BUSINESS ASSURANCE

Internal Audit Progress Report to Audit Committee: 2016/17 Quarter 4
(including the 2017/18 Quarter 1 Internal Audit Plan)

7th March 2017

Contents

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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 IA assurance, consultancy and grant claim verification work covered during the period 7th December 2016 to 7th March 2017. In addition, it provides an opportunity for the Head of Business Assurance, as the Council's Head of Internal Audit (HIA), to highlight any significant issues which have arisen from IA work in Quarter 4. It also highlights to CMT, the Audit Committee and other IA stakeholders the revisions to the Quarter 4 IA plan since its approval in December 2016 (refer to **Appendix B**).

1.2.2 A key feature of the Quarter 4 IA progress report is the inclusion of the 2017/18 Quarter 1 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 April to 30th June 2017 period.

2. Executive Summary

2.1 Since the last IA Progress Report to CMT and the Audit Committee in December 2016, **7 assurance reviews** have concluded (including 4 follow-ups), **2 consultancy reviews** have been finalised and **3 grant claim** has been certified. We are therefore nearing completion of the programme of IA work for 2016/17.

2.2 Our work on the 2016/17 Quarter 4 IA plan commenced on 1st January 2017 and work is now well underway on all Quarter 4 planned work (refer to **Appendix A**). Positive progress has been made this quarter, with an additional **12 assurance reviews having progressed to draft report stage**. This is a commendable achievement given that the service have been operating under reduced capacity during the quarter following one member of IA staff leaving Hillingdon in December 2016, and one member of IA staff on a significant period of absence. Nevertheless, we are confident that following the recent successful recruitment exercise the IA service will be even stronger moving forward and will now be better placed to help the council deliver the significant changes and improvements required over the coming period.

2.3 Key assurance reviews finalised this quarter have included **Tenancy Management** and **ICS Data Quality** - both achieving an overall Reasonable assurance opinion over the management of the key risks. IA resources continue to be targeted and deployed on the areas of highest risk, as part of a risk based programme of IA assurance work. Positive action has been proposed by management to address all of the HIGH and MEDIUM risk recommendations raised within each respective review completed this quarter. In line with our standard practice, we will follow-up these recommendations in due course.

2.4   The consultancy work undertaken within the quarter involved providing project management support within CYPS during a recent Ofsted inspection which proved a significant piece of work. In addition, we have undertaken a consultancy review of the 2015/16 Mayor's Charity Accounts, completing the independent examiners report to support the submission to the Charity Commission. 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 4

3.1   Assurance Work in Quarter 4

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, **3** 2016/17 IA assurance reviews have been completed to final report stage (excluding follow-ups), with **12** others progressed to draft report stage and the remaining **4** reviews at the testing stage. In addition, **4** follow-ups reviews have been finalised this quarter (refer to **Appendix A** for further details).

3.1.2   Assurance reviews finalised this quarter have included Tenancy Management and ICS Data Quality both achieving a **Reasonable** assurance opinion over the management of the key risks. For **Tenancy Management** we raised **1 MEDIUM** risk recommendation as a result of our testing which highlighted inconsistent practices indicating that controls and established procedures have not been fully embedded throughout the team.

3.1.3   Specifically, our testing of tenancies, commencing this financial year, identified a significant number of cases where supporting paperwork had not been uploaded onto Civica. This included evidence to support that the risk categorisation had been completed and recorded.

3.1.4   The IA review of **ICS Data Quality** raised **3 MEDIUM** risk recommendations. As part of our fieldwork, we focused our testing around assessments and the service request forms within the ICS system. Although we found staff to have comprehensive knowledge on how to undertake assessments and complete service request forms, it is apparent that there is limited policy or procedural guidance in place or a benchmark as to what good data quality should look like. This was further evidenced within our sample testing of service provisions where wide disparities in the level of detail captured within the Assessment tabs and Service Request Forms were evident.

