Status	No. of Audits at this Stage	% of Total Audits
Final Report Issued	16	52%
Draft Report Issued	5	16%
In Fieldwork/Quality Review	6	19%
In Planning/Terms of Reference Issued	0	0%
Allocated	0	0%
Not Yet Allocated	1	3%
Cancelled	3	10%
Total	31	100%

Proposed Audit Plan Changes

- 2.4 The following Audit Plan change was agreed with the audit sponsor. The Committee is asked to approve this change:
- a) **IT Resilience (6 days)** – a joint audit with East Herts Council intended for quarter 4 has been cancelled. After discussions with the Interim Strategic ICT Partnership Manager, SIAS was advised that the service was unable to support an audit due to prioritising operational matters at the present time.

Critical and High Priority Recommendations

- 2.5 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.
- 2.6 The schedule attached at Appendix B details the most recent management updates on the status of any outstanding Critical and High priority audit recommendations.

Performance Management

- 2.7 The 2021/22 annual performance indicators were approved at the SIAS Board meeting in March 2021.

2.8 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 11 March 2022
1. Planned Days – percentage of actual billable days against planned chargeable days completed	95%	90% (272/302.5 days)	87% (262.5/302.5 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	82% (23/28 projects)	75% (21/28 projects)
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100% (7 received) Note (1)
4. Number of Critical and High Priority Audit Recommendations agreed	95%	95%	100% (2 High agreed)

Note (1) - 2 received in 2021/22 relate to 2020/21 audits.

APPENDIX A - PROGRESS AGAINST THE 2021/22 INTERNAL AUDIT PLAN

2021/22 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 – 91 days									
Provision for full or targeted audit of one or more key financial systems. Mapping the remaining key financial systems to confirm appropriate lines of assurance and to inform the annual assurance opinion									
Business Rates (full audit)	Substantial	0	0	1	0	91	Yes	80	Final Report Issued
Council Tax (full audit)									Draft Report Issued
Housing Benefits (full audit)	Substantial	0	0	0	2				Final Report Issued
Treasury Management (mapping)									In Fieldwork
Debtors (full audit)									Draft Report Issued
Creditors (full audit)	Reasonable	0	0	1	0				Final Report Issued
Payroll (mapping)									Draft Report Issued
Main Accounting (targeted audit)									Not Yet Allocated
Housing Rents (targeted audit)									In Fieldwork
Cash & Banking (mapping)	Substantial	0	0	0	0				Final Report Issued
Operational Audits – 136.5 days									
Vehicle Workshop	Substantial	0	0	0	1	10	Yes	10	Final Report Issued
Homelessness & Housing Advice						10	Yes	1.5	In Fieldwork
Housing Allocations						10	Yes	1.5	In Fieldwork
Collection of Leaseholder Liability						10	Yes	3	In Fieldwork
Community Safety (SADA)						10	Yes	9.5	Draft Report Issued
Youth Council	Reasonable	0	0	2	3	8	Yes	8	Final Report Issued
COVID-19 Pandemic Response & Recovery	Not Assessed	0	0	0	0	12	Yes	12	Final Report Issued
Welfare Reform						0.5	N/A	0.5	Cancelled
Health & Safety	Reasonable	0	0	1	0	10	Yes	10	Final Report Issued
Information Governance (mapping)	Reasonable	0	0	2	1	10	Yes	10	Final Report Issued

