Internal Audit Progress Report to Audit Committee: 2017/18 Quarter 2
(including the Quarter 3 Internal Audit Plan)

18th September 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 20th June to 18th September 2017. In addition, it provides an opportunity for the Head of Business Assurance (HBA), as the Council's Head of Internal Audit (HIA), to highlight any significant issues which have arisen from IA work. It also highlights to CMT, the Audit Committee and other IA stakeholders the revisions to the Quarter 2 IA plan since its approval in June 2017 (refer to **Appendix B**).

1.2.2   A key feature of the Quarter 2 IA progress report is the inclusion of the 2017/18 Quarter 3 IA plan (refer to **Appendix C**). This has been produced in consultation with senior managers over the last few weeks and sets out the planned programme of IA coverage due to commence in the 1st October to 31st December 2017 period.

2. Executive Summary

2.1   Since the last IA Progress Report to CMT and the Audit Committee on 29th June 2017, **5 assurance reviews** have concluded, **3 consultancy reviews** have been finalised and **2 grant claims** have been certified. We are therefore making good progress against the programme of IA work for Quarters 1 and 2, depicted below:
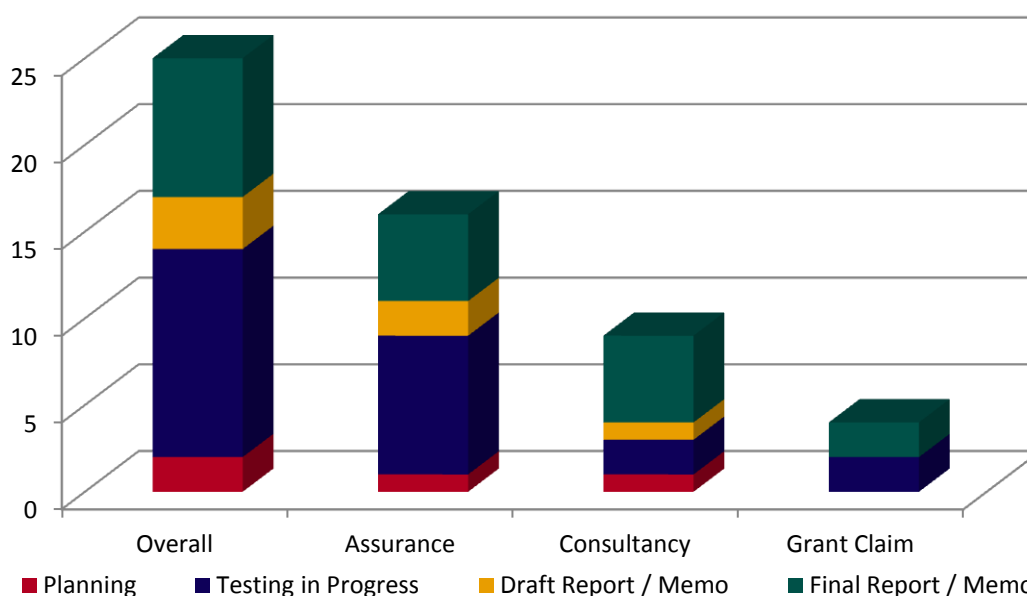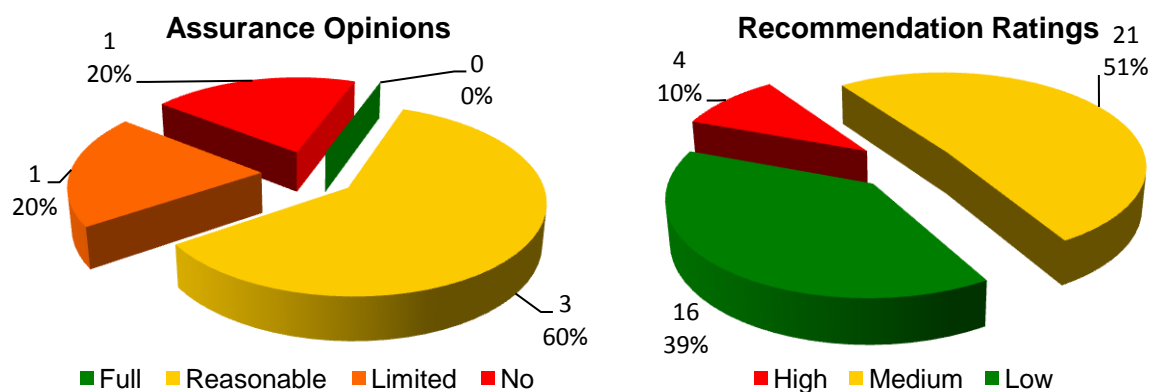
2.2   Our work on the 2017/18 Quarter 2 IA plan commenced on 1st July and work is now well underway on all Quarter 2 planned work, including **1** additional request for work (refer to **Appendix B**). Whilst the IA team is now fully resourced, we are slightly behind plan due to the increase in Trainee Internal Auditors within the team which has resulted in a short term decrease in capacity. Nevertheless, we are confident that the enhanced robustness of IA resource in the long term will enable steady progress against the plan. Available IA resource continues to be appropriately focused on the main risks the Council is exposed to (refer to **Appendix C**).