3.1.5   Established controls were found to be in place to enable sufficient oversight of expenditure to occur. Nevertheless, our sample testing of service provisions identified instances where the officer who had sent the service request had also approved the service request on ICS. Therefore it is our opinion that controls in place to ensure segregation can be circumvented with limited compensating controls in operation to identify such breaches. This issue is further compounded by the insufficient segregation of duties within the ICS role profiles.

3.1.6   ContrOCC is an electronic finance system, integrated to IAS and ICS, providing support for contracts management, payments, financial assessment and charging. We obtained a ContrOCC client provider report for sample selection purposes however, management do not currently receive such management information from ContrOCC impacting the ability to fully scrutinise expenditure or the accuracy of the data available.

3.1.7   The IA review of **Tenancy Services - Enforcement and Risk Management** achieved a **Substantial** assurance opinion over the management of the key risks. This review raised **2 LOW** risk recommendations in addition to **2 Notable Practices**. This review was undertaken at the request of management following a BID review and it is positive that a robust control environment was found to be in place.

3.1.8   Positive management action has been proposed to address all **HIGH** and **MEDIUM** risk recommendations raised this quarter. In addition, as at 7th March, **12** assurance reviews have been progressed to draft report stage, with the remaining **4** at the testing stage. The summary results of these **16** assurance audits will be included in the annual HIA Annual report due to be presented to Audit Committee on 29th June 2017.

3.2   Consultancy Work in Quarter 4

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 4 with **2 consultancy reviews completed** within the period. No further consultancy reviews were added to the Quarter 4 IA plan as detailed at **Appendix B**.

3.2.3   IA was requested to undertake an independent review of the Mayor's Charity Accounts in order to complete the Independent Examiners Report, examining the accounts under Section 145 of the Charities Act and in accordance with the general Directions given by the Charity Commission. No matters came to our attention in connection of the examination of the 2015/16 accounts. Within the quarter we also provided project management support to Children and Young People's Service (CYPS) throughout the recent SEND Ofsted inspection undertaken.

3.3   Grant Claim Verification Work in Quarter 4

3.3.1   During this quarter IA has also assisted the Council in certifying **5** grant claims. As detailed at **Appendix A**, IA continues to carry out verification work on the **Troubled Families Grant** as well as undertaking **Certification of Collaborative Fund Expenditure** provided by the National College for Teaching and Leadership (NCTL) for St Mary's Catholic Primary School for Financial Year 2015-16.

3.3.2   The NCTL certification was provided to St Mary's Catholic Primary School to enable it to comply with the Department for Education (DfE)'s terms and conditions of the Grant Funding Agreement (GFA) and the Grant Offer Letter requirements. We have obtained limited assurance that the expenditure, for grants issued for the year ending 31 March 2016 was paid, was applied for the purposes intended by the DfE and the financial transactions conform to the GFA and list of objectives specified.

3.4   Follow-up of Previous Internal Audit Recommendations in Quarter 4

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.

3.4.2   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.

3.4.3   Attached at **Appendix A** is a list of follow-up work carried out in Quarter 4. This highlights that **4** follow-up reviews have been completed within the period. **3** of these follow-up reviews relate to areas where a **Limited** assurance opinion was previously provided - **Disabled Facilities Grants**, **Housing Needs Allocations and Assessments**, and **Fleet Management.** The remaining follow-up reviews undertaken relate to the 2016/17 review of **New Years Green Lane** where a **Reasonable** assurance opinion was provided. The follow-up of the recommendations raised within EY's Management Letter of IT Controls is at draft stage at the time of this report.

3.4.4   We found that **50%** of the **32** recommendations followed-up within the quarter were deemed **Implemented**. Of the remaining recommendations we confirmed that **37.5%** (12) were deemed **Partly Implemented** and **12.5%** (4) were deemed **Not Implemented**. Three of the four not implemented, **MEDIUM** risk recommendations related to Fleet Management. In each of the four cases further action is required to ensure that the risks are being appropriately controlled. However we are pleased to report that these are now in the process of being addressed following a management restructure in this area. The detailed results from our follow-up work are summarised within **Appendix A**.