APPENDIX A - PROGRESS AGAINST THE 2021/22 INTERNAL AUDIT PLAN

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Council Housebuilding & Acquisitions Programme						0	N/A	0	Cancelled
Contract Management						10	Yes	9.5	Draft Report Issued
Capital Programme Development & Delivery	Substantial	0	0	0	1	10	Yes	10	Final Report Issued
Housing Development Site (North Road)	Substantial	0	0	0	0	11	Yes	11	Final Report Issued
Follow Up audit (Landlord Health & Safety)	Limited	0	2	0	2	5	Yes	5	Final Report Issued
Follow Up audit (GF Prop Health & Safety)	Reasonable	0	0	0	0	5	Yes	5	Final Report Issued
Homes England – Compliance Audit						5	Yes	5	Complete
Risk Management and Governance – 15 days									
Risk Management, Corporate Governance		0	0	0	0	15	Yes	15	Final Report Issued
IT Audits (in conjunction with East Herts Council) – 10 days									
IT Resilience						0	N/A	0	Cancelled
Cyber Security Assurance Mapping						10	Yes	8.5	In Fieldwork
Shared Learning and Joint Reviews – 2 days									
Joint Reviews						0	No	0	Cancelled
Shared Learning						2	No	2	Complete
Completion of outstanding 2020/21 projects – 4 days									
Various						4	Yes	4	Complete
Contingency – 12.5 days									
Contingency						12.5	No	0	Not Yet Allocated
Strategic Support – 44 days									
Head of Internal Audit Opinion 2020/21						3	Yes	3	Complete
Audit Committee						8	Yes	7.5	Allocated
Client Meetings and ad-hoc advice						9	Yes	8	Through Year
Plan Monitoring, Work Allocation and						12	Yes	11	Through Year

APPENDIX A - PROGRESS AGAINST THE 2021/22 INTERNAL AUDIT PLAN

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Scheduling									
SIAS Development/EQA						6	Yes	6	Complete
2022/23 Internal Audit Planning						6	Yes	6	Complete
SBC TOTAL		0	2	7	10	315		262.5	

APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS

The following appendix provides Audit Committee Members with a summary of the most recent update provided by management in respect of outstanding high priority recommendations.

No.	Report Title	Recommendation / Original Management Response	Responsible Officer / Original Due Date	Latest management update (or previous commentary where appropriate)	Status of Progress (Mar 2022)
1.	Follow Up audit (Landlord Health & Safety).	<p><u>Recommendation:</u> <u>Completion of remedial actions arising from Water Risk Assessments.</u> Remedial works identified from the risk assessments sampled at the previous audit have not been fully completed and it is not clear what is outstanding. It is therefore recommended that risk assessments are carried out by the council's new contractors and the remedial actions required recorded in priority order and carried out in a timely manner. The programme of works required should be regularly monitored to ensure that they are being actioned and completed. The date of completion should be recorded.</p> <p><u>Agreed Management Action(s):</u> The council's new contract with water hygiene contractor, Safewater, commenced 1 November 2021. Safewater have been issued with the council's current risk assessment programme and asked to re-survey all blocks, prioritising blocks where remedial actions are outstanding. A programme evidencing the date for each risk assessment has been requested from Safewater and this will be given to the Gas Manager so that he can monitor progress. It will also be agreed between the Gas Manager and the contractor that remedial actions up to a work value of £250 can be authorised and completed at the time of survey – note a record of works completed should be recorded on the contractor's portal. Works above this value will be sent to the Gas Manager in quote form and an order raised on the council's Northgate System. Any remedial actions that Safewater require special access or another contractor's assistance is the responsibility of the Gas Manager to identify, action and monitor remedial work and quality. The Gas Manager has agreed with Safewater that all remedial actions from the risk assessments will be recorded on one spreadsheet and updated, monthly. All data should be prepared to go into Propeller, the council's new compliance management tool. The Compliance Manager has set up a weekly meeting with the Gas Manager to ensure procedure are in</p>	<p>Responsible Officer: Compliance Manager (Housing Investments). Due Date: 31 March 2022.</p>	<p>The management response opposite is the latest comment.</p>	<p>Not Yet Due.</p>

APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS

No.	Report Title	Recommendation / Original Management Response	Responsible Officer / Original Due Date	Latest management update (or previous commentary where appropriate)	Status of Progress (Mar 2022)
		place and are being followed. The Gas Manager will also evidence to the Compliance Manager that monthly contractor meetings are booked in and operational performance is on the agenda to be monitored and escalated to the Compliance Manager if necessary.			
2.	Follow Up audit (Landlord Health & Safety).	<p><u>Recommendation:</u> <u>Completion of remedial actions arising from Water Risk Assessments.</u> We recommend that any remedial work outstanding is carried out and the date of completion is recorded on the spreadsheet to ensure that all necessary actions have taken place. Those without a date should be chased to ensure that nothing gets missed.</p> <p><u>Agreed Management Action(s):</u> The Gas Manager has been asked to issue all failed temperature checks to Safewater to action immediately. The Gas Manager has requested a date for each visit, and he will monitor each action up until completion. The Compliance Manager has weekly meetings arranged with the Gas Manager to monitor progress. The Gas Manager has also been asked to provide an access procedure for Safewater as failed access into areas where services are provided have caused a number of failures. The Gas Manager is aware that they are responsible for assisting the contractor with access. The Gas Manager has agreed with Safewater that all failed temperature checks should be collated on one spreadsheet and updated monthly - Performance will also be monitored at monthly contractor meetings and escalated to the Compliance Manager where necessary. Where necessary, the Gas Manager will also agree a value of works that Safewater can self-authorise to prevent return visits. Quoted work will be authorised by the Gas Manager and issued via Northgate.</p>	<p>Responsible Officer: The Compliance Manager (Housing Investments). Due Date: 31 March 2022.</p>	The management response opposite is the latest comment.	Not Yet Due.

APPENDIX C – INTERNAL AUDIT PLAN ITEMS (APRIL 2021 TO MARCH 2022) – START DATES AGREED WITH MANAGEMENT

Quarter 1	Quarter 2	Quarter 3	Quarter 4
Youth Council (Final Report Issued)	Vehicle Workshop (Final Report issued)	Revenues x2 / Benefits x1 (Final Report x2 / Draft Report x1)	Financial Systems x 7 (Not Yet Allocated x1, In Fieldwork x2, Draft Report x2, Final Report x2)
COVID-19 Pandemic Response (Final Report Issued)	Community Safety (SADA) (Draft Report Issued)	Housing Allocations (In Fieldwork)	Homelessness & Housing Advice (In Fieldwork)
Health & Safety (Final Report Issued)	Homes England – Compliance Audit (Final Report Issued)	Welfare Reform (Cancelled)	Collection of Leaseholder Liability (In Fieldwork)
Council Housebuilding & Acquisitions Programme (Cancelled)	Information Governance (Final Report Issued)	Capital Programme Delivery (Final Report Issued)	Risk Management & Corporate Governance (Final Reports Issued)
Housing Development Site (North Road) (Final Report Issued)	Landlord H & S Follow up (Final Report Issued)	Cyber Security (In Fieldwork (c/f from Q2))	IT Resilience (Cancelled)
	Contract Management (Draft Report Issued)	GF H & S Follow Up (Final Report Issued (b/f from Q4))	

APPENDIX D – ASSURANCE / PRIORITY LEVELS

Audit Opinions		
Assurance Level	Definition	
Assurance Reviews		
Substantial	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	
Not Assessed	This opinion is used in relation to consultancy or embedded assurance activities, where the nature of the work is to provide support and advice to management and is not of a sufficient depth to provide an opinion on the adequacy of governance or internal control arrangements. Recommendations will however be made where required to support system or process improvements.	
Grant / Funding Certification Reviews		
Unqualified	No material matters have been identified in relation the eligibility, accounting and expenditure associated with the funding received that would cause SIAS to believe that the related funding conditions have not been met.	
Qualified	Except for the matters identified within the audit report, the eligibility, accounting and expenditure associated with the funding received meets the requirements of the funding conditions.	
Disclaimer Opinion	Based on the limitations indicated within the report, SIAS are unable to provide an opinion in relation to the Council's compliance with the eligibility, accounting and expenditure requirements contained within the funding conditions.	
Adverse Opinion	Based on the significance of the matters included within the report, the Council have not complied with the funding conditions associated with the funding received.	
Recommendation 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.