INTERNAL AUDIT PROGRESS REPORT

Committee name	Audit Committee

Officer reporting	Claire Baker, Head of Internal Audit

Papers with report	Internal Audit Progress Report: November 2023

Ward	All

HEADLINES

The attached Progress Report presents the Audit Committee with a summary of the Internal Audit (IA) work covered since the last Committee meeting. It also provides an opportunity for the Head of Internal Audit to highlight to the Audit Committee any significant issues that they need be aware of that have arisen since the last IA progress report.

Further, it enables the Audit Committee to hold the Head of Internal Audit to account on delivery of the IA Plan and facilitates holding management to account for managing risk and control weaknesses identified during the course of IA activity.

RECOMMENDATIONS:

That the Audit Committee:

1. **Notes the IA Progress since the last Committee meeting**

SUPPORTING INFORMATION

IA provides an independent appraisal and consultancy service that underpins good governance, which is essential in helping the Council achieve its strategic objectives and realise its vision for the borough of Hillingdon.

BACKGROUND PAPERS

None.
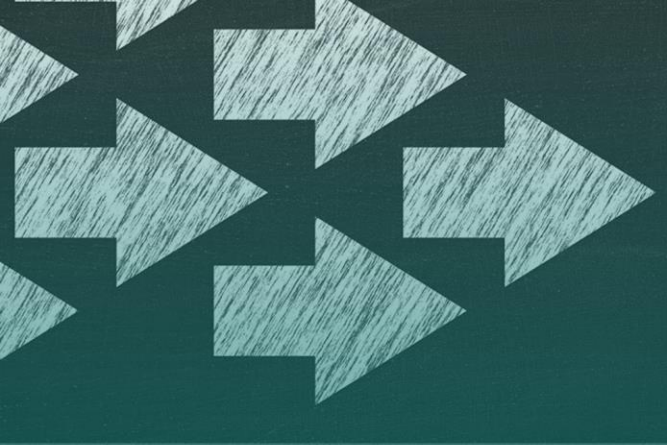
INTERNAL AUDIT PROGRESS REPORT

2023/24

10 November 2023

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The key contacts in connection with this document are:

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1. INTRODUCTION

The Role of Internal Audit

Internal Audit (IA) provides an independent assurance and consultancy service that underpins good governance, essential in helping the Council achieve its corporate objectives and realise its vision for the borough of Hillingdon. It is also a requirement of the Accounts and Audit (Amendment) Regulations 2021 that the Authority undertakes an effective IA to evaluate the effectiveness of its risk management, internal control and corporate governance processes, taking into account the UK Public Sector IA Standards.

The Purpose of the Internal Audit Progress Report

This progress report presents the Council's Corporate Management Team (CMT) and Audit Committee with summary information on all IA work completed since the August Audit Committee meeting. In addition, it provides an opportunity for the Council's Head of Internal Audit (HIA), to highlight any significant issues which have arisen from IA work.

2. SUMMARY OF INTERNAL AUDIT ACTIVITY

Internal Audit have continued to make reasonable progress with the 2023/24 Audits. During this quarter, **ten** assurance reviews were completed to final report stage, including **three** awarded a **SUBSTANTIAL** assurance opinion and **four REASONABLE** assurance. There were also **three LIMITED** assurance reports relating to Trading Standards POCA, Risk Management, and Workforce Planning, Establishment Control and Recruitment:

Trading Standards POCA	The Trading Standards team are responsible for enforcing a wide range of legislation governing the supply and marketing of goods and services. We identified one high, two medium and five low findings, which were addressed following the appointment of a new Head of Service.
	The high finding was linked to uncertainty regarding how recovered funds were monitored, which had resulted in a Home Office return not being submitted. The two medium findings related to inconsistencies completing and storing electronic and physical records between the financial investigators. No concerns were raised with the accuracy or security of the information, however this potentially impacts on the effectiveness of any management review and prevents collaboration between investigators.
Risk Management	This audit was included in the IA Plan as it was already recognised as an area of improvement and an action plan was in place to develop a greater oversight of risks. This audit was completed by Mazars to support the design of the future risk management arrangements.
	One high and five medium findings were raised in the report, which all related to areas of improvement already incorporated into the risk management transformation project. These included improving the level of information recorded in risk registers, monitoring the actions to mitigate the risks to ensure they are implemented effectively, and ensuring risks are escalated consistently from services to the corporate risk register.
Workforce Planning, Establishment Control and Recruitment	This review considered three critical components of the Councils Human Resources: Workforce Planning, Establishment Control, and Recruitment. Although we identified two high and two medium findings, the service was already taking action to address the issues at the time of the review.
	The two high findings relate to the lack of an approved HR Strategy and workforce planning procedure to capture future workforce needs. Both of these actions are due to be completed for the start of the 2024/25 financial year.

