

BUSINESS ASSURANCE

Internal Audit Progress Report to Audit Committee: 2016/17 Quarter 3 (including the Quarter 4 Internal Audit Plan)

6th December 2016



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The Internal Audit key contacts in connection with this report are:

Muir Laurie

Head of Business Assurance

t: 01895 556132

e: mlaurie@hillingdon.gov.uk

Martyn White

Senior Internal Audit Manager

t: 01895 250354

e: mwhite@hillingdon.gov.uk

Elaine Polton

Assistant Internal Audit Manager

t: 01895 556128

e: epolton@hillingdon.gov.uk

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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 corporate objectives and realise its vision for the borough of Hillingdon. It is also a requirement of the Accounts and Audit (England) Regulations 2015 that the Authority undertakes an effective IA to evaluate the effectiveness of its risk management, internal control and corporate governance processes, taking into account UK Public Sector IA Standards (PSIAS) or guidance.
- 1.1.2 The PSIAS define the nature of IA and set out basic principles for carrying out IA within the public sector. The PSIAS helps 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 2016/17 IA assurance, consultancy and grant claim verification work covered during the period 13th September to 6th December 2016. In addition, it provides an opportunity for the Head of Business Assurance, as the Council's Head of Internal Audit (HIA), to highlight 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 2016 (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 2017 period.

2. Executive Summary

- 2.1 Since the last IA Progress Report to CMT and the Audit Committee in September 2016, **10 assurance reviews** have concluded (including 2 follow-ups), **1 consultancy review** has been finalised and **1 grant claim** has been certified. We are therefore nearing completion of the programme of IA work for Quarters 1 and 2, with significant progress made on Quarter 3.
- 2.2 Our work on the 2016/17 Quarter 3 IA plan commenced on 1st October and work is now well underway on all Quarter 3 planned work (refer to **Appendix A**) with positive progress made. It should however be noted that whilst we have maintained capacity during the quarter, we have lost resource through an internal secondment to Business Improvement which, in addition to a changing skills mix within the team, has impacted delivery within the quarter. We are confident that the enhanced robustness of IA resource through recent recruitment exercises will enable delivery of the 2016/17 plan despite continuing requests for business assurance advice and expertise to undertake supplementary work.
- 2.3 Key assurance reviews finalised this quarter have included **Physical Access Controls (including Security Arrangements)**, **Lease Agreements** and **Sheltered Housing**. One assurance audit finalised in this quarter received a **NO** assurance opinion with a further three reviews receiving a **LIMITED** assurance opinion over the management of the key risks. These results are in line with our expectations and the risk-based approach which we deploy. Specifically, IA resources have been targeted on the areas of the highest risk as part of a reduced IA assurance programme. Positive action has been proposed by management to address all of the **HIGH** and **MEDIUM** risk recommendations raised within each respective review and these will be followed-up by us in due course.

- 2.4 The consultancy work within Business Support / Technical Admin in relation to data protection was 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 2016/17 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 **8** 2016/17 IA assurance reviews have been completed to final report stage (excluding follow-ups), with **3** others progressed to draft report stage and **12** reviews at the testing stage. In addition, **2** follow-ups reviews have been finalised this quarter (refer to **Appendix A** for details).
- 3.1.2 Key assurance reviews finalised this quarter have included Physical Access Controls (including Security Arrangements), Lease Agreements, Sheltered Housing and the Anti Social Behaviour and Investigations Team (ASBIT). For **Physical Access Controls including Security Arrangements** we raised **3 HIGH** and **5 MEDIUM** risk recommendation and gave an overall **NO** assurance opinion. We are aware that a number of the issues highlighted within our report are intrinsic to the Civic Centre and, due to the current austerity measures imposed, may be risk tolerated by management due to the cost benefit provided. However, we have identified numerous and significant gaps in relation to physical access controls and security arrangements at the Civic Centre.
- 3.1.3 Specifically, our testing identified a combination of preventative and detective control gaps which consequently mean there are considerable opportunities for an unauthorised person to gain access to restricted staff areas. The high likelihood of physical access controls being breached substantially increases the opportunity for Council assets to be misappropriated and/or damaged; in addition to compromising the safe working environment for Council staff, Councillors and visitors.
- 3.1.4 The IA review of **Lease Agreements** raised **1 HIGH** and **1 MEDIUM** risk recommendation. Our testing highlighted that there is an absence of centrally held lease records. Whilst records were maintained by the various service areas across the Council, these were found to be inconsistent in terms of the accuracy and completeness of information. In order to assess for value for money, we reviewed a sample of tenders with our testing finding that leases consistently continue to run after contract expiry and we were therefore unable to provide assurance that these historic lease arrangements continue to provide value for money to the Council, and therefore an overall **LIMITED** assurance opinion was provided.
- 3.1.5 The IA review of **Sheltered Housing** raised **3 HIGH** and **6 MEDIUM** risk recommendations, with a **LIMITED** assurance opinion provided. This review highlighted that there are many areas of the Sheltered Housing (SH) service which we consider to require management attention. However, at the time of review the service was under consultation which may have had an impact on the service and the control environment. We found that there were documented procedures and guidance manuals in critical need of review, with gaps identified in relation to mandatory training and health and safety compliance.
- 3.1.6 During our review of the application and assessment process, we noted gaps in supporting documentation and it was apparent that several pieces of evidence to support the SH applications were not stored on the Civica document management system. In addition, we believe the SH assessment process itself requires review to ensure that complete, accurate, relevant and timely information is captured to ensure the appropriate approval and allocation of the service user.

