

INTERNAL AUDIT

Progress Report to Audit Committee for 2015/16 Quarter 3 (including the 2015/16 Quarter 4 IA Plan)

4th December 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

- 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 16th September to 4th December 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 3. It also highlights to CMT, the Audit Committee and other IA stakeholders the revisions to the Quarter 3 IA plan since its approval in September 2015 (refer to **Appendix B**).
- 1.2.2 A key feature of the Quarter 3 IA progress report is the inclusion of the Quarter 4 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 January to 31st March 2016 period.

2. Executive Summary

- 2.1 Since the Quarter 2 IA Progress Report on 16th September 2015, **5 assurance reviews** have been completed to final report stage, **7 consultancy reviews** have concluded and **2 grant claims** have been certified.
- 2.2 IA work on the 2015/16 Quarter 3 IA plan commenced on 1st October and work is now well underway on all Quarter 3 planned work including **5** additional requests for work (refer to **Appendix B**). Reasonable progress has been made on the IA plan this quarter, although IA capacity during this period has been significantly reduced whilst we recruit for vacant posts within the IA Team. The reduction in IA resource coupled with an increased request for IA advice has made Quarter 3 a very challenging period for the service.
- 2.3 Nevertheless, key assurance reviews finalised this quarter have included **Corporate Procurement, Schools - ICT and Asset Management Arrangements, and Domiciliary Care**, with all three reviews resulting in a **LIMITED** assurance opinion being given. Positive management action has been proposed to address all of the **HIGH** and **MEDIUM** risk recommendations raised within each respective review. These recommendations will be followed-up by IA in due course.
- 2.4 Hillingdon schools remained a key focus of IA work during this quarter, with a **thematic assurance review of ICT and Asset Management Arrangements** in schools having been conducted. The IA thematic review process continues to receive positive feedback in our Client Feedback Questionnaires. Nevertheless, CMT and the Audit Committee should be aware that on 22nd October 2015, Schools Forum took a funding decision regarding the future of IA coverage of schools. Their decision has resulted in **IA future coverage of schools being reduced to the statutory minimum**.

- 2.5 As a result, we will not be continuing with the thematic reviews of Schools and therefore two planned reviews have been cancelled including Schools Safeguarding and Safer Recruitment. We believe that Schools Forum's decision will be detrimental to the effectiveness of risk management and control in schools and will impact upon the robustness of the control environment across all schools in the Borough. However, greater reliance will have to be placed on the existing governance structures within each school to ensure the effective and efficient management of their risks.
- 2.6 The consultancy work on financial controls in Children and Young People's Service (CYPS) continues to be a significant piece of work for us this quarter. IA also continues to undertake a variety of valuable advisory work across the Council. 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 3

3.1 Assurance Work in Quarter 3

- 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 **5** 2015/16 IA assurance reviews have been completed to final report stage, with **3** draft reports in progress and the remaining **10** reviews at planning or testing stage (refer to **Appendix A** for details).
- 3.1.2 Our assurance reviews finalised this quarter have included Corporate Procurement, Schools - ICT and Asset Management Arrangements, and Domiciliary Care. For **Corporate Procurement** we raised **1 HIGH**, **5 MEDIUM** and **4 LOW** risk recommendations. Whilst, in general, procurement is conducted in line with internal regulations and legislation, there are weaknesses which are impacting on the control environment. There are several historical non-compliant 'contracts' where formal contracts are not in place and/or spend sometimes significantly exceeds original approval levels authorised. Further, key documents contradict each other and there is a mixed approach to training and record keeping. As a result, there is the potential for a combination of these weaknesses to have a significant impact on the objectives of corporate procurement.
- 3.1.3 For **Domiciliary Care** we raised **1 HIGH** and **5 MEDIUM** risk recommendations. We identified several areas of contractual non compliance by providers which is having a significant impact upon the intended delivery of homecare within the Borough. A particular area of concern is the level of non compliance by the main providers to fully utilise and interface an electronic call monitoring system (ECMS), with 2 of the 4 current providers not delivering against this requirement. Further, we found that neither of the two spot providers sampled, each delivering over 200 hours of homecare a week, were utilising an ECMS.
- 3.1.4 As part of this review we undertook substantial data analytic work including variance analysis of care visit times. This identified that several homecare providers were charging the Council on planned homecare hours instead of actual hours of care delivered. Further, our analysis work identified further concerns in relation to instances of large variances indicated unsuitable care packages being commissioned; care visit times being coded to incorrect unrecognised Care Package Line Item (CPLI) codes; suspensions to care packages not being ended in a timely manner; and cases in which double up care being provided where they had not been commissioned.
- 3.1.5 We also finalised included the schools thematic audit on **ICT and Asset Management**, with **4 HIGH**, **5 MEDIUM** and **7 LOW** risk recommendations and **4 NOTABLE PRACTICE** observations. We visited **7** schools and identified the main control weakness related to compliance with the Data Protection Act (DPA), with one School found not to be registered with the Information Commissioners Officer (ICO), a **direct contravention of the DPA**.