Two further assurance reviews are at a draft report stage and should be finalised before the Audit Committee. For details of the reviews and assurance levels achieved please see *Appendix A.*

During this quarter, IA has also completed three grant claim memos for the Supporting Families Grant and an ad-hoc consultancy review into a Care Provider. Work is also ongoing in relation to the Housing Benefit Subsidy Grant claim. This is a significant volume of verification testing which is scheduled to be completed by the end of the year. For details of the grant claims and ad hoc consultancy reviews please see *Appendix B.*

Finally, as discussed at the last Audit Committee meeting, the final three actions arising from the independent External Quality Assessment on the Internal Audit team have been completed. Although the original assessment scored the service as only Partially Conforming with the Public Sector Internal Audit Standards due to the pressures they faced last year, now the actions have all been completed we are confident we would be scored as Generally Conforms (the highest rating) if we were to be reassessed.

Changes to the Internal Audit Workplan

The IA team have continued to engage with services across the council to adapt our work to address emerging risk areas and provide the best value for money. Due to the significant transformation programme ongoing across the council, individual reviews have been tailored where appropriate to provide assurance over future action plans rather than testing compliance where service areas are already undergoing an internal review.

Four reviews have been removed from the work plan: Telecare, Legal, Savings Programme, and Safety Value Plan (Stage 2). These were no longer considered priority areas due to alternative internal and external reviews, budget monitoring and budget setting reviews were added to the plan instead, and delays agreeing the Safety Value Plan made it more appropriate to reschedule the stage two review of the governance arrangements into the 2024/25 IA workplan.

Three reviews have also been added to the work plan: Budget Monitoring and Budget Setting due to the ongoing financial pressures across the council, and Fleet Damage at the request of the Director of Procurement & Commissioning due to an increase in the number of claims received.

3. FOLLOW UP OF MANAGEMENT ACTIONS

The table in *Appendix C* outlines the agreed management actions followed up since the last Audit Committee meeting. Actions are marked as verified once IA have received evidence to demonstrate the action has been fully implemented. Once all actions from an individual report are verified the report is marked closed and will be removed from the tracker.

In total 49/81 (60%) management actions due to have been implemented were marked as verified or complete. 14 were marked as not complete and new implementation dates are being agreed when these actions will be followed up again.

At the time of this report 18 were marked as unknown as we have not received any confirmation from the responsible officer. Due to the ongoing transformation work across the council many of these actions are no longer appropriate or the responsible owner no longer works for the council. Meetings have been arranged with the relevant services for these actions and they will be followed up before the Audit Committee.

4. FORWARD LOOK

Over the next quarter the IA team will start planning for the 2024/25 Internal Audit workplan to ensure there is no break over the year end period. This will include engaging with

individual Directors and senior management teams to identify emerging risks and potential areas when IA can provide support. A draft plan will be presented to the next Audit Committee meeting.

IA would like to take this opportunity to formally thank all staff throughout the Council with whom IA had contact during Q2. There are no other matters that the HIA needs to bring to the attention of the CMT and Audit Committee at this time.

APPENDIX A: IA REVIEWS

IA Ref.	IA Review Area	Current Status November 2023	Assurance Level	Actions & Risk Rating			
				H	M	L	O
22.P36	Capital Programmes	Final report issued 30 June 2023	REASONABLE	0	1	1	0
22.P38	Domestic Violence Homelessness Process	Final report issued 26 April 2023	REASONABLE	0	2	2	0
22.A47	High Cost panel and Risk profile	Final report issued 02 June 2023	SUBSTANTIAL	0	0	3	0
22.P52	Trading Standards POCA	Final report issued 13 September 2023	LIMITED	1	2	5	0
22.F56	IR35	Final report issued 06 July 2023	LIMITED	1	2	1	0
22.C59	Care Leavers Allowances	Final report issued 11 July 2023	LIMITED	1	1	1	0
22.C61	Thematic Review: Pupil Premium Funding in Schools	Final report issued 05 July 2023	REASONABLE	0	4	2	0
22.F63	Robotic Process Automation	Final report issued 14 July 2023	REASONABLE	0	1	0	0
22.A64	Mental Health Pathway	Final report issued 02 June 2023	SUBSTANTIAL	0	0	2	0
23.P02	Capital Programme	Final report issued 09 August 2023	REASONABLE	1	2	1	1
23.A01	Brokerage Outputs	Final report issued 13 September 2023	REASONABLE	0	0	5	0
23.S01	IT Application Review - ContrOCC	Final report issued 26 September 2023	REASONABLE	0	2	0	0
23.F01	Risk Management	Final report issued 01 September 2023	LIMITED	1	5	0	0
23.C02	Safety Valve Plan	Draft report issued 01 November 2023	N/A: ADVISORY	-	-	-	-
23.P01	Private Sector Housing	Fieldwork	TBC once final report issued				
23.C01	No Recourse to Public Funds	Fieldwork	TBC once final report issued				
23.S02	Workforce Planning, Establishment & Recruitment	Final report issued 09 November 2023	LIMITED	2	2	0	0
23.S06	Mortuary	Final report issued 15 August 2023	SUBSTANTIAL	0	0	1	0
23.P04	DFG & Adaptations	Final report issued 21 September 2023	SUBSTANTIAL	0	0	1	0
23.P03	Parking Income	Fieldwork	TBC once final report issued				
23.A04	Contract Management	Report Drafting	TBC once final report issued				