- 3.1.7 The IA review of the **ASBIT** raised **1 HIGH** and **4 MEDIUM** risk recommendations, with a **LIMITED** assurance opinion provided. This review highlighted a distinct lack of consistency in how onyx is operated throughout the team, significantly reducing the integrity and quality of data within the system. Management are aware of some of the historic issues highlighted below and have actively sought a new IT solution, CIVICA APP, which is at an advanced stage of implementation scheduled for December 2016.
- 3.1.8 Due to reported onyx system functionality issues the service lacks a performance management culture with no robust or formal mechanisms in place to monitor and report performance information to key stakeholders. The absence of management information prevents ASBIT management from fully scrutinising the workload and performance of the Service. This coupled with the absence of regular training and execution of quality spot checks appears to be impacting the accuracy within the system, as well as the quality and quantity of management information.
- 3.1.9 Other assurance reviews finalised this quarter included Fees and Charges, Corporate Debtors, Council Stores and the Effectiveness of the Audit Committee (which is being reported as a separate agenda item to the Audit Committee). Each of these three reviews provided a **REASONABLE** assurance opinion and together raised **20 MEDIUM**, **12 LOW** risk recommendations. Positive management action has been proposed to address all **HIGH** and **MEDIUM** risk recommendations raised this quarter.
- 3.1.10 Further, as at 6th December, **3** assurance reviews have been progressed to draft report stage, **12** at the testing stage with **1** at planning stage. The summary results of these **16** assurance audits will be included in the Quarter 4 progress report due to be presented to Audit Committee on 16th March 2017.

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. Also, participation in working and project groups as well as secondments within the Council continues to help individual IA staff develop, whilst at the same time increasing the value IA provides to the Council.
- 3.2.2 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 improvement suggestions for senior management to consider. Attached at **Appendix A** is a list of consultancy work carried out in Quarter 3 with **1 consultancy review completed** within the period. A further 2 consultancy reviews were added to the Quarter 3 IA plan as detailed at **Appendix B**.
- 3.2.3 IA was requested to provide independent assurance that following two very similar Data Protection (DP) breaches within the remit of Business Support / Technical Admin in the space of a few months earlier this year. Overall, we concluded that since the occurrence of the first and second incidents, processes have been enhanced and along with the further planned improvements, the control framework has been sufficiently strengthened. These improvements will help prevent a reoccurrence of a similar incident in the future, providing the processes now in place continue to be adhered to.

3.3 Grant Claim Verification Work in Quarter 3

- 3.3.1 During this quarter IA has also assisted the Council in certifying three grant claims. As detailed at **Appendix A**, IA continues to carry out verification work on the **Troubled Families Grant** as well as undertaking verification work regarding the **Disabled Facilities Grant (DFG)**, which equates to £1.76m within the quarter.

3.3.2 The **DFG** provides a framework for local authorities to provide mandatory grants for housing adaptations for disabled people to enable them to live independently in their own homes, whether they be privately owned, rented or social housing. Our DFG certification work confirmed compliance, in particular expenditure, against the set grant conditions. As a result of our testing, we are pleased to state that the grant claim to Department for Communities and Local Government (DCLG) was signed off by the HIA and Chief Executive, prior to the 30th September 2016 deadline, with an unqualified opinion.

