East Herts Council
Performance, Audit and Governance
Oversight Committee

24 September 2019

Shared Internal Audit Service –
Progress Report

Recommendation

| Members are recommended to: |
| a) Note the Internal Audit Progress Report |
| b) Note the Status of Critical and High Priority Recommendations |

Contents

1 Introduction and Background

<u>Purpose of Report</u>

1.1   To provide Members with:

    a) The progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's 2019/20 Internal Audit Plan as at 6 September 2019.
    b) The findings for the period 1 April 2019 to 6 September 2019.
    c) The proposed amendments required to the approved Internal Audit Plan.
    d) The implementation status of previously agreed audit recommendations.
    e) An update on performance management information as at 6 September 2019.

<u>Background</u>

1.2   Internal Audit's Annual Plan for 2019/20 was approved by the Audit Committee at its meeting on 12 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 its 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

<u>Delivery of Audit Plan and Key Audit Findings</u>

2.1   As at 6 September 2019, 40% of the 2019/20 Audit Plan days have been delivered (the 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 since the last Audit Committee:

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Insurance	June 2019	Satisfactory	One Medium, One Low / Advisory
Health and Safety	June 2019	Satisfactory	Three Medium, One Low / Advisory
Herts Home Improvement Agency (HHIA) (2018/19) *	July 2019	Limited	Seven High, Eight Medium, Three Low / Advisory
Business Continuity	July 2019	Satisfactory	Four Medium, Three Low / Advisory
Complaints Policy & Procedures	July 2019	Satisfactory	Three Low / Advisory

| Risk Management | Aug 2019 | Satisfactory | One Medium, Four Low / Advisory |

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

2.3   The table below summarises the position regarding 2019/20 projects as at 6 September 2019. 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 shown in Appendix C.

Status	No. of Audits at this Stage	% of Total Audits
Final Report Issued	5	16%
Draft Report Issued	4	12%
In Fieldwork/Quality Review	2	6%
In Planning/Terms of Reference Issued	5	16%
Allocated	12	38%
Not Yet Allocated	3	9%
Deferred/Cancelled	1	3%

| Total | 32 | 100% |

Proposed Audit Plan Amendments

2.5   No audit plan amendments have been proposed since the last committee meeting.

Critical and High Priority Recommendations

2.6   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.

2.7   The schedule attached at Appendix B details any outstanding Critical and High priority audit recommendations.

Performance Management

2.8   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 the performance indicators.

2.9   The actual performance for East Herts 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 6 Sept 2019
1. Planned Days – percentage of actual billable days against planned chargeable days completed	95%	40% (130/325 days)	40% (131/325 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	32% (10/31 projects)	29% (9/31 projects)
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100% (4 received) Note (1)
4. Number of Critical and High Priority Audit Recommendations agreed	95%	95%	100% (7 High agreed) Note (2)

Note (1) – 2 received in 2019/20 relate to 2018/19 audits.
Note (2) – the 7 recommendations are from the Hertfordshire County Council led internal audit of the Hertfordshire Home Improvement Agency. The audit report has been distributed to the Council as a contributing partner of the Agency.

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)						10	Yes	0	Allocated
Debtors						10	Yes	0	Allocated
Creditors						10	Yes	0	Allocated
Treasury Management						6	Yes	0	Allocated
Payroll						10	Yes	0	Allocated
Council Tax						6	Yes	0	Allocated
NDR						6	Yes	0	Allocated
Housing Benefits						6	Yes	0	Allocated
Asset Management						10	No	0	Not yet allocated
Payroll Pension Certificate						0	No	0	Cancelled
Operational Audits – 108 days									
Health and Safety	Satisfactory	0	0	3	1	10	Yes	10	Final report issued
Recruitment Process						10	Yes	2.5	In planning
Land Charges						10	Yes	9.5	Draft report issued
Members Allowances and Expenses						8	Yes	7.5	Draft report issued
Recycling						10	No	0	Not yet allocated
Homeless Reduction Act / Temp Accom.						10	Yes	0	Allocated
Community Grants Programme / Lottery						8	Yes	2	In planning
HHIA – Follow-up						2	No	0	Not yet allocated
Consultation and Engagement						10	Yes	9.5	Draft report issued
Business Continuity Planning	Satisfactory	0	0	4	3	10	Yes	10	Final report issued
Budgetary Control						10	Yes	0	Allocated
Complaints Policy and Procedure	Satisfactory	0	0	0	3	10	Yes	10	Final report issued

