



## Stevenage Borough Council Audit Committee

4 February 2025  
Shared Internal Audit Service –  
Progress Report

### Recommendations

Members are recommended to:

- a) Note the Internal Audit Progress Report
- b) Note the Status of Critical, High, and Medium 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 2024/25 Internal Audit Plan to 17 January 2025.
  - The findings for the period 17 August 2024 to 17 January 2025.
  - Details of any changes required to the approved Internal Audit Plan.
  - The implementation status of previously agreed audit recommendations.
  - An update on performance management information to 17 January 2025.

## Background

- 1.2 Internal Audit's Annual Plan for 2024/25 was approved by the Audit Committee at its meeting on 26 March 2024. The Audit Committee receive periodic updates against the Internal Audit Plan. This is the second update report for 2024/25.
- 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 Internal Audit Plan and Key Audit Findings

- 2.1 As of 17 January 2025, 68% of the 2024/25 Internal 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 17 August 2024, which was the cut-off date for the last Audit Committee progress report:

<b>Audit Title</b>	<b>Date of Issue</b>	<b>Assurance Level</b>	<b>Number of Recommendations</b>
Climate Data and Reporting	Sept 2024	Substantial	Two Low Priority
Commercialisation	Oct 2024	Substantial	One Low Priority
Property Statutory Compliance Checks	Oct 2024	Reasonable	One Medium Priority
Housing Benefits	Nov 2024	Substantial	Two Low Priority
Data Breach Incidents and Response	Nov 2024	Reasonable	Two Medium, Three Low Priority

Decarbonisation Grant Audit	Nov 2024	Unqualified	None
Contract Management	Dec 2024	Substantial	None
Risk Management	Dec 2024	Substantial	None
Business Rates	Dec 2024	Substantial	One Low Priority
Cash and Banking	Dec 2024	Substantial	None

See definitions for the above assurance levels and recommendation priorities at Appendix D.

- 2.3 The table below summarises the position regarding delivery of the 2024/25 approved projects to 17 January 2025. Appendix A provides a status update on each individual project within the 2024/25 Internal Audit Plan.

Status	No. of Audits at this Stage	% of Total Audits
Final Report Issued	14	54%
Draft Report Issued	3	11%
In Fieldwork/Quality Review	5	19%
In Planning/Terms of Reference Issued	2	8%
Allocated	1	4%
Not Yet Allocated	0	0%
Cancelled/Deferred	1	4%
<b>Total</b>	<b>26</b>	<b>100%</b>

#### Internal Audit Plan Changes

- 2.4 There has not been any Internal Audit Plan changes since the last Progress Report to this Committee.

#### 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 any outstanding Critical, High, and Medium priority audit recommendations. Three new Medium Priority recommendations have been added to the schedule. These recommendations are from audits of Property Statutory Compliance Checks and Data Breach Incidents

and Response. The presentation of Appendix B has been split between part 1 and part 2 of the committee agenda.

### Performance Management

- 2.7 The 2024/25 annual performance indicators were approved at the SIAS Board meeting in March 2024.
- 2.8 The actual performance for Stevenage Borough Council against the targets that can be monitored in year is set out in the table overleaf:

Performance Indicator	Performance Target for 31 March 2025	Profiled Performance 17 Jan 2025	Actual Performance 17 Jan 2025	Notes
<b>1. Planned Days</b> – percentage of actual billable days against planned chargeable days completed (excludes unused contingency)	95%	73%	68%	198 days delivered out of the current 293.5 days planned
<b>2. Planned Projects *</b> – percentage of actual completed projects to draft report stage against planned completed projects by 31 March 2025	90%	72%	68%	17 projects to draft or final report from the 25 planned
<b>3. Client Satisfaction</b> – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100%	Based on the results of the 6 completed questionnaire received (from the 13 issued)
<b>4. Number of High and Critical Priority Audit Recommendations agreed as a percentage</b>	95%	95%	100%	1 High Priority recommendation made and agreed

\* Based on Audit Plan 'deliverables' at draft and final stage, and items carried forward from 2023/24 that were not at draft report stage by 31 March 2024.

- 2.9 In addition, the performance targets listed below are annual in nature. Members will be updated on the performance against these targets within a separate 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. This indicator was achieved for 2024/25 as the

audit plan for the financial year 2024/25 was presented to the Committee in March 2024.

- **6. Planned Projects** - percentage of actual completed projects to final report stage against planned completed projects.
- **7. Chief Audit Executive's Annual Report** – presented at first 2024/25 meeting of the Audit Committee. This indicator was achieved for 2024/25 as the Client Audit Manager's Annual Report (for 2023/24) was presented to the June 2024 meeting of this committee.

2.10 Whilst Plan delivery is naturally subject to a continued stable establishment and availability of client officers to support audits, we currently report no risks to the delivery of a robust annual assurance opinion.