3.5   Other Internal Audit Work in Quarter 4

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 1 of 2017/18 (refer to **Appendix C**) in consultation with management. 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.

3.5.2   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.

3.5.3   This review identified a small number of instances where sampling methodology, including size and selection differed to as detailed within the IA Process. This issue has been highlighted and communicated to the team with sampling methodology training exercise scheduled for the upcoming Business Assurance team meeting.

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

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 these KPIs to be meaningful and provide sufficient challenge to IA. 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 2016 to 7th March 2017 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 Ref.	Performance Measure	Target Performance	Actual Performance	RAG Status
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%**	**81%**	**GREEN**
KPI 5	Percentage of annual (Q1 to Q4) IA Plan delivered to **draft report** stage by 31st March	**90%**	**95%**	**GREEN**
KPI 6	Percentage of annual (Q1 to Q4) IA Plan delivered to **final report** stage by 31st March	**80%**	**90%**	**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%**	**87%**	**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 continues to be reported as **RED**. This is primarily due to eight 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. At times we have experienced significant delays (in excess of 25 days) in receiving management responses; on 4 of the 16 IA assurance reviews finalised to date. The time taken to finalise final reports from draft stage has remained stable between quarters at an average of 19 working days. 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 each Group level.

4.3   We are currently exceeding several of our KPI targets, including achieving the ambitious KPI 8, Client Satisfaction Rating. We are pleased with the consistent achievement of this indicator to date and we are hopeful that this will continue throughout the remainder of the year as the volume of CFQ feedback increases. The management feedback from CFQs provides an accurate quantitative indicator as to the perceived value and quality of the range of services provided by IA.

4.4   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 May 2017, will provide an enhanced value against this KPI.

5. Forward Look

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

- The Assistant Internal Audit Manager and one of the Senior Internal Auditors have left the Council's employment this month.

- Following a recent and very successful recruitment exercise, we will be filling both these vacancies with Trainee Internal Auditors (TIAs). We have also made an offer to a third TIA candidate to replace an Internal Auditor who has now permanently transferred to the Council's Transformation and Business Improvement team.

- The recruitment of these three TIAs is in line with the IA Strategy of 'growing our own'. This approach also provides other members of the IA team with an opportunity to take on more responsibility, facilitating their ongoing professional and personal development.

- Two members of the IA team have recently passed their Chartered Institute of Internal Auditors final exams. Later this year once they have completed three years IA experience and successfully submitted their professional experience journal they will become Chartered Internal Auditors. In addition, one member of the IA team has recently passed the second part of her Certified Internal Auditor (CIA) qualification and is now close to completing the CIA qualification.

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 have been allocated with the HIA from the London Borough of Lambeth, who will be carrying out the EQA of the LBH IA service. The review is expected to take place over 5 days during May 2017 and the report will be presented to CMT and Audit Committee once it has been finalised.

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 4. 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