- 3.1.6 Further we also found examples at two schools where we were unable to confirm that personal information held on disposed ICT Assets had been appropriately and sufficiently destroyed prior to sale or disposal. Finally, we found that two schools had computers with unrestricted internet access.
- 3.1.7 Following the funding decision taken by the Schools Forum regarding the future of School's IA, we will no longer be following up on the implementation of School recommendations. As accountability for the internal control environment rests with School Management and their Governing Body, improvement action should be appropriately monitored within existing School governance and Committee structures.

3.2 Consultancy Work in Quarter 3

- 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/ 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 Quarter 2 progress update to the Audit Committee on 16th September 2015, **7** further consultancy reviews have been completed and **6** other reviews are in progress.
- 3.2.4 Following requests by the Deputy Chief Executive and Corporate Director of Residents Services, we have conducted consultancy work through assisting with stock checks at the Council's Stores and providing security advice on Harlington Road Depot (HRD). We also carried out a consultancy review of Stores Management at HRD which highlighted a number of areas where improvements could be made. Following on from this management decided to merge the Street Lighting Store (SLS) with the General Store (GS). **IA was asked to assist staff at HRD to undertake a full stock check** of the SLS and oversee the stock move to a more secure location above the GS. The stock check and move was carried out by the Stores Procurement Officer and the Office Manager at HRD in October with various staff assisting.
- 3.2.5 Our main role was to monitor the stock check in order to independently verify it and we are satisfied that the stock check and movement of stores was carried out correctly. This review has been positively received by management and our improvement suggestions are being actively considered to strengthen controls and efficiencies in this area. IA intends to carry out a full assurance audit on Stores at HRD in the near future to ensure improvements to the control environment have been made.
- 3.2.6 We were asked by the Deputy Chief Executive and Corporate Director of Residents Services to look into an incident at HRD and make an assessment of the overall security arrangements at the HRD site. In our opinion, there is a lack of ownership over site security at HRD, including overall responsibility for Council vehicle and other assets. There is no central co-ordinated approach to site or asset security exposing the Council to an increased likelihood of significant loss or damage to assets.
- 3.2.7 Other consultancy reviews finalised included Library Imprest Accounts and 24+ Advanced Learning Loans Mock Audit - Hillingdon Adult & Community Learning. These reviews were requested by the Corporate Director of Finance and Deputy Director Corporate Finance & Head of Operational Finance respectively, with both proving to be valuable pieces of work. We have also led two internal disciplinary investigations during this quarter.

3.3 Grant Claim Verification Work in Quarter 3

- 3.3.1 During this quarter IA has also assisted the Council in certifying **2** grant claims. As detailed at **Appendix A**, IA continues to carry out verification work on the **Troubled Families Grant**. Phase 2 was introduced this quarter and involved checking 17 families (100% sample) identified as 'turned around' against the expanded criteria for Phase 2.
- 3.3.2 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. During the quarter IA completed testing to confirm compliance with the conditions of the grant.