3.3.3 There has been one other grant claim verification work undertaken within the quarter in relation to the Hillingdon Teaching Schools Alliance (HTSA). This work, currently at testing stage, was an addition to the Quarter 3 IA Plan detailed at **Appendix B**.

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. In addition to this, we have taken a renewed approach to follow-up work within the year, actively following up on prior **Limited** or **No** assurance reports within 6 months to a year after their issue. This approach provides additional assurance to CMT and the Audit Committee over the implementation of IA recommendations and whether the control environment is now operating as intended.

3.4.2 Attached at **Appendix A** is a list of follow-up work carried out in Quarter 3. This highlights that **2 follow-up** reviews have been completed within the period, with one further review currently at an advanced stage. The two follow-up reviews completed this quarter were on the **Limited** assurance 2015/16 review of **Deprivation of Liberty Safeguards** and 2015/16 IA consultancy review of **Library Imprest Accounts**.

3.4.3 Within the **Deprivation of Liberty Safeguards** follow-up we are pleased to report that all 6 recommendations raised were deemed **Implemented** as at 13th October 2016. The IA follow up review of the **Library Imprest Accounts** concluded that only 1 out of 6 improvement suggestions were deemed Implemented at the time of this review. Further action is required to ensure that the associated risks are being appropriately controlled in the remaining five suggested improvements raised.

3.4.4 Due to the lack of action taken to address identified weaknesses, it has been agreed with management that the improvement suggestions deemed not implemented will be tracked on TeamCentral against the agreed implementation date. Thus, we will monitor the implementation against each of these five improvement suggestions through this dedicated resource to ensure a robust control environment is in place, providing assurance to CMT and the Audit Committee on the progress made.

3.5 Other Internal Audit Work in Quarter 3

3.5.1 We continue to undertake a quarterly approach to IA planning to ensure emerging risks and new areas of concern are captured, particularly within the fast changing environment the Council operates in. Over the last month we have undertaken our risk based planning meetings, alongside operational and corporate risk discussions due to the synergies between these two functions. Further to this, we have produced the detailed operational IA plan for Quarter 4 (refer to **Appendix C**) in consultation with management.

3.5.2 This quarterly planning cycle helps ensure that IA resources are directed in a more flexible and targeted manner, maximising resources as well as benefiting our stakeholders.

3.5.3 Within the quarter, and following the recent review of the effectiveness of IA, we have undertaken a review of audit evidence as part of our **Quality Assurance and Improvement Programme (QAIP)**. The 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.

3.5.4 This review identified a small number of instances where audit evidence, supporting the recommendations raised and/or assertions made, was saved on the shared drive rather than on the TeamMate file. This issue has been highlighted and communicated to the team with an evidence based training exercise provided at a recent Business Assurance team meeting.

4. Analysis of Internal Audit Performance in 2016/17 Quarter 3

4.1 The IA Key Performance Indicators (KPIs) measure the quality, efficiency and effectiveness of the IA service. They assist IA and the Council in helping measure how successful IA has been in achieving its strategic and operational objectives. We believe that these KPIs to be meaningful and provide sufficient challenge to the 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. Cumulative performance against KPIs in the 1st April to 6th December 2016 period is highlighted in the table below:

KPI Ref.	Performance Measure	Target Performance	Actual Performance	RAG Status
KPI 1	2016/17 HIGH risk IA recommendations where positive management action is proposed	98%	100%	GREEN
KPI 2	2016/17 MEDIUM risk IA recommendations where positive management action is proposed	95%	100%	GREEN
KPI 3	2016/17 HIGH risk IA recommendations where management action is taken within agreed timescale	90%	100%	GREEN
KPI 4	2016/17 MEDIUM risk IA recommendations where management action is taken within agreed timescale	75%	91%	GREEN
KPI 5	Percentage of annual (Q1 to Q4) IA Plan delivered to draft report stage by 31 st March	90%	90%	GREEN
KPI 6	Percentage of annual (Q1 to Q4) IA Plan delivered to final report stage by 31 st March	80%	80%	GREEN
KPI 7	Percentage of draft reports issued as a final report within 15 working days	75%	50%	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%	100%	GREEN

4.2 Performance against KPI 7 is currently being reported as **RED**. This is primarily due to six 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 12 assurance reviews finalised to date, we experienced significant delays receiving management responses.

