



East Herts Council
Performance, Audit and Governance
Oversight Committee

14 January 2020

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 27 December 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:

- a) The progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's 2019/20 Internal Audit Plan as at 27 December 2019.
- b) The findings for the period 1 April 2019 to 27 December 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 27 December 2019.

Background

- 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

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 27 December 2019, 66% 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 as at 27 December 2019:

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
Members Allowances & Expenses	Sept 2019	Satisfactory	Three Medium, One Low / Advisory
Follow up - S106 Spend Arrangements	Oct 2019	Not Assessed	N/A
Land Charges	Nov 2019	Satisfactory	One Medium
Consultation & Engagement	Nov 2019	Satisfactory	One Medium, One Low / Advisory
Follow up – CCTV joint audit	Nov 2019	Not Assessed	N/A
Procurement	Nov 2019	Satisfactory	One Medium, One 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 27 December 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	11	35%
Draft Report Issued	8	25%
In Fieldwork/Quality Review	2	6%
In Planning/Terms of Reference Issued	4	12%
Allocated	5	16%
Not Yet Allocated	0	0%
Deferred/Cancelled	2	6%
Total	32	100%

Proposed Audit Plan Amendments

- 2.4 The audit of Homeless Reduction Act/Temporary Accommodation, due to start during January 2020, has been cancelled and the audit days returned to contingency. This was due to an audit being carried out during March 2019.

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 and High priority audit recommendations.

Performance Management

- 2.7 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.
- 2.8 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 27 Dec 2019
1. Planned Days – percentage of actual billable days against planned chargeable days completed	95%	67% (211/316 days)	66% (209.5/316 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	63% (19/30 projects)	63% (19/30 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% (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	1.5	ToR issued
Creditors						10	Yes	2.5	ToR issued
Treasury Management						6	Yes	1.0	In planning
Payroll						10	Yes	6.5	In fieldwork
Council Tax						6	Yes	5.5	Draft report issued
NDR						6	Yes	5.5	Draft report issued
Housing Benefits						6	Yes	5.5	Draft report issued
Asset Management						10	Yes	0	Allocated
Payroll Pension Certificate						0	No	0	Cancelled
Operational Audits – 98 days									
Health and Safety	Satisfactory	0	0	3	1	10	Yes	10	Final report issued
Recruitment Process						10	Yes	9.5	Draft report issued
Land Charges	Satisfactory	0	0	1	0	10	Yes	10	Final report issued
Members Allowances and Expenses	Satisfactory	0	0	3	1	8	Yes	8	Final report issued
Recycling						10	Yes	0	Allocated
Homeless Reduction Act / Temp Accom.						0	Yes	0	Cancelled
Community Grants Programme / Lottery						8	Yes	7.5	Draft report issued
HHIA – Follow-up						2	Yes	0	Allocated
Consultation and Engagement	Satisfactory	0	0	1	1	10	Yes	10	Final report issued
Business Continuity Planning	Satisfactory	0	0	4	3	10	Yes	10	Final report issued
Budgetary Control						10	Yes	3.5	In fieldwork
Complaints Policy and Procedure	Satisfactory	0	0	0	3	10	Yes	10	Final report issued

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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				
Procurement, Contract Management and Project Management – 20 days									
Procurement	Satisfactory	0	0	1	1	10	Yes	10.0	Final report issued
Contract Management						10	Yes	9.5	Draft report issued
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	5.5	Draft report issued
Cyber Security Follow-up						6	Yes	0	Allocated
Information Management						6	Yes	5.5	Draft report issued
Project Management						6	Yes	1	ToR issued
Shared Learning and Joint Reviews – 10 days									
Shared Learning						4	Yes	0	Through year
Joint Reviews						6	Yes	2.0	Quality review
Counter Fraud – 3 days									
Counter Fraud – matters arising						3	No	0	Through year
Ad Hoc Advice – 1 days									
Ad Hoc Advice						1	Yes	1.0	Through year
Follow-up Audits – 8 days									
S106 Spend Arrangements	NA	0	0	0	0	7	Yes	7	Final report issued
CCTV – joint review	NA	0	0	0	0	1	Yes	1	Final report issued
Completion of 18/19 Projects – 6 days									
Various						6	Yes	6.0	Complete
Contingency – 24 days									
Contingency						24	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	8.0	Through year
Follow Up of Audit Recommendations						4	Yes	3.0	Through year
Client Liaison						10	Yes	7.5	Through year
Liaison with External Audit						1	Yes	1.0	Through year
Plan Monitoring						9	Yes	6.0	Through year
SIAS Development						5	Yes	5.0	Through year
2020/21 Audit Planning						10	Yes	3.0	Allocated
SBC TOTAL		0	0	15	15	340		209.5	