7th March 2017

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 7th March 2017	Assurance Level	Risk Rating				CFQ Received?
				H	**M**	**L**	**NP**	
16-A4	Physical Access Controls (including Security Arrangements)	Final report issued on 7th Nov 2016	**No**	3	5	0	0	**Overdue**
16-A9	Health Visiting	Final report issued on 20th Jul 2016	**Limited**	1	1	0	0	✓
16-A1	Lease Agreements	Final report issued on 4th Nov 2016	**Limited**	1	1	0	0	✓
16-A16	Sheltered Housing	Final report issued on 17th Nov 2016	**Limited**	3	6	1	0	✓
16-A24	Anti Social Behaviour Investigations Team (ASBIT)	Final report issued on 1st Dec 2016	**Limited**	1	4	4	0	✓
16-A11	Risk Management	Final report issued on 7th Jul 2016	**Reasonable**	0	5	3	0	N/A
16-A12	Review of the Effectiveness of IA	Final report issued on 7th Jul 2016	**Reasonable**	0	2	3	2	N/A
16-A5	New Years Green Lane (NYGL)	Final report issued on 20th Jul 2016	**Reasonable**	0	6	2	0	✓
16-A3	Housing Benefits	Final report issued on 26th Jul 2016	**Reasonable**	0	3	5	1	✓
16-A10	Fees and Charges	Final report issued on 30th Sep 2016	**Reasonable**	0	4	1	0	✓
16-A7	Corporate Debtors	Final report issued on 4th Oct 2016	**Reasonable**	0	9	5	0	✓
16-A13	Review of the Effectiveness of the Audit Committee	Final report issued on 18th Nov 2016	**Reasonable**	0	4	3	0	**Overdue**
16-A17	Council Stores	Final report issued on 1st Dec 2016	**Reasonable**	0	3	3	0	✓
16-A38	Tenancy Management	Final report issued on 4th Jan 2017	**Reasonable**	0	1	1	0	✓
16-A15	ICS Data Quality- Financial Controls	Final report issued on 6th March 2017	**Reasonable**	0	3	3	0	Not yet due
16-A42	Tenancy Management - Enforcement and Risk Management	Final report issued on 6th March 2017	**Substantial**	0	0	2	2	Not yet due
16-A28	Insurance Service	Draft report issued on 14th Feb 2017						

DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2016/17

IA Ref.	IA Review Area	Status as at 7th March 2017	Assurance Level	Risk Rating				CFQ Received?
				H	**M**	**L**	**NP**	
16-A32	Building Control	Draft report issued on 22nd Feb 2017						
16-A6a	Contract Management - Parking Services	Draft report issued on 22nd Feb 2017						
16-A33	Corporate Fraud Investigations Team	Draft report issued on 3rd March 2017						
16-A35	Fostering Pathway	Draft report issued on 6th March 2017						
16-A31	Local Land Charges	Draft report issued on 7th March 2017						
16-A25	Better Care Fund	Draft report in progress						
16-A6b	Contract Management (Social Care)	Draft report in progress						
16-A46	Payroll	Draft report in progress						
16-A20	Logical Access Controls	Draft report in progress						
16-A30	Planning Application processing team - Quality Control	Draft report in progress						
16-A27	Semi-Independent Living (including Contract Management)	Draft report in progress						
16-A36	Ofsted Improvement Action Plan	Testing in Progress						
16-A41	Service Planning	Testing in Progress						
16-A47	Estates Management - Leases	Testing in Progress						
16-A49	Data Quality within Trading Standards and Regulatory Services	Testing in Progress						
	Total Number of IA Recommendations Raised in 2016/17			9	57	36	3	
	Total % of IA Recommendations Raised in 2016/17			9%	56%	35%	-	

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 7th March 2017	Recommendations				CFQ Received?
			Implemented	Partly Implemented	Not Implemented	Total	
16-A14	Home to School Transport - Safeguarding Arrangements	Final report issued on 6th Jul 2016	3	6	-	9	✓
16-A23	Music Service	Final report issued on 8th Aug 2016	4	3	1	8	✓
16-A21	Deprivation of Liberty Safeguards (DoLS)	Final report issued on 13th Oct 2016	6	-	-	6	✓
16-A22	Library Imprest Accounts	Final report issued on 24th Oct 2016	1	-	5	6	✓
16-A40	Disabled Facilities Grant	Final report issued on 12th Jan 2017	6	1	-	7	✓
16-A43	Housing Needs - Allocations and Assessments	Final report issued on 7th March 2017	6	4	-	10	Not yet due
16-A44	Fleet Management	Final report issued on 7th March 2017	1	5	3	9	Not yet due
16-A45	New Years Green Lane	Final report issued on 7th March 2017	3	2	1	6	Not yet due
16-A34	Main Accounting System	Draft report in Progress					
Total Number			**30 (49.2%)**	**21 (34.4%)**	**10 (16.4%)**	**61 (100.0%)**	