2.3   Key assurance reviews finalised this quarter have included **Houses in Multiple Occupation (HMO) registration** (including fit and proper person checks) and **Volunteering**. Each of the remaining 3 assurance audits finalised in this quarter received a **REASONABLE** 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 recommendations will be followed-up by us in due course.

2.4   We continue to undertake a variety of IA advisory work across the Council. The **Housing Benefit Subsidy Grant Claim** has been a significant piece of work for us this quarter, working in liaison with External Audit (Ernst & Young). IA also continues to undertake a variety of consultancy work across the Council including our review of **Parking Services Administration** which has been fed back to us as adding particular value.

2.5   There have been three amendments to the Quarter 2 IA operational plan with **two deferrals** and **one additional request** for consultancy work (refer to **Appendix B**). Further details of all IA work carried out in this period are summarised at section 3 of this report below.

3. Analysis of Internal Audit Activity in 2017/18 Quarter 2

3.1   Assurance Work in Quarter 2

3.1.1   During this quarter **five** 2017/18 IA assurance reviews have been completed to final report stage, with a further **two** progressed to draft report stage. At the date of this report, 8 of the 9 remaining reviews (including three follow-ups) are at varying stages of testing with the remaining planned review at background and information gathering stage. Key assurance reviews finalised this quarter have included **Houses in Multiple Occupancy (HMO)** (including fit and proper person checks) and **Volunteering**.

3.1.2   All IA assurance reviews carried out in the financial year to date are individually listed at **Appendix A**, detailing the assurance levels achieved as well as providing an analysis of recommendations made (in accordance with the assurance level definitions and recommendation risk categories outlined at **Appendix E**). Assurance opinions provided and the associated IA recommendations raised are further summarised below:

Assurance Opinions
1 — 20%
0 — 0%
1 — 20%
3 — 60%
Full Reasonable Limited No

Recommendation Ratings
4 — 10%
21 — 51%
16 — 39%
High Medium Low

3.1.3   The IA assurance review of **HMO** (including fit and proper person checks), raised **4 HIGH** and **3 MEDIUM** risk recommendation and gave an overall **NO** assurance opinion. The absence of up-to-date guidance was apparent during the course of this review with significant inconsistencies identified throughout the HMO process, in particular the recording of applications and licenses, both on Civica and within the shared drive.

3.1.4   Our sample testing of HMO applications identified significant concerns in the undertaking and documenting of checks performed to satisfy that the property passed the required safety checks and has supporting certification. Therefore we were unable to provide assurance that a HMO license is issued following performance of sufficient checks, including inspection of the property. In addition, our sample testing noted significant inconsistencies in the completion of the data to support the application.

3.1.5   This IA review also identified non compliance with an aspect of the Housing Act 2004 which specifies that the local housing authority must maintain a register of all licences granted by them, which are in force. Our testing highlighted that the spreadsheet register maintained to satisfy the requirements of the Act was not up to date and did not capture the date in which the HMO was issued. The absence of this information impedes the ability of HMO staff to identify licences that are due to expire, whilst expired HMO's also cannot be removed from the register.

3.1.6   Management have agreed to treat all risks/recommendations raised, providing a comprehensive response and prompt action plan to address the weaknesses identified within the HMO control framework. Further, we are aware that a dedicated project plan was immediately developed to monitor progress against the implementation of recommendations as well as the wider service improvements. Due to the significance of the risks highlighted and recommendations raised, a formal IA follow-up review has been scheduled for Quarter 3 to provide further assurance to CMT and the Audit Committee.

3.1.7   The IA assurance review of **Volunteering** raised **3 MEDIUM** and 1 **LOW** risk recommendation and gave an overall **LIMITED** assurance opinion. This opinion was provided shortly following approval of the Volunteers Policy and accompanying volunteer agreement and guidance. However, it was clear from our testing that the limited communication of this Policy following approval and absence of a targeted implementation programme has diminished awareness and thus implementation of the guidance and associated controls across the Council.

3.1.8   Our analysis identified further areas of development within the Policy which significantly enhanced with underpinning and defined processes. Further, sample testing of the application of the controls within the Volunteer Policy identified gaps in the assessment of the role prior to recruitment, character references received and an absence of volunteer agreements in place.

3.1.9   Other assurance reviews finalised this quarter included **Public Health - Substance Misuse** contract including ARCH Service, Thematic review of **assets, stock and cash management** within Green Spaces, Sport and Culture and **Planning applications** - Quality Control. Each of these three reviews provided a **REASONABLE** assurance opinion and together raised **15 MEDIUM**, **12 LOW** risk recommendations and **3 NOTABLE PRACTICE** observations. Positive management action has been proposed to address all these **MEDIUM** risk recommendations.

3.2   Consultancy Work in Quarter 2

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

3.2.2   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. 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.

3.2.3   Attached at **Appendix A** is a list of consultancy work carried out in Quarter 2 with **3** consultancy reviews completed within the period with a further **3** reviews currently at an advanced stage. One further consultancy review was added following approval of the Quarter 2 IA plan with this detailed at **Appendix B**.

