

INTERNAL AUDIT

Progress Report to Audit Committee for 2015/16 Quarter 2 (including the 2015/16 Quarter 3 IA Plan)

24 September 2015



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1. Introduction

1.1 The Role of Internal Audit

- 1.1.1 Internal Audit (IA) provides an independent assurance 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. It is also a requirement of the Accounts and Audit (England) Regulations that the Council undertakes an adequate and effective IA of its accounting records and of its system of internal control in accordance with the proper practices.
- 1.1.2 The UK Public Sector IA Standards (PSIAS) defines the nature of IA and sets out basic principles for carrying out IA within the public sector. The PSIAS help the Council to establish a framework for providing IA services, which adds value to the organisation, leading to improved organisational processes and operations.

1.2 The Purpose of the Internal Audit Progress Report to Audit Committee

- 1.2.1 This progress report presents the Council's Corporate Management Team (CMT) and Audit Committee with summary information on all 2015/16 IA assurance, consultancy and grant claim verification work covered during the period 24th June to 16th September 2015. In addition, it provides an opportunity for the Head of Internal Audit (HIA) to highlight any significant issues arising from IA work in Quarter 2. It also highlights to CMT, the Audit Committee and other IA stakeholders the revisions to the Quarter 2 IA plan since its approval in June 2015 (refer to **Appendix B**).
- 1.2.2 A key feature of the Quarter 2 IA progress report is the inclusion of the Quarter 3 IA plan (refer to **Appendix C**). This has been produced in consultation with senior managers over the last few weeks and sets out the planned programme of IA coverage due to commence in the 1st October to 31st December 2015 period.

2. Executive Summary

- 2.1 Since the last IA Progress Report on 24th June 2015, **7 assurance reviews** have been completed to final report stage, **7 consultancy reviews** have concluded and **3 grant claims** have been reviewed.
- 2.2 IA work on the 2015/16 Quarter 2 IA plan commenced on 1st July and work is underway on all Quarter 2 planned work including **4** additional requests for work (refer to **Appendix B**). Reasonable progress has been made on the IA plan this quarter, although following the departure of the Assistant IA Manager to progress their career in Central Government, IA capacity during this period has been reduced.
- 2.3 Key assurance reviews finalised this quarter have included **Deprivation of Liberty Safeguards** and **Disabled Facilities Grant and Adaptations** reviews. Both reviews were requested by the respective Corporate Directors and resulted in **LIMITED** assurance opinions being given. Positive management action has been proposed to address the **MEDIUM** risk recommendations raised, although the relevant Head of Service has opted to 'Tolerate' one of the eight **MEDIUM** risk recommendations in relation to the Disabled Facilities Grant and Adaptations audit.
- 2.4 Hillingdon schools remain a key focus of IA work, with thematic assurance reviews of Pupil Premium Funding and Supply and Agency Staffing in schools having been covered this quarter. The thematic review process continues to receive positive feedback from schools, as highlighted in section 4 of this report.
- 2.5 The Housing Benefit Subsidy Grant Claim has been a significant piece of work for us this quarter. IA also continues to undertake a variety of consultancy work across the Council.

2.6 Further details of all IA work carried out in this period are included section 3 of this report.

3. Analysis of Internal Audit Activity in 2015/16 Quarter 2

3.1 Assurance Work in Quarter 2

- 3.1.1 All IA assurance reviews carried out in the financial year to date are individually listed at **Appendix A**. This list details the assurance levels achieved (in accordance with the assurance level definitions outlined at **Appendix D**) and provides an analysis of recommendations made (in accordance with the recommendation risk categories outlined at **Appendix D**). During this quarter 7 2015/16 IA assurance reviews have been completed to final report stage, with 3 others progressed to draft report stage and the remaining reviews at planning or testing stage (refer to **Appendix A** for details).
- 3.1.2 Key assurance reviews finalised this quarter have included Deprivation of Liberty Safeguards (**DoLS**) and Disabled Facilities Grant and Adaptations (**DFGA**) reviews. For **DoLS** we raised 6 **MEDIUM** and 2 **LOW** risk recommendations. Our testing identified control weaknesses concerning insufficient capacity to undertake assessments in line with statutory timescales, which in turn restricts a service user's liberty if assessments are overdue. Management has proposed to address the **MEDIUM** risk recommendations.
- 3.1.3 For **DFGA** we raised 8 **MEDIUM** and 4 **LOW** risk recommendations and 1 **NOTABLE PRACTICE**. We identified control weaknesses in relation to a lack of effective communication as well as team and resource changes which have impacted on delivery of the service. This has created a backlog of cases which have resulted in statutory timescales being breached.
- 3.1.4 Management has proposed to 'Treat' 7 of the 8 **MEDIUM** risk recommendations and for one recommendation the Head of Service has opted to 'Tolerate' the risk. This specific recommendation was *"the current process for managing client contributions to adaptations should be reviewed, with options such as using Corporate Debtors to manage this being explored"*. Our view is where additional work such as debt collection is undertaken by staff involved in the adaptations process there is a risk of a potential financial loss, particularly as a central debt collection team already exists. However, the Head of Service view is that changing this process would unnecessarily complicate the Adaptations process; particularly given there have been no unpaid client contributions to date.
- 3.1.5 Other assurance reviews finalised this quarter included two schools thematic audits; Pupil Premium Funding (**PPF**) and Supply Staffing (**SS**). Both final reports provided **REASONABLE** assurance opinions and together in total raised 8 **HIGH**, 1 **MEDIUM** and 5 **LOW** risk recommendations and 6 **NOTABLE PRACTICE** observations.
- 3.1.6 For **PPF** we visited 8 schools and identified the main control weakness as the lack of statutory information available on school websites in relation to pupil premium spend. We also found some schools were not demonstrating how the funding has made a difference to the attainment of disadvantaged pupils. For **SS** we visited 6 schools and identified a control weakness where safeguarding checks were not always being recorded on the Single Central Register for supply and agency staff in schools. Positive management responses have been received from the relevant schools and we will follow-up these recommendations in due course.