2016/17 IA Consultancy Reviews:

IA Ref.	IA Review Area	Status as at 7th March 2017	CFQ Received?
16-C4	Stores - Year End Stock Take	Memo issued on 21st April 2016	✓
16-C2a	Children and Young Peoples Service (CYPS) Financial Controls - Allowances	Memo issued on 19th May 2016	✓
16-C2b	Children and Young Peoples Service (CYPS) Financial Controls - P'Cards & Imprest	Memo issued on 19th May 2016	✓
16-C8	Stores - Stock Transfer	Memo issued on 20th May 2016	✓
16-C6	Private Sector Landlord Scheme	Memo issued on 3rd June 2016	Not applicable
16-C3	Benefits - BACs processing	Memo issued on 14th July 2016	✓

DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2016/17

2016/17 IA Consultancy Reviews (cont'd):

IA Ref.	IA Review Area	Status as at 7th March 2017	CFQ Received?
16-C9	Data Analytics (Personal Protective Equipment)	Memo issued on 18th July 2016	✓
16-C5	Digital broadcasting of Council meetings	Memo issued on 19th July 2016	✓
16-C13	Data Analytics (consent to drive vs. mileage claimed)	Memo issued on 3rd August 2016	✓
16-C7	Public Health - Provider Payments Process (Pharmacy)	Memo issued on 11th August 2016	✓
16-C12	Public Health - Provider Payments Process (GPs) - Combined with 16-C7	Memo issued on 11th August 2016	
16-C11	Information Governance - Data Protection Training	Memo issued on 5th September 2016	✓
16-A26	Business Support / Technical Admin - Data Protection	Memo issued on 4th November 2016	Not applicable
16-C14	SEND Ofsted Inspection Project Management Support	Consultancy support provided	Not applicable
16-C15	Mayor's Charity Accounts	Independent Examiners Report issued on 26th Jan 2017	Not applicable

2016/17 IA Grant Claim Verification Reviews:

IA Ref.	IA Review Area	Status as at 7th March 2017
16-GC1	Troubled Families Grant - Quarter 1	Certified and memo issued on 3rd May 2016
16-GC2	Social Care Capital Grant	Certified and memo issued on 30th June 2016
16-GC5	Troubled Families Grant - Quarter 2	Certified and memo issued on 30th June 2016
16-GC3	Bus Subsidy Grant	Certified and memo issued on 1st September 2016
16-GC4	Housing Benefit Subsidy Grant	IA testing completed on 12th September 2015
16-GC6	Disabled Facilities Grant	Certified and memo issued on 20th September 2016
16-GC8	Hillingdon Teaching Schools Alliance (HTSA)	Certified and memo issued on13th December 2016
16-GC7	Troubled Families Grant - Quarter 3 - Part 1	Certified and memo issued on 12th December 2016
	Troubled Families Grant - Quarter 3 - Part 2	Certified and memo issued on 4th January 2017
16-GC9	Troubled Families Grant - Quarter 4 - Part 1	Certified and memo issued on 25th January 2017
	Troubled Families Grant - Quarter 4 - Part 2	Certified and memo issued on 22nd February 2017

APPENDIX B

REVISIONS TO THE 2016/17 INTERNAL AUDIT PLAN ~ QUARTER 4

IA work DEFERRED from the 2016/17 Operational IA Plan for Quarter 4:

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	Further to a request to defer to quarter 4 of the IA plan, a comprehensive restructure within the Council's IT department is taking place to create a new operating model. As a result, we have agreed with Management to defer this IA assurance review until the new structure has become embedded to enable sufficient value and assurance to be provided from the IA review.
16-A48	Facilities Management within Green Spaces, Sport and Culture	Assurance	MEDIUM	**Jean Palmer** Deputy Chief Executive & Corporate Director of Residents Services	Further to undertaking detailing planning of this audit, it was agreed at the Resident Services Change Board, that the scope of this review was too narrow and a wider thematic review of Facilities Management throughout the Council would provide greater value to the organisation. We have therefore incorporated a review of Facilities Management within the 2017/18 Quarter 1 Internal Audit Plan.