APPENDIX A - PROGRESS AGAINST THE 2019/20 AUDIT PLAN

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Procurement, Contract Management and Project Management – 20 days									
Procurement						10	Yes	8.0	In fieldwork
Contract Management						10	Yes	9.5	In fieldwork
Risk Management and Governance – 16 days									
Insurance	Satisfactory	0	0	1	1	8	Yes	8	Final report issued
Risk Management	Satisfactory	0	0	1	4	8	Yes	8	Final report issued
IT Audits – 24 days									
IT Service Shared Service Agreement						6	Yes	1	ToR issued
Cyber Security Follow-up						6	Yes	0	Allocated
Information Management						6	Yes	1	ToR issued
Project Management						6	Yes	1	ToR issued
Shared Learning and Joint Reviews – 10 days									
Shared Learning						4	No	0	Through year
Joint Reviews						6	Yes	0.5	ToR issued
Counter Fraud – 3 days									
Counter Fraud – matters arising						3	No	0	Through year
Ad Hoc Advice – 1 days									
Ad Hoc Advice						1	Yes	0.5	Through year
Follow-up Audits – 7 days									
S106 Spend Arrangements						6	Yes	5.5	Draft report issued
CCTV – joint review						1	Yes	0	Allocated
Completion of 18/19 Projects – 6 days									
Various						6	Yes	5.5	In progress
Contingency – 15 days									
Contingency						15	No	0	Not yet allocated
Strategic Support – 56 days									

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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				
Annual Report and Head of Internal Audit Opinion 2018/19						5	Yes	5.0	Complete
Audit Committee						12	Yes	5.0	Through year
Follow Up of Audit Recommendations						4	Yes	1.5	Through year
Client Liaison						10	Yes	1.5	Through year
Liaison with External Audit						1	Yes	0.5	Through year
Plan Monitoring						9	Yes	3.0	Through year
SIAS Development						5	Yes	5.0	Through year
2020/21 Audit Planning						10	Yes	0	Allocated
SBC TOTAL		**0**	**0**	**9**	**12**	**340**		**131**	

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (6 Sept 2019)
1.	CCTV - joint review (2018/19) - *These recommendations and their implementation status are overseen and monitored by Stevenage Borough Council as the lead authority but are included here for Member information.*	Partnership agreement. 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.	January 2019. On track. March 2019. On track. July 2019. In progress. September 2019. Work in progress.	Not yet implemented – continue to monitor.
2.	CCTV - joint review (2018/19) - *As above.*	Reporting arrangements. 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, responsibility, frequency, timing, content, format and distribution of each	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.	January 2019. On track. March 2019. On track. July 2019. This will be captured as part of the partnership agreement. Revised deadline is 30 September 2019.	Not yet implemented – continue to monitor.

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		report required.				September 2019. Work in progress.	
3.	TSS Improvement Plan – Governance (2018/19).	Review of IT policies. 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. Furthermore, management should review and, where necessary, revise the Service's IT procedures so that they are consistent across both Councils. The procedures should be documented and communicated to all members of staff.	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 a Project Manager. Time-line as follows: Azure AD - end of May Implementation of Meta - Compliance – end of July Deployment of polices as written on intranet - as completed Deployment of policies via Meta-Compliance two a month – Final completion November During that period policies will be confirmed and placed on the	ICT Strategic Partnership Manager.	Creation - April to August 2019 Deployment – November 2019	July 2019. This is a new addition and the management response opposite is therefore the latest comment. September 2019. Meta-compliance installation completion -awaiting on approval of AUP from both councils to deploy. Azure AD installation complete. SSO being deployed for a number of systems. Policies still being written and defined.	Partially implemented – continue to monitor.

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			intranet, with a number that must be written or amended. To get staff fully compliant will require roll-out of Meta - Compliance.				
			There are two classifications, policies and protocols; policies are documents which all staff need to adhere to and protocols are internal polices for ICT staff only.				
			Policies:				
			Acceptable Usage Policy – Written and gone to HR for consultation				
			Data Protection Policy – Completed and on intranet				
			Mobile Device Policy – In draft security team to approve				
			ICT Monitoring Policy - Security team to write				
			ICT Remote Working Policy - Security team/MGT team to write				
			Social Media Policy –				

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			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).	Strategic objectives. 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. The performance of the Service should be	ICT strategy & Roadmap are being written in collaboration with Microsoft Navigator consultancy project.	ICT Strategic Partnership Manager.	August 2019.	July 2019. This is a new addition and the management response opposite is therefore the latest comment. September 2019. ICT Strategy written in draft. It is going through approval and consultation process with an expected timeline for completion October 2019. Quarterly reporting on projects and	Partially implemented – continue to monitor.