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 (27 Dec 2019)
1.	CCTV - joint review (2018/19) - <i>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.</i>	<u>Partnership agreement.</u> 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>July 2019.</u> In progress. <u>September 2019.</u> Work in progress. <u>December 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) - <i>As above.</i>	<u>Reporting arrangements.</u> 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	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>July 2019.</u> This will be captured	Implemented.

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		interested parties regarding the need, responsibility, frequency, timing, content, format and distribution of each report required.				<p>as part of the partnership agreement. Revised deadline is 30 September 2019.</p> <p><u>September 2019.</u> Work in progress.</p> <p><u>December 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><u>Strategic objectives.</u> 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</p>	ICT strategy & Roadmap are being written in collaboration with Microsoft Navigator consultancy project.	ICT Strategic Partnership Manager.	August 2019.	<p><u>July 2019.</u> This is a new addition and the management response opposite is therefore the latest comment.</p> <p><u>September 2019.</u> ICT Strategy written in draft. It is going through approval and consultation process with an expected timeline for completion October</p>	Implemented.

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		<p>the performance of the Shared IT Service.</p> <p>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.</p>				<p>2019.</p> <p><u>December 2019.</u> IT Strategy approved at October 2019 SBC Executive.</p>	
4.	Cyber Security follow up (2018/19).	<p><u>Network access control.</u></p> <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. 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</p>	<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.</p>	<p>ICT Strategic Partnership Manager.</p>	<p>Network Tools July 2019.</p> <p>Intune October 2019.</p> <p>Procurement of network tools revised to 2020/21.</p>	<p><u>July 2019.</u> This is a new addition and the management response opposite is therefore the latest comment.</p> <p><u>September 2019.</u> 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.</p> <p>Financial and</p>	<p>Partially implemented – continue to monitor.</p>

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		<p>connection All connections are approved before being allowed to proceed. Devices connected to the IT network should be reviewed on a routine basis.</p>				<p>resource restrictions have forced the procurement of network tools to financial year 2020/21. <u>December 2019.</u> Revised date as above. 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>	
5.	Cyber Security follow up (2018/19).	<p><u>Firewall configuration.</u> 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</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.	ICT Strategic Partnership Manager.	November 2019. Revised to April 2020.	<p><u>July 2019.</u> This is a new addition and the management response opposite is therefore the latest comment. <u>September 2019.</u> Replacement of all firewalls scheduled for April 2020. Configurations and creation of new network environment is being worked on</p>	Not yet implemented – continue to monitor.

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		<p>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>as part of that plan.</p> <p><u>December 2019.</u> As above.</p>	
6.	Incident Management follow up (2018/19).	<p><u>Updating the disaster recovery plan.</u></p> <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 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>We have started a project to install a secondary Microwave 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>	ICT Strategic Partnership Manager.	<p>August 2019 – Microwave Link.</p> <p>October 2019 - VDI upgrade.</p> <p>Revised to January 2020.</p>	<p><u>July 2019.</u></p> <p>This is a new addition and the management response opposite is therefore the latest comment.</p> <p><u>September 2019.</u></p> <p>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.</p> <p><u>December 2019.</u></p> <p>This work is now progressing and is currently going</p>	Partially implemented – continue to monitor.

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						through the tender process with a scheduled January 2020 implementation date.	
7.	Incident Management follow up (2018/19).	<p><u>Updating the disaster recovery plan.</u></p> <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 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>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>April 2020 - VDI upgrade.</p>	<p><u>July 2019.</u></p> <p>This is a new addition and the management response opposite is therefore the latest comment.</p> <p><u>September 2019.</u></p> <p>VDI upgrade out to tender with award scheduled for October 2019.</p> <p><u>December 2019.</u></p> <p>Expected completion for this work is now April 2020.</p>	Not yet implemented – continue to monitor.
8.	<p>Herts Home Improvement Agency 2018/19.</p> <p><i>These recommendations and their implementation status are overseen and monitored by</i></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 the absence of key officers.</p> <p>Given the existing</p>	<p>New Senior Management structure in place:</p> <p>Head of Service reporting to Head of Hertfordshire Equipment Service.</p> <p>Longer term continuity to be</p>	Head of HHIA and Head of Hertfordshire Equipment Service (HES).	In place.	<p><u>September 2019.</u></p> <p>New Senior Management team in place and recruitment for Business Analyst will be complete August 2019. Senior Technical Officer role</p>	<p>Partially implemented – continue to monitor.</p> <p>Revised implementation date: 1 May 2020.</p>