3.2 Consultancy Work in Quarter 2

- 3.2.1 IA continues to undertake a variety of consultancy work across the Council. The consultancy coverage includes IA staff attending working and project groups, whilst ensuring they are clear about whether they are attending in an assurance or advisory capacity. This type of approach continues to help increase IA's knowledge of corporate developments that feed into the risk based deployment of IA resource on assurance work.

- 3.2.2 Also, participation in working and project groups continues to help individual IA staff develop, whilst at the same time increasing the value IA provides to the Council. Due to the nature of consultancy work, we do not provide an assurance opinion or formal recommendations for management action. However, as part of our advisory reports and memos we do provide specific observations and suggestions for senior management to consider.
- 3.2.3 Attached at **Appendix A** is a list of all consultancy work carried out in 2015/16 to date. Following the previous progress update to the Audit Committee on 24th June 2015, **7** further consultancy reviews have been completed and **5** other reviews are in progress.
- 3.2.4 IA has been liaising with management in relation to **Corporate Construction, Housing Planned Maintenance and Housing Repairs** in an attempt to provide advice on the new structures and processes being implemented. These areas were assessed as **HIGH** risk and it has been agreed with management that we will carry out an assurance review of each of these 3 areas during Quarter 3 (refer to **Appendix C**).
- 3.2.5 Following a request by the Deputy Chief Executive and Corporate Director of Residents Services, we conducted a 'mock audit' at Uxbridge **Mortuary** in preparation for their inspection by the Human Tissue Authority (HTA) on the 1st July 2015. We found there to be no significant gaps in the Council's compliance with the HTA Standards and a detailed summary was provided to assist management in their preparation of the inspection. Following our audit, we understand the HTA visit has taken place and were informed that the Mortuary passed their inspection with only a few minor issues raised by the HTA.
- 3.2.6 A consultancy review of **Stores Management** was completed following a request by the Deputy Director Residents Services. The review looked at the procedures for procuring, managing and distributing stocks and stores in an efficient, effective and economical manner. We have suggested that management consider consolidating their stock management systems to increase efficiency and reduce errors when stock is not being recorded on the system correctly. We also highlighted that controls surrounding the issuing of stock could be improved and we found some discrepancies in the fuel systems which warrant further enquiry by management. This review has been positively received by management and our improvement suggestions are being actively considered to strengthen controls and efficiencies in this area.
- 3.2.7 IA has been attending the **Troubled Families Project Group** meetings and providing advice as the Council enters into Phase 2 of the Troubled Families grant claim. We have been assisting in the development of a new database which will help identify families using data from several public body sources including DWP, the Police and the NHS.

3.3 Grant Claim Verification Work in Quarter 2

- 3.3.1 During this quarter IA has also assisted the Council's External Auditors (Deloitte ~ for 2014/15 grants), with a review of the Council's **Housing Benefit Subsidy Grant Claim**. This work has included:
- **Module 2 - Up Rating**
Testing to help ensure the Council's Revenues and Benefits software is using the correct housing benefit parameters to calculate benefit entitlement;
 - **Module 3 - Workbooks**
Testing calculations and verifying evidence for an initial sample of 60 cases (HRA, Non HRA and Private Tenants); and
 - **Module 5 - Software Diagnostic Tool**
Testing to ensure the subsidy claim had been completed using recognised software for claim completion and reconciled benefit 'granted' to benefit 'paid' in accordance with the software supplier's instructions. IA documented evidence to verify that the Council had complied with a series of control questions relevant to the Council's Revenues and Benefits software.