IA work ADDED to the 2016/17 Operational IA Plan for Quarter 4:

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
N/A	No additions to the Q4 Plan	-	-	-	-

APPENDIX C

DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2017/18 ~ QUARTER 1

IA work scheduled to commence in the 1st April to 30th June 2017 period:

IA Ref.	Planned Audit Area	Audit Type	IA Risk Assessment	Review Sponsor	Rationale
17-A1	Houses of Multiple Occupation (HMO) registration, including fit and proper person	Assurance	**HIGH**	**Jean Palmer** Deputy Chief Executive & Corporate Director of Residents Services	The objectives of HMO regulations are to ensure all HMOs meet basic Health and Safety requirements and to encourage the provision of good quality, well managed housing. This review will seek to provide assurance that all HMOs comply with Hillingdon's minimum standards and the national HMO regulations including that HMOs are licenses, where applicable.
17-A2	Children missing from home, placement and education	Assurance	**HIGH**	**Tony Zaman** Corporate Director of Social Care	Section 13 of the Children Act 2004 requires local authorities to make arrangements to ensure that their functions are discharged with a view to safeguarding and promoting the welfare of children. Local authorities have a duty to safeguard children and therefore play a leading role within their Local Safeguarding Children Board (LSCB) coordinating the effectiveness of arrangements to safeguard and promote the welfare of children and young people in that area. This IA Assurance review will seek to provide assurance over compliance with the statutory guidance on children who run away or go missing from home or care issued in 2013, under Section 7 of the Local Authority Social Services Act 1970.
17-A3	Facilities Management	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 in undertaking planned and reactive maintenance across the Council's assets.

APPENDIX C (cont'd)

DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2017/18 ~ QUARTER 1 (cont'd)

IA work scheduled to commence in the 1st April to 30th June 2017 period:

IA Ref.	Planned Audit Area	Audit Type	IA Risk Assessment	Review Sponsor	Rationale
17-A4	Parking Services Administration	Assurance	**MEDIUM**	**Jean Palmer** Deputy Chief Executive & Corporate Director of Residents Services	Parking Services Administration is comprised of three teams: • Processing: which prepare all the evidence and associated documents for the Appeals officer; • Appeals: which assesses and makes decisions on informal and formal challenges to PCNs; and • Permits: issuing resident and business permits. This assurance review follows the recent IA review of Contract Management - Parking Services and will focus upon the efficiency and effective of operations and robustness of controls in operation.
17-A5	Extra Care	Assurance	**MEDIUM**	**Jean Palmer** Deputy Chief Executive & Corporate Director of Residents Services	Extra care housing is a section of supported housing that enables people to live independently. It provides the security and privacy of a home of your own, a range of on-site facilities and staff are available day and night to provide care as required. This assurance review will focus on the delivery of the extra care service, reviewing roles and responsibilities in addition to contractual arrangements in place.
17-A6	Planning applications - Quality Control	Assurance	**MEDIUM**	**Jean Palmer** Deputy Chief Executive & Corporate Director of Residents Services	Further to the undertaking of background research and planning for the 2016/17 assurance review of Planning application processing team - Quality Control, it was agreed that the review would be undertaken on a phased approach due to the two distinct teams involved with the process.
17-A7	CYPS Thematic review	Assurance	**MEDIUM**	**Tony Zaman** Corporate Director of Social Care	We will be undertaking thematic reviews each quarter to provide assurance 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.