- 4.3 The time taken to finalise final reports from draft stage is on average 20 working days, an increase of 9 days from the quarter 2 progress report. Due to historic non performance against KPI 7 we have commenced providing greater oversight of compliance against this KPI to Corporate Directors as part of a quarterly IA dashboard, reporting a snapshot of IA performance at a Group level.
- 4.4 We are currently exceeding several of our KPI targets, including achieving the ambitious KPI 8, Client Satisfaction Rating which we are hopeful will continue throughout the remainder of the year as the volume of CFQ feedback increases. In addition, due to the increasing trend of consultancy reviews undertaken within the service, we have commenced sending formal CFQs for consultancy reviews within the quarter. This should therefore provide an accurate quantitative indicator as to the value and quality of the range of services provided by IA.
- 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. This is reported as 100% compliant following the annual **Effectiveness of IA** review. However, our External Quality Assessment (EQA), scheduled for January 2017, will provide an enhanced value against this KPI.

5. Forward Look

- 5.1 A key member of the IA team is due to leave the Council later this month, moving to an IT audit role within the banking industry. Given the recent recruitment exercise for a Trainee Internal Auditor, in line with the recently updated IA Strategy 2015-20, we are looking at a number of recruitment options to fill the resulting vacancy in the team providing other members of the IA team with an opportunity to take on more responsibility.
- 5.2 IIA Standard 1312-1 states that an IA service must undergo an external quality assessment (EQA) 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 awaiting to confirm arrangements and timing with the HIA from the London Borough of Lambeth who will be carrying out the assessment of our IA service. The review is expected to take place over 5 days and will be conducted within existing IA resources.
- 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 Business Assurance

6th December 2016

APPENDIX A**DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2016/17**

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

2016/17 IA Assurance Reviews:

IA Ref.	IA Review Area	Status as at 6 th December 2016	Assurance Level	Risk Rating				CFQ Received?
				H	M	L	NP	
16-A4	Physical Access Controls (including Security Arrangements)	Final report issued on 7 th Nov 2016	No	3	5	0	0	Not yet due
16-A9	Health Visiting	Final report issued on 20 th Jul 2016	Limited	1	1	0	0	✓
16-A1	Lease Agreements	Final report issued on 4 th Nov 2016	Limited	1	1	0	0	✓
16-A16	Sheltered Housing	Final report issued on 17 th Nov 2016	Limited	3	6	1	0	Not yet due
16-A24	Anti Social Behaviour Investigations Team (ASBIT)	Final report issued on 1 st Dec 2016	Limited	1	4	4	0	Not yet due
16-A11	Risk Management	Final report issued on 7 th Jul 2016	Reasonable	0	5	3	0	N/A
16-A12	Review of the Effectiveness of IA	Final report issued on 7 th Jul 2016	Reasonable	0	2	3	2	N/A
16-A5	New Years Green Lane (NYGL)	Final report issued on 20 th Jul 2016	Reasonable	0	6	2	0	✓
16-A3	Housing Benefits	Final report issued on 26 th Jul 2016	Reasonable	0	3	5	1	✓
16-A10	Fees and Charges	Final report issued on 30 th Sep 2016	Reasonable	0	4	1	0	✓
16-A7	Corporate Debtors	Final report issued on 4 th Oct 2016	Reasonable	0	9	5	0	✓
16-A13	Review of the Effectiveness of the Audit Committee	Final report issued on 18 th Nov 2016	Reasonable	0	4	3	0	Not yet due
16-A17	Council Stores	Final report issued on 1 st Dec 2016	Reasonable	0	3	3	0	Not yet due
16-A28	Insurance Service	Draft report in progress						
16-A15	ICS Data Quality- Financial Controls	Draft report in progress						
16-A20	Logical Access Controls	Draft report in progress						
16-A6a	Contract Management - Parking Services	Testing in progress						

APPENDIX A**DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2016/17**

IA Ref.	IA Review Area	Status as at 6 th December 2016	Assurance Level	Risk Rating				CFQ Received?
				H	M	L	NP	
16-A6b	Contract Management (Social Care)	Testing in progress						
16-A25	Better Care Fund	Testing in progress						
16-A27	Semi-Independent Living (including Contract Management)	Testing in progress						
16-A30	Planning Application processing team - Quality Control	Testing in progress						
16-A31	Local Land Charges	Testing in progress						
16-A32	Building Control	Testing in progress						
16-A33	Corporate Fraud Investigations Team	Testing in progress						
16-A35	Fostering Pathway	Testing in progress						
16-A37	Youth Offending Service Assessment	Testing in progress						
16-A38	Tenancy Management	Testing in progress						
16-A40	Disabled Facilities Grant	Testing in progress						
16-A34	Main Accounting System	Planning						
Total Number of IA Recommendations Raised in 2016/17				9	53	30	3	
Total % of IA Recommendations Raised in 2016/17				10%	58%	32%	-	