## APPENDIX A - PROGRESS AGAINST THE 2024/25 INTERNAL AUDIT PLAN

### 2024/25 Internal Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS *				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
<b>Key Financial Systems – 64 days</b>									
Business Rates (shared with EHC)	Substantial	0	0	0	1	64	Yes	39	Final Report Issued
Council Tax (shared with EHC)							Yes		Draft Report Issued
Housing Benefits (shared with EHC)	Substantial	0	0	0	2		Yes		Final Report Issued
Treasury Management							Yes		In Fieldwork
Debtors							Yes		In Fieldwork
Creditors							Yes		Allocated
Payroll (risk & control mapping refresh)							Yes		Draft Report Issued
Housing Rents							Yes		In Fieldwork
Cash & Banking (risk & control mapping refresh)	Substantial	0	0	0	0		Yes		Final Report Issued
<b>Operational Services – 56.5 days</b>									
Property Statutory Compliance Checks	Reasonable	0	0	1	0	14	Yes	8	Final Report Issued
Estates (asset utilisation)						10	Yes	1.5	ToR Issued
Housing Register & Allocations						0.5	Yes	0.5	Cancelled
Vehicle Workshop	Substantial	0	0	1	1	10	Yes	10	Final Report Issued
Follow Up of Limited Assurance Reports from 2023/24						10	Yes	2	In Fieldwork
Facilities Management	Limited	0	1	2	3	12	Yes	12	Final Report Issued
<b>Corporate Services/Themes – 94 days</b>									
Review of Audit Committee	Reasonable	0	0	1	1	10	Yes	10	Final Report Issued
Confidential Reporting Procedures						10	Yes	9.5	Draft Report Issued
Contract Management	Substantial	0	0	0	2	12	Yes	12	Final Report Issued
Climate Data & Reporting	Substantial	0	0	0	2	10	Yes	10	Final Report Issued
Embedded Project Assurance						12	Yes	0	Allocated

## APPENDIX A - PROGRESS AGAINST THE 2024/25 INTERNAL AUDIT PLAN

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS *				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Risk Management (risk & control mapping refresh)	Substantial	0	0	0	0	2	Yes	2	Final Report Issued
Freedom of Information	Reasonable	0	0	2	0	10	Yes	10	Final Report Issued
Commercialisation	Substantial	0	0	0	1	12	Yes	12	Final Report Issued
Corporate Governance (risk & control mapping)						10	Yes	2	In Fieldwork
On Demand Grant Audits	Unqualified	0	0	0	0	6	Yes	3.5	Final Report Issued
<b>IT Audits – 16 days</b>									
Data Breach Incidents (shared with EHC)	Reasonable	0	0	2	4	10	Yes	10	Final Report Issued
IT Hardware Inventory (shared with EHC)						6	Yes	0.5	In Planning
<b>Completion of 2023/24 Projects – 8 days</b>									
Sickness Absence Management	Substantial	0	0	0	0	8	Yes	8	Final Report Issued
<b>Contingency – 6.5 days</b>									
Contingency						6.5	N/A	0	Through Year
<b>Strategic Support – 55 days</b>									
Head of Internal Audit						3	Yes	3	Complete
Audit Committee & Recommendation Follow Up						10	Yes	7.5	Through Year
Client Engagement & Adhoc Advice						10	Yes	8	Through Year
2025/26 Audit Planning						5	Yes	2.5	Allocated
SIAS Service Development & Global Internal Audit Standards Implementation						5	Yes	5	Through Year
Assurance Mapping						10	Yes	0.5	Through Year
Plan & Progress Monitoring						12	Yes	9	Through Year
<b>SBC TOTAL</b>		<b>0</b>	<b>1</b>	<b>9</b>	<b>17</b>	<b>300</b>		<b>198</b>	
* C = Critical Priority, H = High Priority, M = Medium Priority, LA = Low/Advisory Priority									