APPENDIX C (cont'd)

DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2017/18 ~ QUARTER 1 (cont'd)

IA work scheduled to commence in the 1st April to 30th June 2017 period:

IA Ref.	Planned Audit Area	Audit Type	IA Risk Assessment	Review Sponsor	Rationale
17-A8	Thematic review of assets, stock and cash management within Green Spaces, Sport and Culture	Assurance	MEDIUM	**Jean Palmer** Deputy Chief Executive & Corporate Director of Residents Services	Due to the nature of service provided within Green Spaces, Sport and Culture, there are inherent risks due to the level of operational activities undertaken at the numerous outstations (Theatres, Rural Activities Garden Centre, Adult and Community Learning and Golf Courses) with reduced senior management oversight. Therefore, a thematic review will focus on the controls in place to safeguard assets, stock and cash throughout Green Spaces, Sport and Culture Service.
17-A9	Public Health - Substance Misuse contract, including Addiction, Recovery, Community, Hillingdon Service (ARCH)	Assurance	MEDIUM	**Jean Palmer** Deputy Chief Executive & Corporate Director of Residents Services	Managing a service contract effectively is key to ensuring that contract objectives are met and value for money is achieved. Following a competitive tender exercise a three year contract was awarded in 2015 and Public Health are therefore in year 2 of the contract for an integrated drug and alcohol service, managing inpatient detox services. This review will seek to provide assurance over the management and delivery of a new contractor to the authority to ensure that the expected value for money is obtained and the contract is being delivered in a consistent, efficient and effective manner to manage demand.
17-A10	Volunteering	Assurance	MEDIUM	**Fran Beasley** Chief Executive and Corporate Director of Administration	The Council is in the process of implementing a volunteering policy, providing a framework for a volunteer programme throughout the Council, defining the role of volunteers within the organisation, and how they can expect to be treated. This audit will seek to provide assurance over the implementation of this Policy, any service specific requirements, and the effectiveness of controls put in place.

DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2017/18 ~ QUARTER 1 (cont'd)

IA work scheduled to commence in the 1st April to 30th June 2017 period:

IA Ref.	Planned Audit Area	Audit Type	IA Risk Assessment	Review Sponsor	Rationale
17-A11	Follow-Up of implemented Recommendations	Assurance (Follow-up)	MEDIUM	**Paul Whaymand** Corporate Director of Finance	In preparation for the Annual Head of Internal Audit Opinion we will seek to undertake follow-up verification on the 2015/16 and 2016/17 IA recommendations (130 in total) where management have self certified that the recommendation has been implemented via the Team Central System.
17-C1	Payment Card Industry Data Security Standard (PCIDSS)	Consultancy	MEDIUM	**Paul Whaymand** Corporate Director of Finance	The PCIDSS is a proprietary information security standard for organisations that handle branded credit cards from the major card schemes. The PCI Standard is mandated by the card brands and administered by the Payment Card Industry Security Standards Council. The standard was created to increase controls around cardholder data to reduce credit card fraud and this review will provide a gap analysis against the PCIDSS to ensure that appropriate safeguards are in place throughout the Council, aiding the completion of the annual Self Assessment Questionnaire.
17-C2	Data quality for vulnerable service users	Consultancy	MEDIUM	**Tony Zaman** Corporate Director of Social Care	Following a recent civil protection incident impacting upon the telephone lines throughout the Borough we will seek to establish the data quality of records held throughout the various systems maintained, making improvement suggestions where appropriate.
17-C3	TeamDrive	Consultancy	MEDIUM	**Jean Palmer** Deputy Chief Executive & Corporate Director of Residents Services	TeamDrive was announced in September 2016 as part of the Google Suite overhaul. TeamDrive provides a file management tool for businesses where users can drop documents, presentations, spreadsheets, photos, and more to store in the cloud and share with co-workers. Google is accepting businesses into the early adopter programme for its TeamDrive file sharing feature and IA has been asked to provide consultancy advice as part of this project.