IA = Internal Audit	H = High Risk	M = Medium Risk	L = Low Risk	O = Observation

IA Ref.	IA Review Area	Current Status November 2023	Assurance Level	Actions & Risk Rating			
				H	M	L	O
23.A02	Payments to Early Years Providers	Final report issued 07 November 2023	SUBSTANTIAL	0	0	1	0
23.F03	Effectiveness of the Pension Committee	Final report issued 19 October 2023	REASONABLE	0	2	0	1
23.P05	Climate Action	Fieldwork	*TBC once final report issued*				
23.A03	Goshawk Gardens & Chapel Lane	Report Drafting	*TBC once final report issued*				
23.F02	Payment Card Data Security Standard (PCI DSS)	Fieldwork	*TBC once final report issued*				
23.P06	Facilities Management	Draft report issued 01 November 2023	*TBC once final report issued*				
23.C03	SEND Data Quality	Fieldwork	*TBC once final report issued*				
23.P07	Social Housing applications	Fieldwork	*TBC once final report issued*				
23.A06	Neglect (Adults)	Planning	*TBC once final report issued*				
23.P11	Building Control Action Plan	Scope Issued	*TBC once final report issued*				
23.F07	Fleet Damage	Fieldwork	*TBC once final report issued*				
23.P08	Homeless Housing applications	Fieldwork	*TBC once final report issued*				
23.C04	Neglect (Childrens)	Fieldwork	*TBC once final report issued*				
23.S04	Organisation Culture	Fieldwork	*TBC once final report issued*				
23.C06	Thematic Schools Audit (SEND Funding)	Fieldwork	*TBC once final report issued*				
23.F04	Oracle Programme	Scope Issued	*TBC once final report issued*				
23.F05	Fraud Risk Assessment - Procurement	Scope Issued	*TBC once final report issued*				
23.F08	Budget Monitoring	Fieldwork	*TBC once final report issued*				
23.P10	Maintenance and Replacement Service Contracts	*Planned for December 2023*	*TBC once final report issued*				
23.S03	Contact Centre	Fieldwork	*TBC once final report issued*				
23.P12	Building Safety Standards	*Planned for December 2023*	*TBC once final report issued*				
23.S08	Performance Information	Planning	*TBC once final report issued*				

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IA Ref.	IA Review Area	Current Status November 2023	Assurance Level	Actions & Risk Rating			
				H	**M**	**L**	**O**
23.P09	Uninspected B&Bs	Fieldwork	*TBC once final report issued*				
23.S09	Personal Appraisals	*Planned for December 2023*	*TBC once final report issued*				
23.A08	ARCH Social Work Outputs	*Planned for January 2024*	*TBC once final report issued*				
23.S05	Overtime Payments	*Planned for January 2024*	*TBC once final report issued*				
23.F09	Budget Setting	Planning	*TBC once final report issued*				
23.A05	Partnership Working (Health)	*Planned for February 2024*	*TBC once final report issued*				
23.A09	Supported Living: Void Management	*Planned for February 2024*	*TBC once final report issued*				
			Total Number of IA Management Actions Raised	**7**	**26**	**26**	**2**

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APPENDIX B: IA AD-HOC CONSULTANCY & GRANT CLAIM VERIFICATION REVIEWS