## APPENDIX B: IMPLEMENTATION STATUS OF HIGH AND MEDIUM 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 (Jan 2025)
1.	<b>Facilities Management 2024/25.</b>	<p><b>High Priority Recommendation:</b>  <u>To address audit findings that relate to contracts and procurement.</u>                      a) Develop a clear procurement plan and timeline to deal with the volume of outstanding activity, seeking advice from the Corporate Procurement team.                      b) The Facilities Manager complete the Council's Procurement training course to ensure he is up to date on the requirements of the Councils procurement rules and processes.</p> <p><b>Agreed Management Actions(s):</b>                      a) Procurement timeline now developed, starting in October 2024.                      b) Training has been completed.</p>	<p><b>Responsible Officer:</b>                      Facilities &amp; Compliance Manager.</p> <p><b>Due Date:</b>                      31/08/2024.</p>	<p><u>January 2025.</u>                      The audit findings have been addressed as recommended.</p>	Implemented.
2.	<b>Property Statutory Compliance Checks 2024/25.</b>	<p><b>Medium Priority Recommendation:</b>  <u>To address audit findings that relate to test completion.</u>                      Management review which blocks have outstanding compliance checks for the Annual Discharge Test and Monthly Walk Test and closely track the new Contractors Programme of Works to ensure these known gaps in compliance checks are addressed as a priority.</p> <p><b>Agreed Management Actions(s):</b>                      Complete all yearly Annual Discharge Tests and ensure all monthly walk tests are being completed with improved certification. This will then be logged on Propeller until The Compliance Workbook is fully operational. The new electrical tender will also ensure the process and documentation are streamlined giving SBC greater control on the process moving forward.</p>	<p><b>Responsible Officer:</b>                      Building Services Manager/Head of Building Safety</p> <p><b>Due Date:</b>                      31/03/2025.</p>	<p><u>January 2025.</u>                      New recommendation. The management response opposite is the latest comment.</p>	Not Yet Due.
3.	<b>Data Breach Incidents and Response 2024/25.</b>	<p><b>Medium Priority Recommendation:</b>  <u>To address audit findings that relate to Policy and Procedures.</u>                      The Information Security Incident Management Policy and Procedure and Data Protection Policy and Personal Data Breach Plan (Appendix C) are harmonised and / or consideration is given to producing policies and procedures that capture both in a single</p>	<p><b>Responsible Officer:</b>                      Assistant Director for Technology</p>	<p><u>January 2025.</u>                      New recommendation. The management response opposite is the latest comment.</p>	Not Yet Due.

**APPENDIX B: IMPLEMENTATION STATUS OF HIGH AND MEDIUM 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 (Jan 2025)
		<p>document, recognising that both are intrinsically linked.</p> <p><b>Agreed Management Actions(s):</b>                      We will harmonize the Information Security Incident Management and Data Protection Policies, explicitly define the DPO's role in both, and ensure their involvement from the initial stage of any potential data breach. This will streamline incident response, ensuring compliance and timely action.</p>	<p><b>Due Date:</b>                      31/03/2025.</p>		
4.	<p><b>Data Breach Incidents and Response 2024/25.</b></p>	<p><b>Medium Priority Recommendation:</b>  <u>To address audit findings that relate to Data Breach Reporting.</u>                      Quarterly Data Breach reports to the Corporate Governance Group (CGG) are resumed at the earliest opportunity. Consideration should be given to routinely circulating consolidated Data Breach reports to the Senior Leadership Team (in addition to the CGG).</p> <p><b>Agreed Management Actions(s):</b>                      It has already been agreed that this will be presented to the Senior Leadership Team every quarter.</p>	<p><b>Responsible Officer:</b>                      Assistant Director for Technology</p> <p><b>Due Date:</b>                      Implemented.</p>	<p><u>January 2025.</u>                      New recommendation. The management response opposite is the latest comment.</p>	<p>Implemented.</p>

**APPENDIX C: INTERNAL AUDIT PLAN 2024/25 – PLANNED AUDIT START DATES**

April	May	June	July	August	September
2023/24 Projects Requiring Completion - <b>Final Report</b>	Confidential Reporting Procedures - <b>Draft Report</b>	Facilities Management - <b>Final Report</b>	Estates (asset utilisation) - <b>Terms of Reference</b>	Property Compliance Checks (1) - <b>Final Report</b>	Housing Register & Allocations - <b>Cancelled</b>
	Vehicle Workshop - <b>Final Report</b>	Freedom of Information - <b>Final Report</b>	Data Breach Incidents & Response - <b>Final Report</b>	Climate Data & Reporting - <b>Final Report</b>	Contract Management - <b>Final Report</b>
	Review of Audit Committee - <b>Final Report</b>		Commercialisation - <b>Final Report</b>		
October	November	December	January	February	March
Housing Services Contract Compliance Follow Up - <b>In Fieldwork</b>	Council Tax - <b>Draft Report</b>	Business Rates - <b>Final Report</b>	Creditors - <b>Allocated</b>	Treasury Management - <b>In Fieldwork</b>	
Cash & Banking - <b>Final Report</b>	Debtors - <b>In Fieldwork</b>	Housing Benefits - <b>Final Report</b>	Payroll - <b>Draft Report</b>	Corporate Governance - <b>In Fieldwork</b>	
	Housing Rents - <b>In Fieldwork</b>	Risk Management - <b>Final Report</b>	Follow Up (2) - <b>Allocated</b>		
	Decarbonisation Grant Audit - <b>Final Report</b>	IT Hardware - <b>In Planning</b>			

## APPENDIX D - ASSURANCE / RECOMMENDATION PRIORITY LEVELS

Audit Opinions		
Assurance Level	Definition	
Assurance Reviews		
<b>Substantial</b>	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.	
<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 / Funding Certification Reviews		
<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.	
Recommendation 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.