APPENDIX A (cont'd)**DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2016/17****2016/17 IA Follow-Up Reviews:**

IA Ref.	IA Follow-Up Review Area	Status as at 6 th December 2016	Recommendations			CFQ Received?
			Implemented	Partly Implemented	Not Implemented	
16-A14	Home to School Transport - Safeguarding Arrangements	Final report issued on 6 th Jul 2016	3	6	-	✓
16-A23	Music Service	Final report issued on 8 th Aug 2016	4	3	1	✓
16-A21	Deprivation of Liberty Safeguards (DoLS)	Final report issued on 13 th Oct 2016	6	-	-	✓
16-A22	Library Imprest Accounts	Final report issued on 24 th Oct 2016	1	-	5	✓
16-A40	Disabled Facilities Grant	Testing in progress				

2016/17 IA Consultancy Reviews:

IA Ref.	IA Review Area	Status as at 6 th December 2016	CFQ Received?
16-C4	Stores - Year End Stock Take	Memo issued on 21 st April 2016	✓
16-C2a	Children and Young Peoples Service (CYPS) Financial Controls - Allowances	Memo issued on 19 th May 2016	✓
16-C2b	Children and Young Peoples Service (CYPS) Financial Controls - P'Cards & Imprest	Memo issued on 19 th May 2016	✓
16-C8	Stores - Stock Transfer	Memo issued on 20 th May 2016	✓
16-C6	Private Sector Landlord Scheme	Memo issued on 3 rd June 2016	Not applicable
16-C3	Benefits - BACs processing	Memo issued on 14 th July 2016	✓
16-C9	Data Analytics (Personal Protective Equipment)	Memo issued on 18 th July 2016	✓
16-C5	Digital broadcasting of Council meetings	Memo issued on 19 th July 2016	✓
16-C13	Data Analytics (consent to drive vs. mileage claimed)	Memo issued on 3 rd August 2016	✓
16-C7	Public Health - Provider Payments Process (Pharmacy)	Memo issued on 11 th August 2016	✓
16-C12	Public Health - Provider Payments Process (GPs) - Combined with 16-C7	Memo issued on 11 th August 2016	

APPENDIX A (cont'd)**DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2016/17****2016/17 IA Consultancy Reviews (cont'd):**

IA Ref.	IA Review Area	Status as at 6 th December 2016	CFQ Received?
16-C11	Information Governance - Data Protection Training	Memo issued on 5 th September 2016	✓
16-A26	Business Support / Technical Admin - Data Protection	Memo issued on 4 th November 2016	Not applicable
16-C14	SEND Ofsted Inspection Project Management Support	Consultancy support in progress	
16-C15	Mayor's Charity Accounts	Testing in Progress	

2016/17 IA Grant Claim Verification Reviews:

IA Ref.	IA Review Area	Status as at 6 th December 2016
16-GC1	Troubled Families Grant - Quarter 1	Certified and memo issued on 3 rd May 2016
16-GC2	Social Care Capital Grant	Certified and memo issued on 30 th June 2016
16-GC5	Troubled Families Grant - Quarter 2	Certified and memo issued on 30 th June 2016
16-GC3	Bus Subsidy Grant	Certified and memo issued on 1 st September 2016
16-GC4	Housing Benefit Subsidy Grant	IA testing completed on 12 th September 2015
16-GC6	Disabled Facilities Grant	Certified and memo issued on 20 th September 2016
16-GC7	Troubled Families Grant - Quarter 3	Testing in Progress
16-GC8	Hillingdon Teaching Schools Alliance (HTSA)	Testing in Progress

APPENDIX B**REVISIONS TO THE 2016/17 INTERNAL AUDIT PLAN ~ QUARTER 3****IA work DEFERRED from the 2016/17 Operational IA Plan for Quarter 3:**