IA Ref.	IA Review Area	Current Status at end of Q2 2023/24
23.G1.1	Supporting Families Grant – Quarter 1	Complete
23.G1.2	Supporting Families Grant – Quarter 2	Complete
23.G1.3	Supporting Families Grant – Quarter 3	*Planned for January 2024*
23.G1.4	Supporting Families Grant – Quarter 4	*Planned for April 2024*
23.G2	BNG Grant Allocation	Complete
23.G3	Housing Benefit Subsidy	Fieldwork Ongoing
23.X1	Purchase Cards Data Analytics	Complete
23.X2	Section 106 Funding	Complete
23.X3	Care Provider	Complete
23.X4	Music Service Invoicing & Credit Notes	Fieldwork Ongoing

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APPENDIX C: IA FOLLOW UP OF MANAGEMENT ACTIONS

Ref	Review	No. Actions		Verified		Completed		Overdue		Unknown		Not Due		Comments
		H	M	H	M	H	M	H	M	H	M	H	M	
17.A34	Community Safety including Domestic Abuse	-	1	-	1	-	-	-	-	-	-	-	-	CLOSED
17.A28	Corporate Payments	-	1	-	-	-	-	-	-	-	-	-	1	Due April 2024
19.A01	Schools Payroll Arrangements	-	8	-	4	-	-	-	4	-	-	-	-	New Date: April 2024
19.A13	Pupil Premium Funding in Schools	-	9	-	6	-	3	-	-	-	-	-	-	
20.A15	Purchasing and Payments in Schools	1	-	1	-	-	-	-	-	-	-	-	-	CLOSED
20.A28	Governance & Financial Management in Schools	1	-	1	-	-	-	-	-	-	-	-	-	CLOSED
20.A31	Exclusions or Education Cases for Vulnerable Young People	-	4	-	3	-	1	-	-	-	-	-	-	
20.A11	Music Service - Invoicing and Debt Collection	2	1	2	1	-	-	-	-	-	-	-	-	CLOSED
20.A06	Estates - Lease Management	1	1	-	-	-	-	1	1	-	-	-	-	New Date: March 24
20.A16	Treasury Management	-	1	-	1	-	-	-	-	-	-	-	-	CLOSED
20.A12	Educational Care Plans and Local Offer	-	1	-	-	-	-	-	-	-	1	-	-	
20.A02	Tree Inspections	3	1	3	1	-	-	-	-	-	-	-	-	CLOSED
20.A03	Cemeteries: Bereavement Service and Ground Maintenance	2	4	-	-	-	-	-	-	2	4	-	-	
21.A14	Birth Registration Service	-	3	-	-	-	-	-	3	-	-	-	-	New Date: November 24
21.A16	Procurement – Contract Compliance Management	1	1	-	-	-	-	1	1	-	-	-	-	New Date: June 24
21.A20	Safeguarding in Schools	1	-	1	-	-	-	-	-	-	-	-	-	CLOSED
21.A26	Planning Enforcement	2	7	2	7	-	-	-	-	-	-	-	-	CLOSED
21.A29	Music Service - Overseas Trip	-	4	-	4	-	-	-	-	-	-	-	-	CLOSED
21.A03	ICT Service Desk	-	2	-	1	-	-	-	1	-	-	-	-	New Date: June 24
21.A06	Transport Contract Management	-	1	-	-	-	-	-	-	-	1	-	-	
21.A07	Fostering Service	-	3	-	-	-	-	-	-	-	3	-	-	
22.A36	Capital Projects	-	1	-	-	-	-	-	-	-	-	-	1	Due November 2023
22.A38	Domestic Violence homelessness process	-	2	-	2	-	-	-	-	-	-	-	-	CLOSED

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Ref	Review	No. Actions		Verified		Completed		Overdue		Unknown		Not Due		Comments
		H	M	H	M	H	M	H	M	H	M	H	M	
22.A39	Stronger families HUB	1	1	-	-	1	1	-	-	-	-	-	-	
22.A40	Information Security	-	4	-	-	-	-	-	-	-	-	-	4	Due November 2023
22.A42	Fraud prevention controls in tendering & contacts	-	4	-	-	-	-	-	-	-	-	-	4	Due April 2024
22.A43	Registrars cash handling	-	1	-	-	-	-	-	-	-	1	-	-	
22.A46	Colham road	-	2	-	1	-	-	-	1	-	-	-	-	
22.A45	Adult social care referrals and assessment	-	2	-	1	-	-	-	1	-	-	-	-	
22.A48	Quality of practice	-	3	-	-	-	-	-	-	-	3	-	-	
22.A50	Purchase cards	-	4	-	-	-	-	-	-	-	-	-	4	Due December 2023
22.A56	IR35	1	2	-	-	-	-	-	-	1	2	-	-	
22.A58	Merrimans Respite Care Unit	-	1	-	-	-	-	-	-	-	-	-	1	Due November 2023
23.P02	Capital Programme	1	2	-	-	-	-	-	-	-	-	1	2	Due January 2024
23.F01	Risk Management	1	5	-	-	-	-	-	-	-	-	1	5	Due December 2023
23.F03	Effectiveness of the Pension Committee	-	2	-	-	-	-	-	-	-	-	-	2	Due June 2024
	SUBTOTAL	18	89	10	33	1	5	2	12	3	15	2	24	
	TOTAL	107		43		6		14		18		26		