- 3.3.2 The Housing Benefit Subsidy Grant Claim audit has been a significant piece of work for IA (approx. 30 IA days). However, the work we carry out in this area saves the Council considerable money by way of a reduced external audit fee in relation to grant claims. This type of approach also demonstrates good collaborative working between IA and external audit, as well as an effective and efficient use of IA resources.
- 3.3.3 As detailed at **Appendix A**, IA continues to carry out verification work on the **Troubled Families Grant**. Phase 2 was introduced this quarter and involves checking families against 6 criteria rather than 4 as previously. IA is in the process of testing 100% of troubled families that had been identified as being 'turned around' by the Troubled Families Team.
- 3.3.4 The Local Authority **Bus Subsidy Grant** for 2014/15 covers both commercial and non-commercial bus routes and is administered centrally by the Department for Transport. The Grant is the partial refund on fuel duty received from the government by operators of local bus services in England. IA is currently in the process of completing testing to confirm compliance with the conditions of the grant.

3.4 Follow-up of Previous Internal Audit Recommendations in Quarter 2

- 3.4.1 IA continues to monitor all **HIGH** and **MEDIUM** risk recommendations raised, through to the point where the recommendation has either been implemented, or a satisfactory alternative risk response has been proposed by management. Follow-up work within this quarter has been undertaken on all outstanding IA recommendations, in part by using the IA software module 'TeamCentral'. We also escalate outstanding recommendations to Corporate Directors where it is necessary to do so.
- 3.4.2 For the year **2014/15** there was **35 HIGH** and **147 MEDIUM** risk recommendations raised by IA. **117** of these recommendations have passed their target date, of which **116** have been confirmed by management as implemented, leaving only **1 MEDIUM** risk recommendation currently outstanding (work is actively ongoing by management to address this risk). For the year **2015/16** so far, there have been **8 HIGH** and **23 MEDIUM** risk recommendations raised by IA. A total of **6** of these recommendations have reached their target date, all of which have been confirmed by management as implemented. Overall this is a **very positive achievement by the Council in relation to managing these risks**.

3.5 Other Internal Audit Work in Quarter 2

- 3.5.1 In 2015/16 we have introduced a **quarterly approach to our risk based IA planning**. As a result, as well as providing a high-level estimation of where we expect to utilise our resources over the year, we now produce quarterly detailed operational IA plans in liaison with management. Over the last month we have produced the detailed operational IA plan for Quarter 3 (refer to **Appendix C**) in consultation with management. The quarterly planning cycle should help ensure that IA resources are directed in a more flexible and targeted manner to maximise the benefit to our stakeholders.
- 3.5.2 The **Quality Assurance & Improvement Programme** (QAIP) is designed to provide assurance that IA work continues to be fully compliant with the UK PSIAS and also helps enable the ongoing performance monitoring and improvement of IA activity. The QAIP developed in accordance with the IA Charter has been reviewed and updated, with improvement initiatives formally assigned to members of the IA team. Progress against the QAIP will be reported to the Audit Committee later in the audit year.
- 3.5.3 Following requests by the Interim Director of Children and Young Peoples Service (CYPS) and the Head of Business Improvement & HR, the IA team are providing support to assist with project work in these respective teams. Since June the Assistant IA Manager has been working with the CYPS senior management team on the implementation of its Service Improvement Plan.

3.5.4 The results of our Quarter 2 work that is still in progress will be reported in the Quarter 3 progress report due to be presented to the Audit Committee at its meeting on 15th December 2015.

4. Analysis of Internal Audit Performance in 2015/16 Quarter 2

4.1 The IA Key Performance Indicators (KPIs) measure the quality, efficiency and effectiveness of the IA service. They assist IA and its stakeholders in helping measure how successful IA has been in achieving its strategic and operational objectives. For the 2015/16 year, IA will report quarterly to CMT and the Audit Committee on the 9 KPIs listed in the table below.

4.2 We believe that the 2015/16 IA KPIs are meaningful and will provide sufficient challenge to the IA service. They measure the quality, efficiency and effectiveness of the IA service and thus assist us in providing an added value assurance and consulting service to our range of stakeholders. Actual cumulative IA performance against its KPIs in the 1st April to 16th September 2015 period is highlighted in the table below:

KPI Ref.	Performance Measure	Target Performance	Actual Performance	RAG Status
KPI 1	HIGH risk IA recommendations where positive management action is proposed	98%	100%	GREEN
KPI 2	MEDIUM risk IA recommendations where positive management action is proposed	95%	100%	GREEN
KPI 3	HIGH risk IA recommendations where management action is taken within agreed timescale	90%	100%	GREEN
KPI 4	MEDIUM risk IA recommendations where management action is taken within agreed timescale	75%	75%	GREEN
KPI 5	Percentage of annual (Q1 to Q4) IA Plan delivered to draft report stage by 31 st March	90%	78%	RED
KPI 6	Percentage of annual (Q1 to Q4) IA Plan delivered to final report stage by 31 st March	80%	68%	RED
KPI 7	Percentage of draft reports issued as a final report within 15 working days	75%	86%	GREEN
KPI 8	Client Satisfaction Rating (from CFQs)	85%	87%	GREEN
KPI 9	IA work fully compliant with the UK PSIAS and IIA Code of Ethics	100%		

Key for above:

- CFQs = Client Feedback Questionnaires.
- PSIAS = Public Sector Internal Audit Standards.
- IIA = Chartered Institute of Internal Auditors (UK).