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No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (27 Dec 2019)
			<p>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>	<p>Dec 19.</p> <p>Senior Technical Officer role was re-graded and interviews are taking place this month for the second time.</p> <p>A review of the HIA team structure is due to take place in early 2020. As the HIA moves towards a client centred approach.</p>	
9.	<p>Herts Home Improvement Agency 2018/19.</p> <p><i>As above.</i></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</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>Autumn 2019 (funding and resource dependent).</p>	<p><u>September 2019.</u></p> <p>Review and process mapping complete. Some training completed July 2019 and Business Analyst (when in post) to oversee superusers and work with Finance to develop reporting protocols. Due to issues raised in review, a meeting is to be held with Foundations and systems developer in August 2019 to raise issues around outstanding</p>	<p>Partially implemented – continue to monitor.</p> <p>Revised implementation date: 1 March 2020.</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>the system e.g. for 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>		Autumn 2019.	<p>development of the system. Report will be made to HHIA Board regarding potential options which could include replacing the system when the current contract ends (Sept 2020).</p> <p><u>December 2019.</u> A full review of the CMS system has now been completed. Report is available - with recommendations now being incorporated into the audit tracker for monitoring.</p> <p>All current HIA staff will undertake " Ferret Training" in January 2019 to ensure all staff are "up skilled" and we are resilient as a team.</p> <p>The new Business Analyst will be the Super user of the team, followed by Senior Business</p>	

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						<p>Support after training.</p> <p>The Business Analyst has begun working with finance to align CMS and SAP reporting.</p> <p>The Business analyst starting from November to undertake random monthly "spot check" audits.</p>	
10.	<p>Herts Home Improvement Agency 2018/19. <i>As above.</i></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 over-runs etc). - Where assumptions are being included, in particular significant increases in activity, appropriate identification 	<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 to identify activity trends and predict for 2019/20. Identify</p>	<p>Head of HHIA, Head of HES and Head of Accountancy Services.</p>	<p>September 2019.</p> <p>September 2019.</p>	<p><u>September 2019.</u> No update as actions not yet due.</p> <p><u>December 2019.</u> A current review is taking place to build a more a cost-effective structure. A business case is being developed and will be presented early 2020.</p> <p>The new Business Analyst is now in post and beginning to provide strategic and operational statistical analysis and case monitoring</p>	<p>Partially implemented – continue to monitor.</p> <p>Revised implementation date 1 March 2020.</p>

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		subject to final authorisation by the Head of Service or relevant Assistant Director to reduce the risks of a lack of future ownership.	Business Analyst or Finance having access to CMS/ financial spreadsheets.				
11.	Herts Home Improvement Agency 2018/19. <i>As above.</i>	<p>We recommend that 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:</p> <ul style="list-style-type: none"> - 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 charges, which by their nature are set at a level to recover overheads, are permissible within the grant conditions; and - The cost of extended 	<p>Meet with Foundations to seek relevant advice and understand where written assurances can be sought in relation to staff costs and fees.</p> <p>Use information obtained to inform project plan e.g. develop policy concerning warranties.</p> <p>Project support to work with SE/MA and 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.</p> <p>Review charges for</p>	Head of HHIA and Head of HES.	<p>July 2019.</p> <p>Oct/Nov 2019.</p> <p>October 2019.</p>	<p><u>September 2019.</u> Advice sought from Foundations was contradictory but further investigation around warranties is in progress. Fees and charges and abortive works are being reviewed with a view to implementation and a time tracker for staff is in preparation (finance looking at costings to be input prior to development of tracker). Revenue model to be reviewed at end of financial year once changes made to discretionary policy, charges etc.</p> <p><u>December 2019.</u> The director of ACS wrote to MHCLG in June.</p>	<p>Not yet implemented – continue to monitor.</p> <p>Revised implementation date 31 March 2020.</p>