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		reviewed on a routine basis by the ICT Partnership Board and measured against the defined metrics and key performance indicators.				finances to Members has been agreed and will start in December.	
5.	Cyber Security follow up (2018/19).	Network access control. 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. Where there is a demonstrable need for a device to connect to the IT network, the Service should require: The purpose for the connection has been recorded Appropriate security controls have been enabled on the device connecting to the IT network The period of time that the device will require the connection All connections are approved before being	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. Revised to 2020/21 Intune October 2019.	July 2019. This is a new addition and the management response opposite is therefore the latest comment. September 2019. Intune MDM has been installed and will be rolled out to manage all mobile devices and Windows 10 laptops. Plan in place to upgrade all Laptops to windows 10 is in place to ensure control via Intune encryption using Bitlocker. Financial and resource restrictions have forced the procurement of network tools to	Partially implemented – continue to monitor.

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		allowed to proceed. Devices connected to the IT network should be reviewed on a routine basis.				financial year 2020/21.	
6.	Cyber Security follow up (2018/19).	Firewall configuration. There should be a record of the configuration of the Council's firewalls, which includes but is not limited to: The purpose of all of the rules The expected configuration and activity for each rule The member of staff that requested and approved the rule The configuration of the firewall should be reviewed on a routine basis. 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.	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.	ICT Strategic Partnership Manager.	November 2019. Revised to April 2020.	July 2019. This is a new addition and the management response opposite is therefore the latest comment. September 2019. Replacement of all firewalls scheduled for April 2020. Configurations and creation of new network environment is being worked on as part of that plan.	Not yet implemented – continue to monitor.
7.	Incident Management follow up (2018/19).	Updating the disaster recovery plan. Management should update the Council's IT disaster recovery plan to	We have started a project to install a	ICT Strategic Partnership	August 2019 – Microwave Link.	July 2019. This is a new	Not yet implemented –

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		include the procedure for establishing all IT services at a single data centre. 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. The Service should document the results of the test to determine the further actions required to improve the efficacy of the plan.	secondary Microware link between our data centres. This will give us a resilient link where either can be down, and connectivity remains. 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.	Manager.	October 2019 - VDI upgrade.	addition and the management response opposite is therefore the latest comment. September 2019. External grant funding has been received to obtain an external view on our DR plans, this is to be created post installation of VDI upgrade as our DR capabilities will have been changed and improved.	continue to monitor.
8.	Incident Management follow up (2018/19).	Updating the disaster recovery plan. Management should update the Council's IT disaster recovery plan to include the procedure for establishing all IT services at a single data centre. A complete IT Disaster Recovery scenario test on all applications and systems should take place to provide assurance that recovery could happen within the	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	ICT Strategic Partnership Manager.	August 2019 – DR review. October 2019 - VDI upgrade.	July 2019. This is a new addition and the management response opposite is therefore the latest comment. September 2019. VDI upgrade out to tender with award scheduled for	Not yet implemented – continue to monitor.

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		expected time frame. The Service should document the results of the test to determine the further actions required to improve the efficacy of the plan.	being of offline.			October 2019.	
9.	Digital East Herts (2018/19).	Risk management. We recommend that management should conduct a robust review of active projects at risk, or likely to become at risk, to determine if strategic intervention is needed by Leadership Team. This should include making sure the financial savings targets set are actually viable and likely to be met by the deadline of 31 March 2020. Any projects identified as highly likely not to produce the minimum financial savings expected should be escalated to Leadership Team so that remedial action to adjust or re-assign targets can be taken in a timely manner. We also recommend that management should develop a new list of potential digital projects for Leadership Team to	Issue in most cases is that project delivery (in terms of outputs) is on track. However, the cashable savings linked to the project are at risk of not materialising. For example, where new systems have been implemented the work has been completed however no direct savings have been realised. In some projects also, savings are being discussed as part of a review of shared budgets between East Herts and Stevenage. As part of the year end close down process, each Head of Service will be discussing their	Head of Communications, Strategy and Policy.	September 2019.	July 2019 This is a new addition and the management response opposite is therefore the latest comment. September 2019. No further management comments.	Not yet implemented – continue to monitor.