3.4 Follow-up of Previous Internal Audit Recommendations in Quarter 3

- 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** (excluding Schools) there was **19 HIGH** and **70 MEDIUM** risk recommendations raised by IA. **69** of these **89** recommendations have reached their target date, of which **65** have been confirmed by management as implemented, leaving only **4 MEDIUM** risk recommendation currently outstanding as at 30th November 2015. IA has confirmed that work is actively ongoing by management to address these risks.
- 3.4.3 For the year **2015/16** so far, there has been **1 HIGH** and **49 MEDIUM** risk recommendations raised by IA. A total of **22** of these **50** recommendations have reached their target date, of which **20** have been confirmed by management as implemented, leaving only **2 MEDIUM** risk recommendation currently outstanding (work is actively ongoing by management to address this risk). Overall this is a **very positive achievement by the Council** in relation to managing these **HIGH** and **MEDIUM** risks.

3.5 Other Internal Audit Work in Quarter 3

- 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 4 (refer to **Appendix C**) in consultation with management. The quarterly planning cycle is helping ensure that IA resources are directed in a 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 has been reviewed and updated, with improvement initiatives formally assigned to members of the IA team. An update on progress of the QAIP will be provided to CMT and Audit Committee in March 2016.
- 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 2015, one of the Assistant IA Managers has been working on secondment with the CYPS senior management team.
- 3.5.4 The results of our Quarter 3 work that is still in progress will be reported in the Quarter 4 progress report due to be presented to CMT and the Audit Committee in March 2016.

4. Analysis of Internal Audit Performance in 2015/16 Quarter 3

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 reports 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 4th December 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%	98%	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%	77%	GREEN
KPI 5	Percentage of annual (Q1 to Q4) IA Plan delivered to draft report stage by 31 st March	90%	85%	AMBER
KPI 6	Percentage of annual (Q1 to Q4) IA Plan delivered to final report stage by 31 st March	80%	75%	AMBER
KPI 7	Percentage of draft reports issued as a final report within 15 working days	75%	58%	RED
KPI 8	Client Satisfaction Rating (from CFQs)	85%	85%	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 4th December 2015 due to a shortage of IA resource/capacity during quarters 2 and 3. 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 Group. 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 quarters 2 and 3. Nevertheless, the HIA remains confident that IA will reduce the backlog of audit reviews during quarter 4 and that both of these KPIs will be fully achieved by year end.
- 4.4 As at 4th December 2015, **15** 2015/16 IA assurance reports have been issued as final reports. The delays in finalising a number of quarter two and quarter three IA reports also explains why actual performance against IA KPIs 5 and 6 (as highlighted on previous page) are not quite in line with the target set.
- 4.5 Performance against KPI 8 is currently being reported as **RED**. This is due to five instances where management responses to the draft reports have not been received within the set timescales. Whilst we facilitate this process, we are reliant on timely management responses to achieve this indicator. On 4 of the 15 assurance reviews finalised to date, we experienced significant delays in receiving management responses. However, other than these four anomalies we are happy to report that the time taken to finalise final reports from draft stage is on average only 15 working days. The HIA remains confident that all IA KPIs will be achieved for the 2014/15 year once the range of operational and strategic changes being implemented across the IA service become fully embedded.
- 4.6 We are currently **exceeding several of our KPI targets** including KPI 8 Client Satisfaction Rating. In particular, we continue to receive positive feedback in relation to a number of high risk, topical reviews, a couple examples of which are highlighted below:
- Personalised Budgets (CYPS and ASCS):
- *"The Personalised budgets audit and subsequent report I believe has provided really beneficial feedback and recommendations that will assist Social Care in developing and implementing even more robust processes to make the delivery of true personal budgets more streamlined and robust. It is also good to see that there are noticeable practices already in place that can shared with other service areas".*
- Reablement Service:
- *"I found that the auditor was confident and a competent person who was very polite and courteous at all times, it was a pleasure working with her".*
- 4.7 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 statutory 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 IIA Standard 1312-1 states that an IA service must undergo an external assessment at least once every 5 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.