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
16-A36	Ofsted Readiness	Assurance	MEDIUM	Tony Zaman, Corporate Director of Social Care	Following initial discussions and agreement to this audit we were advised that there is substantial ongoing work in this area. Management have therefore requested this review be deferred until Quarter 4 to provide greater assurance over the management of service risks, strategic and operational arrangements moving forward.
16-A29	Library Book Procurement	Assurance	MEDIUM	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	This review was initiated by the Council's Business Improvement Delivery (BID) Team with their work concluded and options provided to the relevant Head of Service. This review, depending on the option and model decided upon, will be deferred until the next financial year.
16-A37	Youth Offending Service (YOS) Assessment	Assurance	MEDIUM	Tony Zaman, Corporate Director of Social Care	Following initial request, discussions and agreement to this audit we were then advised as part of our planning process that the enhancements to the YOS assessments were at a very early stage and additional value from this audit would be obtained in six months time, and therefore requested this review be deferred until Quarter 1 of 2017/18.
16-C10	Domiciliary Care Payments	Consultancy	MEDIUM	Tony Zaman, Corporate Director of Social Care	Domiciliary care refers to a range of support services and personal care delivered to an individual within their home. Service users will undergo a variety of assessments and support planning to establish the number of hours of care they require per week; including financial assessments to determine whether they are eligible to receive financial support. The IA Assurance review of Corporate Debtors identified weaknesses in this area, recommending potential improvements to processes around client billing, relieving the need for this IA consultancy review.

APPENDIX B (cont'd)**REVISIONS TO THE 2016/17 INTERNAL AUDIT PLAN ~ QUARTER 3****IA work DEFERRED from the 2016/17 Operational IA Plan for Quarter 3:**

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
16-A39	Change Control	Assurance	MEDIUM	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	Despite communicating the plan and scheduling the work within December, we have since been advised that, due to the restructure within the Council's IT department and resulting lack of available resource, Management have requested to defer this IA assurance review to Quarter 4.

IA work ADDED to the 2016/17 Operational IA Plan for Quarter 3:

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
16-A40	Disabled Facilities Grant	Assurance (Follow-up)	MEDIUM	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	Following the 2015/16 IA assurance review in this area which received a LIMITED assurance opinion, this follow-up review, with a refined scope, focuses on the implementation of the 8 MEDIUM risk recommendations raised.
16-GC8	Hillingdon Teaching Schools Alliance (HTSA)	Grant Claim	MEDIUM	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	Teaching schools, appointed by the National College for Teaching and Leadership (NCTL), to provide high quality training, development and support to new and experienced school staff. They receive an annual grant from NCTL to help fund the cost of this provision. As part of the grant conditions each school receiving funding is required to obtain independent external assurance that this funding has been spent in accordance with the aims and objectives of the grant as indicated in the Grant Funding Agreement. This external assurance grant is not part of core school funding and hence there will be a cost to be met by the school for the external assurance grant claim audit.

APPENDIX B (cont'd)**REVISIONS TO THE 2016/17 INTERNAL AUDIT PLAN ~ QUARTER 3****IA work ADDED from the 2016/17 Operational IA Plan for Quarter 3:**

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
16-C14	SEND Ofsted Inspection Project Management Support	Consultancy	MEDIUM	Tony Zaman, Corporate Director of Social Care	IA will be providing approximately 10 days of project management support to Children and Young People's Service (CYPS) throughout the SEND Ofsted inspection being undertaken within Quarter 3.
16-C15	Mayor's Charity Accounts	Consultancy	LOW	Paul Whaymand, Corporate Director of Finance	The Mayor's Charity has been registered as a charitable trust in November 2015 and therefore are required to comply and operate within Charity Commission guidelines. The Council is currently preparing the accounts for the Mayor's Charity and Internal Audit has been asked to assist as part of this process. These accounts do not form part of the Council's finances so there would be no conflict in undertaking this review.

APPENDIX C**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2016/17 ~ QUARTER 4**

IA work scheduled to commence in the 1st January to 31st March 2017 period:

IA Ref.	Planned Audit Area	Audit Type	IA Risk Assessment	Review Sponsor	Rationale
16-A41	Service Planning	Assurance	HIGH	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	Service planning is an essential process for the Council to achieve its priorities and demonstrate continuous improvement. It brings together aspects of performance and risk management, corporate projects and programmes to ensure cohesion in corporate direction and management decision making thus increasing the likelihood of achieving Corporate objectives and goals. It allows the Council to define actions, monitor progress and report performance as well as prioritising what services we need to deliver to meet the needs of our residents.
16-A42	Tenancy Management - Enforcement and Risk Management	Assurance	HIGH	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	Effective rent arrears recovery is dependent on taking prompt and appropriate action. This action should have increasing severity where the level of rent arrears debt does not reduce. At Hillingdon, rent arrears have significantly increased in recent years as a result of the reductions in Housing Benefit paid to tenants. Following a restructure of the service, this review will seek to provide assurance over the continued management of the keys risks within the enforcement and risk management team.
16-A43	Housing Needs - Allocations and Assessments	Assurance (Follow-up)	HIGH	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	Following the 2015/16 IA assurance review in this area which received a LIMITED assurance opinion this follow-up review, with a refined scope, that focuses on the implementation of the 3 HIGH and 7 MEDIUM risk recommendations. This follow-up assurance review 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.

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2016/17 ~ QUARTER 4****IA work scheduled to commence in the 1st October to 31st December 2016 period:**

IA Ref.	Planned Audit Area	Audit Type	IA Risk Assessment	Review Sponsor	Rationale
16-A44	Fleet Management	Assurance (Follow-up)	HIGH	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	<p>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.</p> <p>Following the 2015/16 IA assurance review in this area which received a LIMITED assurance opinion this follow-up review, with a refined scope, that focuses on the implementation of the 1 HIGH and 8 MEDIUM risk recommendations.</p>
16-A45	New Years Green Lane	Assurance (Follow-up)	HIGH	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	<p>The Council has two local civic amenity sites which are used for the disposal of household rubbish and recycling. The Harefield civic amenity site at New Years Green Lane accepts vans and cars and also permits the disposal of trade waste materials.</p> <p>Following the 2016/17 IA assurance review in this area which received a LIMITED assurance opinion this follow-up review, with a refined scope, that focuses on the implementation of the 6 MEDIUM risk recommendations.</p>
16-A36	Ofsted Readiness	Assurance	MEDIUM	Tony Zaman, Corporate Director of Social Care	<p>The Ofsted inspection will look at the Council's services for children in need of help and protection; children looked after and care leavers. Deferred from Quarter 3, this assurance review will focus on the readiness of Children and Young People's Service for an Ofsted inspection seeking to demonstrate the Council's commitment to high standards of practice, management and leadership in the safeguarding of children.</p>

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2016/17 ~ QUARTER 4****IA work scheduled to commence in the 1st January to 31st March 2017 period:**

IA Ref.	Planned Audit Area	Audit Type	IA Risk Assessment	Review Sponsor	Rationale
16-A39	Change Control	Assurance	MEDIUM	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	Change management process is a formal set of procedures and steps that are set in place to manage all changes, updates, or modifications to hardware and software (systems) across the organisation. This IT assurance review, deferred from Quarter 3, will aim to assess whether change processes are conducted in line with organisational policy.
16-A46	Payroll	Assurance	MEDIUM	Fran Beasley, Chief Executive & Corporate Director of Administration	Staff costs form a major proportion of the Council's expenditure. The control of staff costs, through sound budgeting and human resource planning is therefore vital to the financial success of the Council. Having a robust and reliable payroll service is also important to make sure payments to staff are made accurately and promptly. Due to restructures within the Council, this IA assurance review will focus solely on segregation of duties throughout the function to ensure that there is appropriate oversight of transactions throughout the process.
16-A47	Estates Management - Leases	Assurance	MEDIUM	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	Following the 2016/17 assurance review of Lease Agreements, focusing on the Council's approach to obtaining leases, this assurance review will focus on the lease of Council property and land assets within the Estates Management service are being appropriately managed and income maximised.
16-A48	Facilities Management within Green Spaces, Sport and Culture	Assurance	MEDIUM	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	Facilities management (FM) is a management discipline concerned with the integration of processes within the Council to maintain and develop agreed services which support and improve the effectiveness of its primary activities. The Council's facilities management function is undertaken by an outsourced provider, and this review will seek to provide assurance over compliance with contract requirements with particular focus within Green Spaces, Sport and Culture.