APPENDIX C (cont'd)

DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2017/18 ~ QUARTER 1 (cont'd)

IA work scheduled to commence in the 1st April to 30th June 2017 period:

IA Ref.	Planned Audit Area	Audit Type	IA Risk Assessment	Review Sponsor	Rationale
17-GC1	Troubled Families Grant - Quarter 1	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'.

DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2017/18 ~ QUARTER 1 (cont'd)

IA work scheduled to commence in the 1st April to 30th June 2017 period – Analysis by Corporate Director:
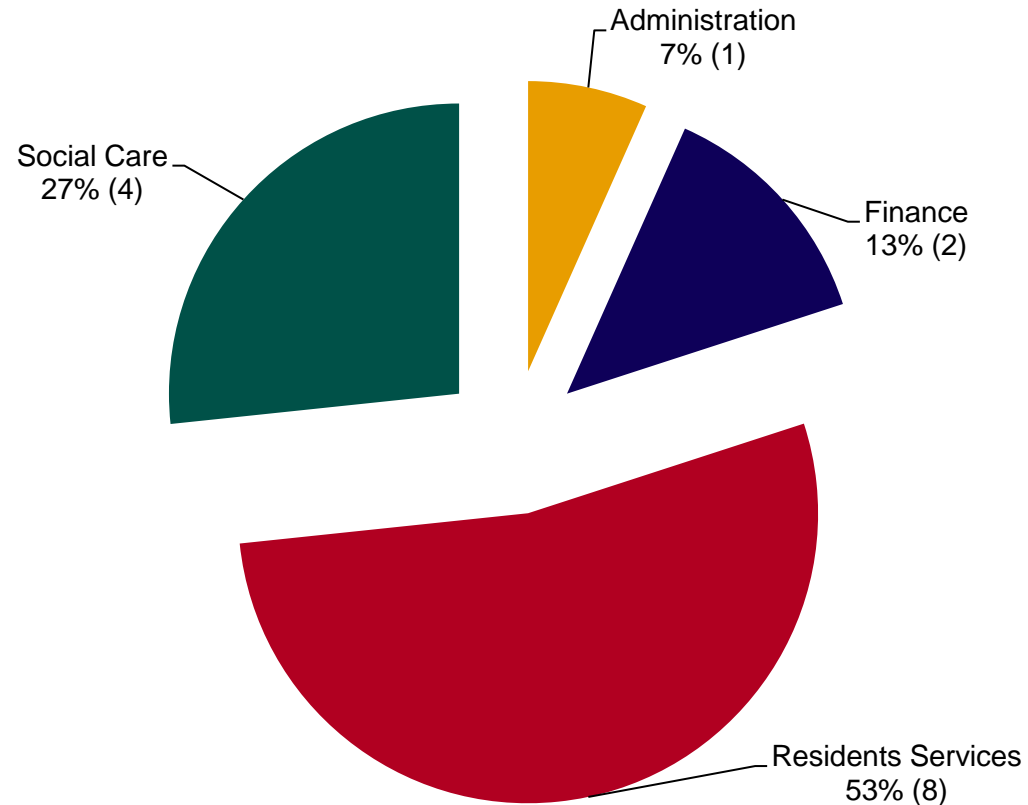
- The relevant Corporate Directors and Deputy Director/Head of Service will be consulted regarding the exact timing of each individual IA review; and
- Where an IA review is deferred or cancelled within the quarter, the relevant Audit Sponsor will be asked to provide an alternative audit in their Group.

<u>APPENDIX D</u>

<u>INTERNAL AUDIT ASSURANCE LEVELS AND DEFINITIONS</u>

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
HIGH 🔴	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**.
MEDIUM 🟡	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**.
LOW 🟢	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**.
NOTABLE PRACTICE 🔵	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**.