- 5.2 A key member of the IA team is due to leave the Council later this month to relocate in the West Midlands. As a result, we are in the process of **recruiting a Trainee Internal Auditor** to fill the resulting vacancy in the team. The Trainee Internal Auditor recruitment will also provide other members of the IA team with an opportunity to take on more responsibility, in line with the recently updated IA Strategy 2015-20.
- 5.3 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 3. 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

4th December 2015

APPENDIX A**DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2015/16**

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, 2 and 3:

IA Ref.	IA Review Area	Status as at 4 th December 2015	Assurance Level	Risk Rating				CFQ Received?
				H	M	L	NP	
~ QUARTER 1 ~								
15-A6	Review of the Effectiveness of Internal Audit	Final report issued on 9 th June 2015	REASONABLE	0	3	6	0	N/A
15-A7	Review of the Effectiveness of the Audit Committee	Final report issued on 24 th June 2015	REASONABLE	0	2	3	0	Yes
15-A13	Music Service	Final report issued on 24 th June 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 June 2015	REASONABLE	5	1	0	3	Yes
~ QUARTER 2 ~								
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 July 2015	REASONABLE	3	0	5	3	Yes

APPENDIX A (cont'd)**DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2015/16 (cont'd)****2015/16 IA Assurance Reviews - Quarters 1, 2 and 3:**

IA Ref.	IA Review Area	Status as at 4 th December 2015	Assurance Level	Risk Rating				CFQ Received?
				H	M	L	NP	
15-CR1	Deprivation of Liberty Safeguards	Final report issued on 28 th July 2015	LIMITED	0	6	2	0	Yes
15-A24	DFG and Adaptations	Final report issued on 1 st Sep 2015	LIMITED	0	8	4	1	Yes
15-A5	Absence Management	Final report issued on 1 st Sep 2015	REASONABLE	0	3	4	0	Yes
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	Yes
~ QUARTER 3 ~								
15-A3a	Personalised Budgets (ASC & CYPS)	Final report issued on 6 th Nov 2015	REASONABLE	0	5	8	2	Yes
15-A12	Corporate Procurement & Commissioning	Final report issued on 13 th Nov 2015	LIMITED	1	5	4	0	Yes
15-A22	Reablement Service	Final report issued on 25 th Nov 2015	REASONABLE	0	3	2	0	Yes
15-A25	Schools - ICT and Asset Management Arrangements <i>7 Schools visited: Bourne Primary School, Colham Manor Primary School, Dr Triplets CofE Primary School, Glebe Primary School, Harefield Junior School, Harlington School, and West Drayton Primary School.</i>	Final report issued on 25 th Nov 2015	LIMITED	4	5	7	4	Not yet due
15-A23	Domiciliary Care	Final report issued on 4 th Dec 2015	LIMITED	1	5	0	0	Not yet due
15-A36	Section 117 of the Mental Health Act 1983 - Aftercare and accommodation	Draft report in progress						
15-A16	Records Management & Document Retention Policy	Draft report in progress						

APPENDIX A (cont'd)**DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2015/16 (cont'd)****2015/16 IA Assurance Reviews - Quarters 1, 2 and 3:**