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		consider, as a way to find solutions to cover the £50,000 shortfall presently being forecast.	18/19 and 19/20 budgets. Savings will be validated at this point. A wider piece of work will also take place afterwards looking at efficiency targets for 19/20 where the remaining shortfall will be identified.				
10.	Joint Waste Contract (2018/19).	Performance management. The four performance indicators in place have a significant weighting within the PMR and therefore measuring these allows management to assess service delivery. We recommend that management undertake an exercise of prioritising the remaining indicators and determine which the next most important service measurement indicators are. This should be part of the project currently underway. In addition, we recommend that priority is given to formally agreeing the service failure types to be measured. A clear and defined record of all	A clear structure including timescales for the full implementation of PMR criteria was in place at the time of audit and since close of audit this has continued to be worked upon. We are currently carrying out works on the remaining categories and anticipate these to be fully implemented for end of August 19.	Joint Waste Services Manager.	30 August 2019.	July 2019 This is a new addition and the management response opposite is therefore the latest comment. September 2019. Following the SIAS audit and as previously agreed, further work has taken place and all 64 criteria within the Performance Monitoring Regime are now live and operational for the Urbaser contract.	Implemented.

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		adjustments to the PMR should be maintained and appropriate approval retained. A contract variation notice should be raised to formalise any locally agreed changes to performance criteria, with the support of the Legal Commercial Team Manager.					
11.	Herts Home Improvement Agency - joint review led by Hertfordshire County Council (2018/19). *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.*	Governance structures, work streams and resources. In order to ensure that 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: - 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).	Recruit project 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. Formal plan developed using audit report recommendations and areas identified by MA as part of her orientation with	Head of HHIA and Head of Hertfordshire Equipment Service.	Resource identified and in post July 2019. To be submitted for Board approval by Autumn 2019.	September 2019. This is a new addition and the management response opposite is therefore the latest comment.	Partially implemented – continue to monitor.

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		- 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 change activities required, with partners providing the required resources and professional expertise to support or deliver the activities - 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.	service. 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 MA/SE to lead on all of actions, with input from Board. Workstreams felt not to be practical except perhaps in the areas identified for Board consideration.		Complete.		

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12.	Herts Home Improvement Agency 2018/19. *As above.*	Recruitment and business continuity. The HHIA should review the current business continuity and succession planning arrangements in place to ensure that the service can continue to function in the absence of key officers. 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. 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	New Senior Management structure in place: Head of Service reporting to Head of Hertfordshire Equipment Service. Longer term continuity to be reviewed as part of the review project. Put in place staffing to support the service whilst review is undertaken: - 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)	Head of HHIA and Head of Hertfordshire Equipment Service (HES).	In place. In place/ in progress.	September 2019. This is a new addition and the management response opposite is therefore the latest comment.	Partially implemented – continue to monitor.

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		and drive through key business change activities.	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 these can be reviewed.		Oct/Nov 2019.		
			Undertake Financial Analysis to understand potential to grow staffing with revenue		Oct/Nov 2019.		
			Review of processes to improve productivity and stop blockages. To be incorporated in recovery plan.		In progress.		
13.	Herts Home Improvement Agency 2018/19. *As above.*	Management information systems. Further training should be provided to HHIA staff to ensure that the case management system is completed and updated in line with expectations. Regular data quality checks should be performed on the case management system to	Undertaking review of CMS system Process mapping exercise completed to understand how staff currently use the system and where changes need to be made Identification of	Head of HHIA and Business Improvement Manager.	In progress completion by August 2019. Mapping complete. Further recommendation by Aug 2019.	September 2019. This is a new addition and the management response opposite is therefore the latest comment.	Partially implemented – continue to monitor.

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		obtain assurance that records are updated in an accurate and timely manner (including a review of data exceptions – e.g. blank fields). A mapping exercise should be performed to identify the key fields within the case management system that support key monitoring and KPI routines, with data quality checks focusing in particular on these areas. 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.	training needs for staff and resource to undertake these. Training to include inputting and quality of data. Super-user/ system manager to be identified to oversee data checks, develop the system e.g. for mobile working, and work with Finance to develop reporting suite. 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.		By August 2019 Training by Oct 2019.		
14.	Herts Home Improvement Agency 2018/19. *As above.*	<u>Financial reporting and monitoring.</u> 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: - Review of the structure	Review Finance reporting with the	Head of HHIA, Head of HES and Head of Accountancy Services.	September 2019.	<u>September 2019.</u> This is a new addition and the management response opposite is therefore the latest comment.	Not yet implemented – continue to monitor.

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		of financial performance reports, in particular ensuring that financial projections are clearly linked to performance and other key information (such as staff capacity, job over-runs etc).	Finance team. Utilise Finance Graduate capacity to put in place systems to capture staff capacity.				
		- Where assumptions are being included, in particular significant increases in activity, appropriate identification of key risks to their achievement should be included.	Review 2018/19 data to identify activity trends and predict for 2019/20. Identify current risks and report on those to Board.		September 2019.		
		- 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.	Develop KPI projections and report to Board where action is being taken to address issues or meet/exceed projections.		November 2019.		
		- 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	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.		September 2019.		