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		<p>warranties can be funded through the DFG, given the wider value for money implications if this not permissible.</p> <p>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.</p> <p>Should the HHIA not be financially viable without 100% recovery of all staff costs or overheads through the DFG, consideration should be given as to whether this issue could be resolved through DFG funding</p>	<p>works that are aborted – currently no costs are recovered so charging scheme to be put in place (if deemed permissible)</p> <p>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.</p>		<p>October 2019.</p> <p>End 2019/20 financial year.</p>	<p>There has been on-going conversation with finance regarding capitalisation of staff overheads. The head of service has completed analysis of capitalised staff activity. This has been agreed with finance.</p> <p>We are currently investigation the possibilities of incorporating maintenance agreements into applications of specific adaptations</p> <p>We are currently looking at a supervision system to evidence/support the head of service analyse staffing time against capitalisation.</p>	

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 (27 Dec 2019)
		<p>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>					
12.	<p>Herts Home Improvement Agency 2018/19.</p> <p><i>As above.</i></p>	<p>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 these involving the client, HHIA and the Contractor. Finally, we recommend</p>	<p>Develop agreed process for pre- and post-works site meetings and sign off with expectations for interim site visits for longer works</p> <p>Ensure meetings are recorded and captured on CMS system so information can be reported on</p> <p>Monitoring undertaken by Business Analyst (subject to</p>	Head of HHIA.	<p>January 2020.</p> <p>January 2020.</p> <p>January 2020.</p>	<p><u>September 2019.</u> No update as actions not yet due.</p> <p><u>December 2019.</u> There is now a Technical Officer who conducts all pre-starts and Practical Completions Sign off independent of the Trusted Assessor and other technical officers.</p> <p>Regular spot check audits are taking</p>	Not yet implemented – continue to monitor.

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 (27 Dec 2019)
		that more stringent monitoring is undertaken by management to ensure that such standards are maintained.	recruitment) as part of reporting process.			place now by the Business Analysts to ensure that all documents are uploaded. The Business Analyst has now started, and performance reporting has now begun.	
13.	Herts Home Improvement Agency 2018/19. <i>As above.</i>	We recommend that 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	To be incorporated in (14) 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.	<u>September 2019.</u> Payments are not being made until client and HHIA are satisfied with works. Documentation is being developed with the team for use as soon as agreed and ready. <u>December 2019.</u> All works completed under the HIA must have a practical completion sign off process independent of the technical officers to ensure quality checks. It is only after certification of practical completion that a payment process	Implemented.

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 (27 Dec 2019)
		a retention amount held back).				begins. In reference to schedule of defects, HIA now has a " snagging sheet," which is used if required at sign off stage.	

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	Complaints Policy and Procedures (Final Report Issued)	Risk Management (Final Report Issued)	Land Charges (Final Report Issued)	CCTV (follow up) (Final Report Issued)	IT Shared Service Agreement (Draft Report Issued)
Payroll Annual Pension Certificate (Cancelled)	Insurance (Final Report Issued)	S106 (follow up) (Final Report Issued)	Business Continuity Planning (Final Report Issued)	Community Grants / Lottery (Draft Report Issued)	
Health and Safety (Final Report Issued)		Consultation and Engagement (Final Report Issued)	Members Allowances and Expenses (Final Report Issued)	Procurement (Final Report Issued)	
				Contract Management (Draft Report Issued)	
Oct	Nov	Dec	Jan	Feb	Mar
Recruitment Process (Draft Report Issued)	Council Tax (Draft Report Issued)	Payroll (In Fieldwork)	Main Accounting (Allocated)	IT Cyber Security (follow up) (Allocated)	Herts Home Improvement Agency (Allocated)
	Business Rates (Draft Report Issued)	Debtors (ToR Issued)	Homelessness/Temporary Accommodation (Cancelled)	IT Project Management (TOR Issued) (c/f from June)	
	Housing Benefits (Draft Report Issued)	Creditors (ToR Issued)	Recycling (Allocated)	Asset Management (Allocated)	
	Budgetary Control (In Fieldwork) (c/f from Sept)	IT Information Mgmt (Draft Report Issued) (c/f from Nov)		Treasury Management (In Planning) (c/f from Dec)	

APPENDIX D – ASSURANCE / 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.