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APPENDIX D: INTERNAL AUDIT KEY PERFORMANCE INDICATORS

The Key Performance Indicators (KPIs) for IA quarterly reporting to CMT and the Audit Committee in 2023/24 are set out below:

KPI	Performance Measure	2023/24 Target	Current Status
KPI 1	Planning to be initiated at least six weeks before the planned fieldwork start date to allow the relevant service to prepare documents and ensure staff availability.	80%	77%
KPI 2	Draft Reports to be issued three weeks after the end of fieldwork meeting with the key contact	80%	75%
KPI 3	Final Reports to be issued one week after the final approval received from the Audit Sponsor.	80%	100%
KPI 4	Annual IA Plan delivered to draft report stage by 31st March	90%	TBC
KPI 5	Annual IA Plan delivered to final report stage by 31st March	80%	TBC
KPI 6	Initial documentation requests outlined at the planning meeting to be received by the audit fieldwork start date.	80%	78%
KPI 7	Final approval of the management responses to be received two weeks after the updated report is issued	80%	86%
KPI 8	HIGH and MEDIUM risk IA Management Actions completed within the original agreed timescale	80%	TBC
KPI 9	HIGH and MEDIUM risk IA Management Action where positive management action is proposed	95%	100%
KPI 10	Client Satisfaction Rating from Feedback Questionnaires	85%	90%

Key for future reporting on actual KPI performance:

- **RED** = currently this performance target is not being met (significantly [>5%] short of target performance).
- **AMBER** = currently not meeting this performance target (just short [<5%] of target performance).
- **GREEN** = currently meeting or exceeding this performance target

APPENDIX E: ASSURANCE LEVELS AND ACTION RISK RATINGS

ASSURANCE LEVEL	DEFINITION
SUBSTANTIAL	There is a **good level of assurance** over the management of the key risks to the Council objectives. The control environment is robust with no major weaknesses in design or operation. There is **positive assurance** that objectives will be achieved.
REASONABLE	There is a **reasonable level of assurance** over the management of the key risks to the Council objectives. The control environment is in need of some improvement in either design or operation. There is a misalignment of the level of residual risk to the objectives and the designated risk appetite. There remains **some risk** that objectives will not be achieved.
LIMITED	There is a **limited level of assurance** over the management of the key risks to the Council objectives. The control environment has significant weaknesses in either design and/or operation. The level of residual risk to the objectives is not aligned to the relevant risk appetite. There is a **significant risk** that objectives will not be achieved.
NO	There is **no assurance** to be derived from the management of key risks to the Council objectives. There is an absence of several key elements of the control environment in design and/or operation. There are extensive improvements to be made. There is a substantial variance between the risk appetite and the residual risk to objectives. There is a **high risk** that objectives will not be achieved.

FINDING RATING	DEFINITION
HIGH	The finding relates to **a significant threat** that impacts the Council's corporate objectives. i.e. a high number of key business risks remain unidentified and/or unmanaged as control systems do not exist and/or do not operate effectively. **The risk requires senior management attention as soon as possible** as it may result in the breakdown of part/whole of the service.
MEDIUM	The finding relates to **a potentially significant threat** that impacts on either corporate or operational objectives. This includes weaknesses in the control systems that are not considered serious but may have some impact on the service. **The risk requires management attention** and should be addressed within six months to ensure full compliance with expected controls.
LOW	The finding relates to **a minor threat** that impacts on operational objectives, this includes non-compliance with best practice or local procedures, and minimal impacts on the Service's reputation or budget. **The risk may be tolerable in the medium term** but management should take action within the next year to improve the control framework to ensure full compliance with expected controls.
OBSERVATION	This includes any items Internal Audit would like to highlight that may not directly relate to a finding. This includes notable performance and innovative controls that **should be shared with others,** potential concerns raised during the audit that are **outside the scope of the review** and will be considered separately, and any areas of improvement that had already been addressed by management at the time of the review.