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.

4.3 IA KPIs 5 and 6 are not on track to be achieved as at 16th September 2015 due to a shortage of IA resource/capacity during quarter 2. This is mainly as a result of a vacancy within the IA service as well as one other member of the IA team being on secondment to the CYPS directorate. In addition, the summer is historically a quieter period for finalising IA reviews due to reduced officer availability. This is all against a backdrop of IA receiving a significant number of requests for additional work during quarter 2. Nevertheless, the HIA remains confident that IA will reduce the backlog of audit reviews during quarter 3 and quarter 4 and that both of these KPIs will be fully achieved by year end.

4.4 We are currently exceeding several of our KPI targets including KPI 8 Client Satisfaction Rating. In particular, the thematic review process continues to receive positive feedback from schools, a couple examples of which are highlighted below:

Botwell House Catholic Primary School:

- *"The auditors...were both helpful and professional and I feel the thematic reviews that are now being carried out are far more beneficial to all schools than the previous audit process."*

Rabbsfarm Primary School:

- *"Very useful process - it was supportive of the school's development process."*

4.5 KPI 9 refers to the IA process complying with the **PSIAS** and the **IIA Code of Ethics**. We have a duty to complete reviews within these guidelines, which is encompassed in our IA and management review processes. We will report our progress against this KPI to the Audit Committee as part of our annual **Effectiveness of IA** review in June 2016.

5. Forward Look

5.1 There have been a number of IA staffing changes during this quarter, including;

- one of the Trainee Internal Auditors successfully attained the PIIA qualification and has subsequently been promoted to Internal Auditor;
- one of the IA team has become a fully qualified Chartered Internal Auditor and has subsequently been promoted to Principal Internal Auditor;
- the Assistant Internal Audit Manager left LBH in July 2015 to progress his career in Central Government and following a recruitment exercise, another member of the IA team has been promoted into the Assistant Internal Audit Manager vacancy.

As a result, IA will shortly be commencing the process to **recruit a Trainee/ Internal Auditor** to fill the current vacancy in the team.

5.2 IIA Standard 1312-1 states that an IA service must undergo an external assessment at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. In response to this requirement, most London authorities have signed up to a partnership arrangement whereby each HIA carries out an external review of another London authority. We are waiting to hear which London Council's HIA will be carrying out the assessment of our IA service and when that will take place. However, LBH's HIA is scheduled to carry out an external assessment of Hackney's IA service in January/ February 2016. The reviews are expected to take place over 5 days and will be conducted by each Council within existing IA resources.

- 5.3 Following the closure of the Audit Commission on 31st March 2015, some functions have been transferred to **Public Sector Audit Appointments Limited** (PSAA). The PSAA will aim to ensure that public money continues to be properly accounted for and protected during the transition to the new local appointment regime to be established under the Local Audit and Accountability Act 2014. The PSAA will oversee the delivery of audit services provided to relevant authorities. From the 1st April 2015, PSAA have been tasked with ensuring External Audit is appointed to all relevant authorities. During Quarter 3, IA will be liaising with the Council's new External Auditors (Ernst & Young) to ensure a dovetailed approach to audit coverage at Hillingdon continues going forward.
- 5.4 IA would like to take this opportunity to formally record its thanks for the co-operation and support it has received from the management and staff of the Council during Quarter 2. There are no other matters that the HIA needs to bring to the attention of CMT or the Audit Committee at this time.

Muir Laurie FCCA, CMIIA
Head of Internal Audit

16th September 2015

APPENDIX A**DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2015/16 ~ QUARTERS 1 & 2**

Key:	
IA = Internal Audit	NP = Notable Practice
H = High Risk	CFQ = Client Feedback Questionnaire
M = Medium Risk	
L = Low Risk	ToR = Terms of Reference

2015/16 IA Assurance Reviews - Quarters 1 and 2:

IA Ref.	IA Review Area	Status as at 16 th Sept 2015	Assurance Level	Risk Rating				CFQ Received?
				H	M	L	NP	
15-A6	Review of the Effectiveness of Internal Audit	Final report issued on 9 th Jun 2015	REASONABLE	0	3	6	0	N/A
15-A7	Review of the Effectiveness of the Audit Committee	Final report issued on 24 th Jun 2015	REASONABLE	0	2	3	0	Yes
15-A13	Music Service	Final report issued on 24 th Jun 2015	LIMITED	0	8	5	1	Yes
15-A2	Schools - Pupil Premium Funding <i>8 Schools visited: Cherry Lane Primary School, Field End Junior School, Frithwood Primary School, Highfield Primary School, Minet Infant School, St. Marys Catholic Primary School, Harlyn Primary School and Yeading Junior School.</i>	Final report issued on 26 th Jun 2015	REASONABLE	5	1	0	3	Yes
15-A4	Schools - Use of Supply Teachers <i>6 Schools visited: Abbotsfield School, Botwell House Catholic Primary School, Grange Park Junior School, Hillside Junior School, Rabbsfarm Primary School and Ruislip Gardens Primary School.</i>	Final report issued on 20 th Jul 2015	REASONABLE	3	0	5	3	Yes
15-CR1	Deprivation of Liberty Safeguards	Final report issued on 28 th Jul 2015	LIMITED	0	6	2	0	Yes
15-A5	Absence Management	Final report issued on 1 st Sep 2015	REASONABLE	0	3	4	0	Not yet due
15-A24	DFG and Adaptations (refer to Appendix B)	Final report issued on 1 st Sep 2015	LIMITED	0	8	4	1	Not yet due

APPENDIX A (cont'd)**DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2015/16 ~ QUARTERS 1 & 2 (cont'd)****2015/16 IA Assurance Reviews - Quarters 1 and 2:**

IA Ref.	IA Review Area	Status as at 16 th Sept 2015	Assurance Level	Risk Rating				CFQ Received?
				H	M	L	NP	
15-A11	Imprest Accounts	Final report issued on 9 th Sep 2015	REASONABLE	0	1	3	1	Yes
15-A14	Purchasing Cards	Final report issued on 16 th Sep 2015	REASONABLE	0	3	4	0	Not yet due
15-A10	Officers' Scheme of Delegations	Draft report in progress						
15-A3a	Personalised Budgets (ASC&CYPS)	Draft report in progress						
15-A12	Corporate Procurement & Commissioning	Draft report in progress						
15-A9	Value Added Tax	Testing in progress						
15-A16	Records Management & Document Retention Policy	Testing in progress						
15-A22	Reablement Service	Testing in progress						
15-A23	Domiciliary Care (refer to Appendix B)	Testing in progress						
15-A25	Schools - ICT Arrangements (refer to Appendix B)	Testing in progress						
15-CR2	Child Sexual Exploitation	Testing in progress						
15-A15	Performance Management	Planning in progress for audits scheduled to commence in Q3 to Q4						
15-A17	Schools - Safeguarding							
15-A18	E-Invoices							
15-A19	Main Accounting System							
15-A20	Creditors							
15-A21	Debtors							
Total Number of IA Recommendations Raised in 2015/16 Quarters 1 and 2				8	35	36	9	
Total % of IA Recommendations Raised in 2015/16 Quarters 1 and 2				9%	40%	41%	10%	

APPENDIX A (cont'd)**DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2015/16 ~ QUARTERS 1 & 2 (cont'd)****2015/16 IA Consultancy Reviews - Quarters 1 and 2:**

IA Ref.	IA Review Area	Status as at 16 th Sept 2015
15-C4a	Data Protection Policy Review	Final consultancy memo issued 28 th April 2015
15-C4b	Information Governance Policy Review	Final consultancy memo issued 11 th May 2015
15-C8	Procurement Tender Evaluation Records (refer to <u>Appendix B</u>)	Final consultancy memo issued 29 th May 2015
15-C3	Education Funding Agency (EFA) Mock Audit - Hillingdon Adult & Community Learning	Final consultancy memo issued 5 th June 2015
15-C10	Mortuary	Final consultancy memo issued 25 th June 2015
15-C5	First Aid Quality Assurance Review - Quarter 1	Final consultancy memo issued 28 th July 2015
15-C6	Stores Management	Final consultancy memo issued 30 th July 2015
15-C14	Textiles Recycling Processes	Final consultancy memo issued 16 th September 2015
15-C11	Corporate Construction (refer to <u>Appendix C</u>)	Verbal advice provided (IAAR due in Q3)
15-C12	Housing - Planned Maintenance (refer to <u>Appendix C</u>)	Verbal advice provided (IAAR due in Q3)
15-C13	Housing Repairs (refer to <u>Appendix C</u>)	Verbal advice provided (IAAR due in Q3)
15-C7	24+ Advanced Learning Loans Mock Audit - Hillingdon Adult & Community Learning	Draft memo issued 15 th September 2015
15-C9	Whistleblowing Investigation	Draft report in progress
15-C2	Review of Children & Young People's Services financial control operations (this review will incorporate the planned review of Looked After Children - Asylum & Indigenous)	Testing in ongoing
15-C17	Libraries Imprest Accounts	Testing in progress
15-C16	National Fraud Initiative - Single Person Discount	Consultancy support is in progress