IA Ref.	IA Review Area	Status as at 4 th December 2015	Assurance Level	Risk Rating				CFQ Received?
				H	M	L	NP	
~ QUARTER 3 ~ (cont'd)								
15-A10	Officers' Scheme of Delegations	Draft report in progress						
15-A9	Value Added Tax	Testing in progress						
15-A26	Housing - Planned Maintenance	Audit deferred to Q4						
15-A27	Housing - Repairs	Testing in progress						
15-A28	Capital Programme (formally Corporate Construction)	Testing in progress						
15-A29	Financial Assessments (Children's and Adults)	Testing in progress						
15-A30	Right to Buy (RtB)	Testing in progress						
15-A31	Schools - Asset Management	Audit Cancelled						
15-A32	Special Educations Needs and Disability (SEND) - Local Offer	Testing in progress						
15-A34	Performance Management	Testing in progress						
15-A35	Schools Safeguarding, including Safer Recruitment	Audit Cancelled						
15-A37	Occupational Therapy Equipment	Testing in progress						
15-CR2	Child Sexual Exploitation	Testing in progress						
15-CR3	Housing Needs - Allocations & Assessment	Testing in progress						
Total Number of IA Recommendations Raised in 2015/16				14	58	57	15	
Total % of IA Recommendations Raised in 2015/16				11%	45%	44%	-	

APPENDIX A (cont'd)**DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2015/16 (cont'd)****2015/16 IA Consultancy Reviews - Quarters 1, 2 and 3:**

IA Ref.	IA Review Area	Status as at 4 th December 2015
~ QUARTER 1 ~		
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	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
~ QUARTER 2 ~		
15-C5	First Aid Quality Assurance Review	Final consultancy memo issued 28 th July 2015
15-C6	Stores Management	Final consultancy memo issued 30 th July 2015
15-C11	Corporate Construction	Verbal advice provided (IAA Review due in Q3)
15-C12	Housing - Planned Maintenance	Verbal advice provided (IAA Review due in Q4)
15-C13	Housing Repairs	Verbal advice provided (IAA Review due in Q3)
15-C14	Textiles Recycling Processes	Final consultancy memo issued 16 th Sep 2015
~ QUARTER 3 ~		
15-C9	Whistleblowing Investigation	Final consultancy memo issued 5 th Oct 2015
15-C7	24+ Advanced Learning Loans Mock Audit - Hillingdon Adult & Community Learning	Final consultancy memo issued 13 th Oct 2015
15-C19	Stores Stock Check	Final consultancy memo issued 15 th Oct 2015
15-Inv A	Investigation A	Concluded 22 nd Oct 2015
15-C17	Libraries Imprest Accounts	Final consultancy memo issued 26 th Oct 2015
15-C21	Security at Harlington Road Depot	Final consultancy memo issued 24 th Nov 2015
15-C2a	Review of Children & Young People's Services Prepaid Cards	Final consultancy memo issued 25 th Nov 2015
15-C2b	Review of Children & Young People's Services financial control operations (this review will incorporate the planned review of Looked After Children - Asylum & Indigenous)	Testing is ongoing

APPENDIX A (cont'd)**DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2015/16 (cont'd)****2015/16 IA Consultancy Reviews - Quarters 1, 2 and 3:**

IA Ref.	IA Review Area	Status as at 4 th December 2015
~ QUARTER 3 ~ (cont'd)		
15-C15	Troubled Families Project Group (attendance)	Consultancy support is ongoing
15-C16	National Fraud Initiative - Single Person Discount	Consultancy support is ongoing
15-C18	Local Authority's Arrangements for Supporting School Improvement (LAASSI)	Testing is ongoing
15-Inv B	Investigation B	In progress
15-C20	Policy Review	Review deferred to Q4

APPENDIX A (cont'd)**DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2015/16 (Cont'd)****2015/16 IA Grant Claim Verification Reviews - Quarters 1, 2 and 3:**

IA Ref.	IA Review Area	Status as at 4th December 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-GC4	Troubled Families Grant - Quarter 2	IA testing completed on 18 th September 2015
15-GC2	Bus Subsidy Grant	IA testing completed on 22 nd September 2015
15-GC5	Troubled Families Grant - Quarter 3	IA testing in progress

APPENDIX B**REVISIONS TO THE 2015/16 INTERNAL AUDIT PLAN ~ QUARTER 3****IA reviews ADDED to the 2015/16 Operational IA Plan for Quarter 3:**