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		information. - Finally, further clarity should be provided on the respective roles 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.	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 CMS/ financial spreadsheets.		December 2019.		
15.	Herts Home Improvement Agency 2018/19. *As above.*	Cost recovery model. 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	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	Head of HHIA and Head of HES.	July 2019. Oct/Nov 2019. October 2019.	September 2019. This is a new addition and the management response opposite is therefore the latest comment.	Not yet implemented – continue to monitor.

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (6 Sept 2019)
		project management fee charges, which by their nature are set at a level to recover overheads, are permissible within the grant conditions; and - The cost of extended warranties can be funded through the DFG, given the wider value for money implications if this not permissible. Given the above comment on staff overhead costs, we also recommend that the HHIA introduce more formal systems to evidence and monitor the chargeable activities performed by staff. We highlight that the implementation of a timesheet system would also ensure that appropriate evidence is available to support claims made against the DFG and will allow an increased level of management information to be produced on staff productivity. Should the HHIA not be financially viable without 100% recovery of all staff costs or overheads through the DFG,	Business Intelligence to develop timesheet tracker system for staff activities, similar to those in use by SIAS and HCC HR. These will more accurately track how resources are utilised. Review charges for works that are aborted – currently no costs are recovered so charging scheme to be put in place (if deemed permissible). Review viability of revenue model after the above actions have been taken and analysis made. Also consider potential revenue in light of review of discretionary policy/ resources needed.		October 2019. End of 2019/20 financial year.		

| No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (6 Sept 2019)
		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. 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.					
16.	Herts Home Improvement Agency 2018/19. *As above.*	Site visits/inspections. 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 minimum requirement that pre-start site meetings and completion / sign off meetings are held for all projects, irrelevant of length / complexity, with	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 captured on CMS system so information can be reported on	Head of HHIA.	January 2020. January 2020.	September 2019. This is a new addition and the management response opposite is therefore the latest comment.	Not yet implemented – continue to monitor.

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (6 Sept 2019)
		these involving the client, HHIA and the Contractor. Finally, we recommend that more stringent monitoring is undertaken by management to ensure that such standards are maintained.	Monitoring undertaken by Business Analyst (subject to recruitment) as part of reporting process.		January 2020.		
17.	Herts Home Improvement Agency 2018/19. *As above.*	Post work completion sign off/certification. 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. We also recommend that a "schedule of defects" is completed 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).	To be incorporated in the above. Schedule of defects to be added. Payments not to be made until client/HHIA are satisfied that works are completed to the agreed standard.	Head of HHIA.	January 2020. In progress.	September 2019. This is a new addition and the management response opposite is therefore the latest comment.	Not yet implemented – continue to monitor.

Apr	May	Jun	July	Aug	Sept
2018/19 Projects Requiring Completion **(Complete)**	Complaints Policy and Procedures **(Final Report Issued)**	Risk Management **(Final Report Issued)**	Land Charges (Draft Report Issued)	CCTV (follow up) (Allocated)	Budgetary Control (Allocated)
Payroll Annual Pension Certificate (Cancelled)	Contract Management (In Fieldwork)	S106 (follow up) (Draft Report Issued)	Business Continuity Planning **(Final Report Issued)**	Community Grants/Lottery (In Planning)	Herts Home Improvement Agency (Not Yet Allocated)
Health and Safety **(Final Report Issued)**	Insurance **(Final Report Issued)**	Consultation and Engagement (Draft Report Issued)	Members Allowances and Expenses (Draft Report Issued)	Procurement (In Fieldwork)	IT Information Management (TOR Issued) (b/f from Nov)
				IT Shared Service Agreement (TOR Issued) (b/f from Sept)	

Oct	Nov	Dec	Jan	Feb	Mar
Recruitment Process (In Planning)	Council Tax (Allocated)	Payroll (Allocated)	Main Accounting (Allocated)	IT Cyber Security (follow up) (Allocated)	
	Business Rates (Allocated)	Debtors (Allocated)	Homelessness/Temporary Accommodation (Allocated)	IT Project Management (TOR Issued) (c/f from June)	
	Housing Benefits (Allocated)	Creditors (Allocated)	Recycling (Not Yet Allocated)	Asset Management (Not Yet Allocated)	
		Treasury Management (Allocated)			

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.