APPENDIX A (cont'd)**DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2015/16 ~ QUARTERS 1 & 2 (cont'd)****2015/16 IA Grant Claim Verification Reviews - Quarters 1 and 2:**

IA Ref.	IA Review Area	Status as at 16 th Sept 2015
15-GC1	Troubled Families Grant - Quarter 1	Memo issued 29 th May 2015
15-GC3	Housing Benefits Subsidy Grant	IA testing completed on 3 rd September 2015
15-GC2	Bus Subsidy Grant	Testing in progress
15-GC4	Troubled Families Grant - Quarter 2	Testing in progress

APPENDIX B**REVISIONS TO THE 2015/16 INTERNAL AUDIT PLAN ~ QUARTER 2****IA reviews ADDED to the 2015/16 Operational IA Plan for Quarter 2:**

IA Ref.	Planned IA Review Area	Review Type	Review Sponsor	Scope / Rationale
15-A23	Domiciliary Care	Assurance	Tony Zaman, Director of Adult Services and Interim Director Children & Young People's Services	At the request of the Director of Adult Services and Interim Director Children & Young People's Services, IA was asked to perform an assurance audit to review the care provision being provided to service users, in particular the effectiveness, efficiency and value for money.
15-A24	Disabilities Facilities Grant and Adaptations	Assurance	Jean Palmer, Deputy Chief Executive & Corporate Director of Residents Services	At the request of the Deputy Chief Executive & Corporate Director of Residents Services, IA was asked to perform an assurance review of DFG following recent management and procedural changes within the team.
15-A25	Schools - ICT and Asset Management Arrangements	Assurance	Jean Palmer, Deputy Chief Executive & Corporate Director of Residents Services	Following discussions with the Head of Business Performance, Policy and Standards (Education, Housing and Public Health), IA agreed to review ICT and Asset Management in place of Safeguarding, which is deferred to Quarter 3, refer to Appendix C). This review will look at compliance with the Data Protection Act and ensuring safeguarding procedures are in place for pupils using ICT.
15-C17	Libraries Imprest Accounts	Consultancy	Paul Whaymand, Corporate Director of Finance	Following our recent audit of Imprest Accounts (refer to Appendix A), the Corporate Director of Finance requested IA to carry out a separate consultancy review of imprest account arrangements at all 17 libraries in the borough.

APPENDIX C**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2015/16 ~ QUARTER 3****IA work scheduled to commence in the 1st October to 31st December 2015 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
15-A26	Housing - Planned Maintenance	Assurance	HIGH	Jean Palmer, Deputy Chief Executive & Corporate Director of Residents Services	This was a deferred audit from the 2014/15 due to significant and radical changes to the operating model, structures and processes within the service. These processes are currently being embedded and it would now be a prudent time for an IA review to ensure that a robust control framework has been established and that risks are being appropriately mitigated.
15-A27	Housing - Repairs	Assurance	HIGH	Jean Palmer, Deputy Chief Executive & Corporate Director of Residents Services	As above.
15-A28	Corporate Construction	Assurance	HIGH	Jean Palmer, Deputy Chief Executive & Corporate Director of Residents Services	As above.
15-A29	Financial Assessments (Children's and Adults)	Assurance	HIGH	Tony Zaman, Director of Adult Social Care Services and Interim Director Children & Young People's Services	Following the introduction of the Care Act 2014 and the Children & Families Act 2014, significant reforms for both Adults and Children's social work included changes to local authority duties to provide financial assessments for people with eligible needs. This assurance audit will establish how well the Council is doing at managing the significant risks it is exposed to in relation to this system. IA will also review the anti-fraud and anti-corruption key controls in this system as part of its coverage.
15-A30	Right to Buy (RtB)	Assurance	HIGH	Jean Palmer, Deputy Chief Executive & Corporate Director of Residents Services	RtB is a national scheme providing eligible public sector tenants with an opportunity to purchase their property at a discounted rate. The Audit Commission's 'Protecting the Public Purse' reports included RtB as a significant fraud risk, highlighting that the increased discount is likely to make the RtB scheme more attractive to fraudsters.

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2015/16 ~ QUARTER 3****IA work scheduled to commence in the 1st October to 31st December 2015 period:**