IA Ref.	Planned IA Review Area	Review Type	Review Sponsor	Scope / Rationale
15-A37	Occupational Therapy Equipment	Assurance	Tony Zaman, Corporate Director of Social Care	Following the appointment of a new contract Manager, areas of high to medium risk have been highlighted regarding the controls surrounding the purchase, use and disposal of occupational therapy equipment.
15-C19	Stores Stock Check	Consultancy	Jean Palmer, Deputy Chief Executive & Corporate Director of Residents Services	Following on from the IA consultancy review on Stores Management, a decision to merge the Street Lighting Store (SLS) with the General Store (GS) was taken. IA was asked to assist staff at HRD to undertake a full stock check of the SLS and then oversee the stock move to a more secure location above the GS.
15-C21	Security at Harlington Road Depot	Consultancy	Jean Palmer, Deputy Chief Executive & Corporate Director of Residents Services	We were asked by the Deputy Chief Executive and Corporate Director of Residents Services to look into an incident at HRD and make an assessment of the overall security arrangements at the HRD site.
15-InvA	Investigation A	Investigation	Pauline Moore, Head of Business Improvement and HR	We were asked by the Head of Business Improvement and HR to undertake an internal disciplinary investigation.
15-InvB	Investigation B	Investigation	Pauline Moore, Head of Business Improvement and HR	We were asked by the Head of Business Improvement and HR to undertake an internal disciplinary investigation.

APPENDIX C**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2015/16 ~ QUARTER 4****IA work scheduled to commence in the 1st January to 31st March 2016 period:**

IA Ref.	Planned Audit Area	Risk Assessment	Audit Type	Review Sponsor	Rationale
15-A26	Housing Planned Maintenance	HIGH	Assurance	Jean Palmer, Deputy Chief Executive & Corporate Director of Residents Services	This audit was deferred from 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. This audit was deferred from 2015/16 Q3 to Q4 following a request from the service.
15-A33	ICT Resilience	HIGH	Assurance	Jean Palmer, Deputy Chief Executive & Corporate Director of Residents Services	Following discussions with the new Deputy Director Digital Strategy & Communications, we agreed an assurance review of the Council's single point of failure and whether the control environment is sufficiently robust in the event of an IT related incident.
15-A38	SEND and Passenger Services Transport	HIGH	Assurance	Tony Zaman, Corporate Director of Social Care	This review will seek to provide assurance that the needs of vulnerable service users are being appropriately, effectively and efficiently managed and safeguarded. This review will also seek to provide assurance that the service is providing value for money and being delivered in an economical fashion.

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2015/16 ~ QUARTER 4****IA work scheduled to commence in the 1st January to 31st March 2016 period:**

IA Ref.	Planned Audit Area	Risk Assessment	Audit Type	Review Sponsor	Rationale
15-A39	Waste Services	HIGH	Assurance	Jean Palmer, Deputy Chief Executive & Corporate Director of Residents Services	This review will seek to provide assurance that the Council are fully compliant with Section 89 of the Environmental Protection Act 1990 to ensure that, any relevant highway or land for which they are responsible is kept clear of litter and refuse. Due to the nature of the service we will seek to provide assurance that H&S risks are being appropriately identified, managed and mitigated to an appropriate level.
15-A40	Fleet Management	HIGH	Assurance	Jean Palmer, Deputy Chief Executive & Corporate Director of Residents Services	This review will seek to provide assurance over the Fleet Management Service (FMS) which is responsible for providing a fit for purpose, safe, reliable and cost effective vehicle fleet. This enables LBH to deliver key front line operational services to residents. The FMS primarily support waste services, highways and passenger services.
15-A41	Safeguarding Adults	MEDIUM	Assurance	Tony Zaman, Corporate Director of Social Care	The Council's safeguarding process is fundamental to high-quality health and social care and has significant reputational risks to manage. This review will help to ensure that the safeguarding process is operating effectively and has sufficient controls in place to protect people's health, wellbeing and human rights, and enabling them to live free from harm, abuse and neglect.
15-A42	Hospital discharge	MEDIUM	Assurance	Tony Zaman, Corporate Director of Social Care	This review will seek to provide assurance over the Councils involvement within the hospital discharge process. This process includes communication, data exchange and liaison between three separate organisations.