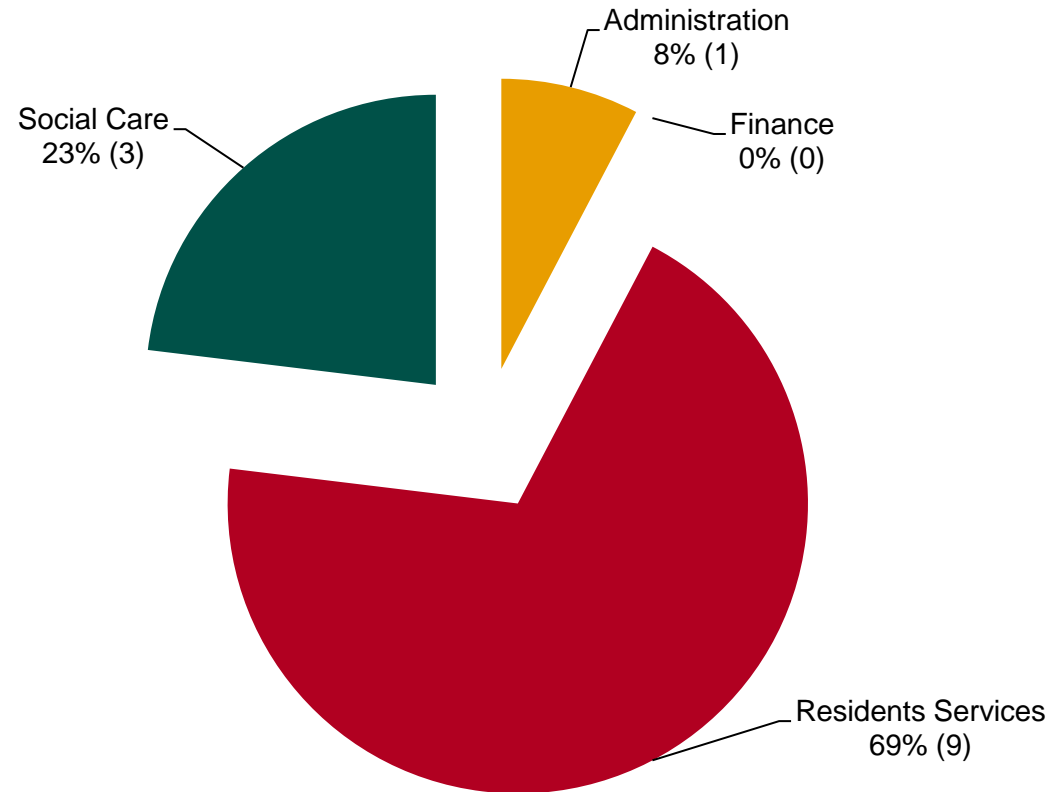
APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2016/17 ~ QUARTER 4****IA work scheduled to commence in the 1st January to 31st March 2017 period:**

IA Ref.	Planned Audit Area	Audit Type	IA Risk Assessment	Review Sponsor	Rationale
16-A49	Data Quality within Trading Standards and Regulatory Services	Assurance	MEDIUM	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	Trading Standards ensure businesses are aware of their obligations to consumers and do not infringe consumer protection laws whilst the Regulatory Service process applications for licences, permits and notices under the Licensing Act 2003 and the Gambling Act 2005. This review will aim to provide assurance around the quality of data held within the respective services, with a particular focus around evidential information. Data quality refers to the accuracy, completeness, validity and timeliness of data to support business operations and aid in decision making and planning.
16-A50 / 16-C16	Social Care Contingency	Assurance / Consultancy	MEDIUM	Tony Zaman, Corporate Director of Social Care	We have allocated contingency resources within the Quarter 4 plan to ensure that any assurance and / or consultancy advice needed arising from risks identified through the Ofsted SEND inspection currently being undertaken.
16-GC9	Troubled Families Grant - Quarter 4	Grant Claim	MEDIUM	Tony Zaman, Corporate Director of Social Care	The Troubled Families programme is a Government scheme under the Department for Communities and Local Government (DCLG) with the stated objective of helping troubled families turn their lives around. The Council receives a payment by results grant from the DCLG for each identified 'turned around' troubled family. As per the grant conditions, IA will undertake verification work to confirm identified troubled families have been 'turned around'.

APPENDIX C (cont'd)

DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2016/17 ~ QUARTER 4 (cont'd)

IA work scheduled to commence in the 1st January to 31st March 2017 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 asked 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 style="text-align: center;">HIGH</p> <p style="text-align: center;">●</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 style="text-align: center;">MEDIUM</p> <p style="text-align: center;">●</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 style="text-align: center;">LOW</p> <p style="text-align: center;">●</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 style="text-align: center;">NOTABLE PRACTICE</p> <p style="text-align: center;">●</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>