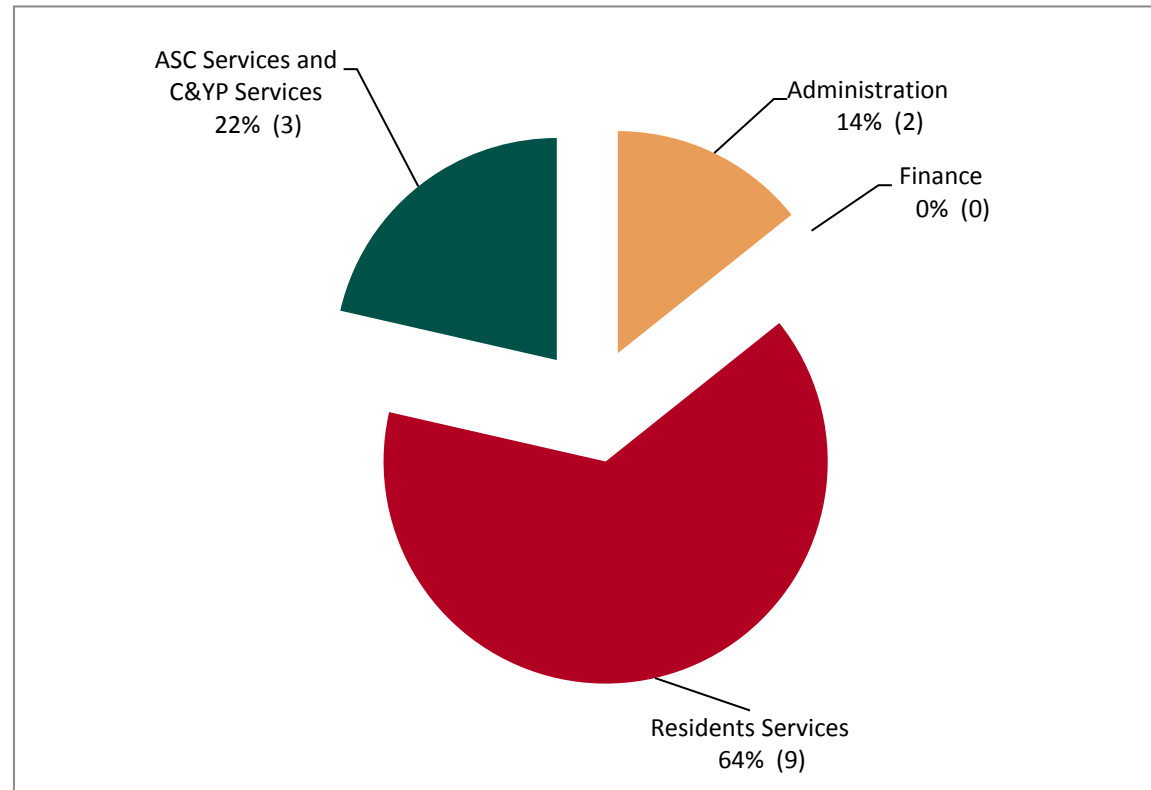
IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
15-A31	Schools - Asset Management	Assurance	HIGH	Jean Palmer, Deputy Chief Executive & Corporate Director of Residents Services	The Council has invested over £149m on its ambitious building programme for schools, the largest of its kind in London, which aims to address the increasing demand for primary school places in the borough. This programme will be a combination of new build, refurbishment and refresh projects and will make significant changes to School's fixed assets. This thematic assurance audit will seek to establish how School's are deploying, operating, maintaining, upgrading, and disposing of assets in a cost-effective, efficient and consistent manner.
15-A32	Special Educations Needs and Disability (SEND) Reforms	Assurance	HIGH	Tony Zaman, Director of Adult Social Care Services and Interim Director Children & Young People's Services	The new Children & Families Act offers simpler, improved and consistent help for children and young people with SEND. As well as protecting the schools budget, it extends provision from birth to 25 years of age via the introduction of a new education, health and care plan. A SEND Code of Practice provides statutory guidance on duties, policies and procedures relating to Part 3 of the Children and Families Act 2014 and associated regulations and applies to England. From September 2014 the Council must have regard to this Code.
15-A33	ICT Audit Support	Assurance	MEDIUM	Jean Palmer, Deputy Chief Executive & Corporate Director of Residents Services	The scope of this work will be agreed with the newly appointed Deputy Director Digital Strategy & Communications, who is due to be in post at the end of September 2015. This review will focus on areas of risk/assurance which the new Deputy Director would like IA to independently provide assurance on. The HIA will contract Mazars to provide ICT Audit expertise as required, with members of the in-house IA team shadowing ICT Auditors to further their skills and experience.