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2015/16 ~ QUARTER 4****IA work scheduled to commence in the 1st January to 31st March 2016 period:**

IA Ref.	Planned Audit Area	Risk Assessment	Audit Type	Review Sponsor	Rationale
15-A43	PerTemps Contract Management	MEDIUM	Assurance	Fran Beasley, Chief Executive & Corporate Director of Administration	This review will provide assurance over the management of the PerTemps contract, a contract for the supply of permanent and temporary staff for "Blue Collar services" which span a number of different service lines. This audit will review the management and compliance of this contract, in addition to providing an opinion on the value for money provided through this arrangement.
15-A44	Child Contact Centre	MEDIUM	Assurance	Tony Zaman, Corporate Director of Social Care	Child contact centres and services are neutral places where children of separated families can enjoy contact with their non-resident parents and sometimes other family members, in a comfortable and safe environment. This review will seek to provide assurance over the arrangements in place, in addition to providing an opinion on the value for money provided by the Centre.
15-A45	High Level Mileage	MEDIUM	Follow-up	Fran Beasley, Chief Executive & Corporate Director of Administration / Jean Palmer, Deputy Chief Executive & Corporate Director of Residents Services	This IA review will follow-up on the recommendations raised within the 2014/15 Limited Assurance review. We will seek to provide assurance that management action has been implemented and is now embedded within the control environment.

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2015/16 ~ QUARTER 4****IA work scheduled to commence in the 1st January to 31st March 2016 period:**

IA Ref.	Planned Audit Area	Risk Assessment	Audit Type	Review Sponsor	Rationale
15-A46	Planning Applications - Community Infrastructure Levy	MEDIUM	Follow-up	Jean Palmer, Deputy Chief Executive & Corporate Director of Residents Services	This review will follow-up on the recommendations raised within the 2014/15 Limited Assurance review. We will seek to provide assurance that management action has been implemented and is now embedded within the control environment.
15-A47	Children's Centres	MEDIUM	Follow-up	Tony Zaman, Corporate Director of Social Care	This review will follow-up on the suggested improvement actions raised within the 2014/15 consultancy review. We will seek to provide assurance that identified concerns are now appropriately controlled and operating as intended. The scope will be extended to include contact arrangements, payments and the general running of the children's centre.
15-C20	Policy Review	MEDIUM	Consultancy	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.
15-C22	Passenger Assistance	MEDIUM	Consultancy	Tony Zaman, Corporate Director of Social Care	Some concerns have been raised regarding the level and consistency of pre-employment checks and training provided by an external contractor within this area. This consultancy review will seek to undertake basic compliance testing to ascertain the extent of the situation. A full assurance review of the service is also planned for the quarter (ref 15-A38).

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2015/16 ~ QUARTER 4****IA work scheduled to commence in the 1st January to 31st March 2016 period:**

IA Ref.	Planned Audit Area	Risk Assessment	Audit Type	Review Sponsor	Rationale
15-C23	Domiciliary Care Process Mapping	MEDIUM	Consultancy	Tony Zaman, Corporate Director of Social Care	Following the Limited Assurance review of Domiciliary Care, we have been requested to undertake a full process mapping exercise of the system to capture and analyse any control gaps as well as confirm accountability throughout the process.
15-C24	Autism Guidance	MEDIUM	Consultancy	Tony Zaman, Corporate Director of Social Care	The Department for Health (DfH) released statutory guidance for Local Authorities and NHS organisations to support implementation of the Adult Autism Strategy in March 2015. This consultancy review will seek to provide advice and guidance over how the Council has implemented the changes by the DfH.
15-EQA	Review of the Effectiveness of IA at the LB of Hackney	N/A	External Quality Assessment	N/A	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, we are part of a reciprocal arrangement through the London Audit Group and are scheduled to carry out an external assessment of Hackney's IA service.

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>