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2015/16 ~ QUARTER 3****IA work scheduled to commence in the 1st October to 31st December 2015 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
15-A34	Performance Management	Assurance	MEDIUM	Fran Beasley, Chief Executive & Corporate Director of Administration	Our planning sources identified some concerns in relation to the performance management framework within the Council. This audit will review the 'Golden Thread' which links plans and targets together and how this thread runs through them, connecting the broad strategic objectives of the Council and its partners with the actions of managers and staff at service, team and individual level.
15-A35	Schools Safeguarding, including Safer Recruitment	Assurance	MEDIUM	Jean Palmer, Deputy Chief Executive & Corporate Director of Residents Services	Statutory guidance from the Department for Education (DfE) was issued in July 2015 under Section 175 of the Education Act 2002, the Education (Independent School Standards) Regulations 2014 and the Education (Non-Maintained Special Schools) (England) Regulations 2011. This thematic review will seek to provide assurance that system as described in statutory guidance " <i>Working Together to Safeguard Children 2015</i> " is being consistently applied and that schools and colleges are effectively working with social care, the police, health services and other services to promote the welfare of children and protect them from harm.
15-A36	Section 117 of the Mental Health Act 1983 - Aftercare and accommodation	Assurance	MEDIUM	Tony Zaman, Director of Adult Social Care Services and Interim Director Children & Young People's Services	Aftercare can include almost anything arising from or related to the person's mental disorder that helps someone live in the community. Aftercare doesn't refer to any specific services, but the services must either arise from or be related to a mental disorder and are nevertheless broad. The care plan may make arrangements for housing needs, particularly if the user is likely to be homeless when discharged from hospital or unable to return home for some reason. This assurance review will seek to provide assurance that the housing needs of vulnerable service users are being appropriately, effectively and efficiently managed.

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2015/16 ~ QUARTER 3****IA work scheduled to commence in the 1st October to 31st December 2015 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
15-CR3	Housing Needs - Allocations & Assessment	Assurance	<i>As per Corporate Risk Register</i>	Jean Palmer, Deputy Chief Executive & Corporate Director of Residents Services	The Housing Act 1996 (as amended) requires local authorities to give reasonable preference in their allocations policies to people with high levels of assessed housing need. This assurance audit will establish how the Council is managing the risk of not meeting housing needs in the borough caused by insufficient provision of accommodation which includes the supply of affordable housing, and the provision and management of temporary accommodation.
15-AF1	National Fraud Initiative Data Matching Exercise	Anti-Fraud	N/A	Jean Palmer, Deputy Chief Executive & Corporate Director of Residents Services	IA will be providing assistance to the Council's Counter Fraud and Investigations Team (CFIT) on the data matching exercise involving Council Tax single persons discount. This is part of the National Fraud Initiative, a highly successful drive to detect fraudulent or erroneous payments from the public purse.
15-C20	Policy Review	Consultancy	N/A	Fran Beasley, Chief Executive & Corporate Director of Administration	Following a request from the Audit Committee, IA was asked to perform a consultancy review to identify the number of Policies across the Council as well as the date of last review to ensure they continue to be of value and provide sufficient governance, guidance and instruction to officers.

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2015/16 ~ QUARTER 3****IA work scheduled to commence in the 1st October to 31st December 2015 period – Analysis by Corporate Director:**

- The relevant Corporate Directors and Deputy Director / Head of Service will be consulted regarding the exact timing of each individual IA review; and
- Where an IA review is deferred or cancelled within the quarter, the relevant Audit Sponsor will be required to provide an alternative audit in their Group.

APPENDIX D**INTERNAL AUDIT ASSURANCE LEVELS AND DEFINITIONS**

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.

1. **Control Environment:** The control environment comprises the systems of governance, risk management and internal control. The key elements of the control environment include:
 - establishing and monitoring the achievement of the authority's objectives;
 - the facilitation of policy and decision-making;
 - ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded in the activity of the authority, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their authority and duties;
 - ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness;
 - the financial management of the authority and the reporting of financial management; and
 - the performance management of the authority and the reporting of performance management.
2. **Risk Appetite:** The amount of risk that the Council is prepared to accept, tolerate, or be exposed to at any point in time.
3. **Residual Risk:** The risk remaining after management takes action to reduce the impact and likelihood of an adverse event, including control activities in responding to a risk.

APPENDIX D (cont'd)**INTERNAL AUDIT RECOMMENDATION RISK RATINGS AND DEFINITIONS**

RISK	DEFINITION
<p>HIGH</p> <p>●</p>	<p>The recommendation relates to a significant threat or opportunity that impacts the Council's corporate objectives. The action required is to mitigate a substantial risk to the Council. In particular it has an impact on the Council's reputation, statutory compliance, finances or key corporate objectives. The risk requires senior management attention.</p>
<p>MEDIUM</p> <p>●</p>	<p>The recommendation relates to a potentially significant threat or opportunity that impacts on either corporate or operational objectives. The action required is to mitigate a moderate level of risk to the Council. In particular an adverse impact on the Department's reputation, adherence to Council policy, the departmental budget or service plan objectives. The risk requires management attention.</p>
<p>LOW</p> <p>●</p>	<p>The recommendation relates to a minor threat or opportunity that impacts on operational objectives. The action required is to mitigate a minor risk to the Council as a whole. This may be compliance with best practice or minimal impacts on the Service's reputation, adherence to local procedures, local budget or Section objectives. The risk may be tolerable in the medium term.</p>
<p>NOTABLE PRACTICE</p> <p>●</p>	<p>The activity reflects current best management practice or is an innovative response to the management of risk within the Council. The practice should be shared with others.</p>