3.2.4   The planned IA consultancy review of **Green Spaces - Petty Cash Imprest Account (Duke of Edinburgh)** was concluded within the quarter. Whilst it was confirmed that sufficient and clear guidance is in place regarding the administration of the P-card, it was evident that staff members administering the P-card were unclear of their roles and responsibilities. This has impacted upon the application of the control environment with the P-card in question not adhering to established First Data (D-cal) system reconciliation controls, including management review.

3.2.5   It was also noted that the DoE P-card is allowed to withdraw cash from an automated teller machine (ATM), with a percentage surcharge if this withdrawal is below £100. However, it was unclear as to the extent of controls in place if cash is withdrawn to maintain a local petty cash float until the physical money has been exhausted. Whilst cash withdrawals are recorded on the D-Cal system, no receipts from the ATM were kept for these transactions.

3.2.6   IA were asked to provide consultancy advice on the **Parking Services Administration** new team structure, undertaking process mapping to help identify further efficiencies and assure risk exposure is appropriately minimised through sufficient and robust controls. The review identified the need for a fundamental change in the approach to the delivery of Parking Services in order to realise the efficiency gains expected through the restructure with a number of efficiencies dependent upon the investment of an integrated ICT solution to automate processes, eradicating the out of date working practices and workarounds which have been developed.

3.2.7   The results from our testing across each of the four main information systems relevant to the IAC review of **Data Quality for Vulnerable Service Users** established that data quality is inconsistent with each system presenting its own challenges and issues. Further, no clear definition is in place as to what constitutes a 'vulnerable person', limiting a targeted and coordinated approach in the event of a future disaster.

3.3   Grant Claim Verification Work in Quarter 2

3.3.1   This quarter IA assisted the Council's External Auditors (Ernst & Young), with a review of the Council's **Housing Benefit Subsidy Grant Claim**. This verification work has included:

- Module 2 - Up Rating

  Testing to help ensure the Council's Revenues and Benefits software is using the correct housing benefit parameters to calculate benefit entitlement;

- Module 3 - Workbooks

  Testing calculations and verifying evidence for an initial sample of 60 cases (HRA, Non HRA and Private Tenants); and

- Module 5 - Software Diagnostic Tool

  Testing to ensure the claim had been completed using recognised software for completion and benefit 'granted' to benefit 'paid' was reconciled in accordance with the software supplier's instructions. IA documented evidence to verify that the Council had complied with a series of control questions relevant to the Benefits software.

3.3.2   The **Housing Benefit Subsidy Grant Claim** audit has been a significant piece of work for IA involving approximately 30 IA days of testing. Nevertheless, the work we carry out in this area saves the Council considerable money by way of a reduced External Audit fee in relation to this grant claim. This type of approach also demonstrates good collaborative working between IA and External Audit, as well as an effective and efficient use of IA and Council resources.

3.3.3   As detailed at **Appendix A**, IA has completed work on the Quarter 1 and 2 **Troubled Families Grant** claim, certifying the return for the claim window. We have also commenced work on **2** further **grant claim** reviews within Quarter 2. This included verification work related to the **Disabled Facilities Grant** and to the **Bus Subsidy Grant** which equate to £3.45m and £21.7k respectively, with certification due by 30th September 2017. An oral update on the certification of these grant claims will be provided at the meeting. There has been no other grant claim verification work carried out by IA this quarter.

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

3.4.1   IA continues to monitor all **HIGH** and **MEDIUM** risk recommendations raised, through to the point where the recommendation has either been implemented, or a satisfactory alternative risk response has been proposed by management.

3.4.2   Follow-up work within this quarter has commenced on the dedicated follow-up reviews of **Capital Programme** and **Scheme of Delegations**, the results of which will be presented in the Quarter 3 IA progress report. We have also continued verifying management's assertion that IA recommendations have been implemented, aimed at providing enhanced assurance to CMT and the Audit Committee that these are fully embedded within the control environment to mitigate the risks identified. Due to the large number of recommendations, this project has continued throughout quarter 2 and we aim to provide a more detailed quarterly snapshot to the CMT and the Audit Committee of progress against implementation of IA recommendations in the next quarterly progress report.

**3.5   Other Internal Audit Work in Quarter 2**

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 3 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 the External Quality Assessment (EQA) review has been conducted by the London Borough of Lambeth, forming an independent opinion of our conformance with the PSIAS including IA's purpose and positioning, structure and resources, audit execution and the impact on the organisation. We are pleased to report that **the IA Service achieved a 'Fully Conforms' opinion** and understand that we are 1 of only 3 London Boroughs to have achieved this since the new PSIAS were introduced. The full report from the London Borough of Lambeth is due to be presented as a separate item to the Audit Committee.

4. Analysis of Internal Audit Performance in 2017/18 Quarter 2

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, detailed at **Appendix D**, are 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.

4.2   Cumulative performance against the nine KPIs in the 1st April to 18th September 2017 period is summarised within the bar chart below:
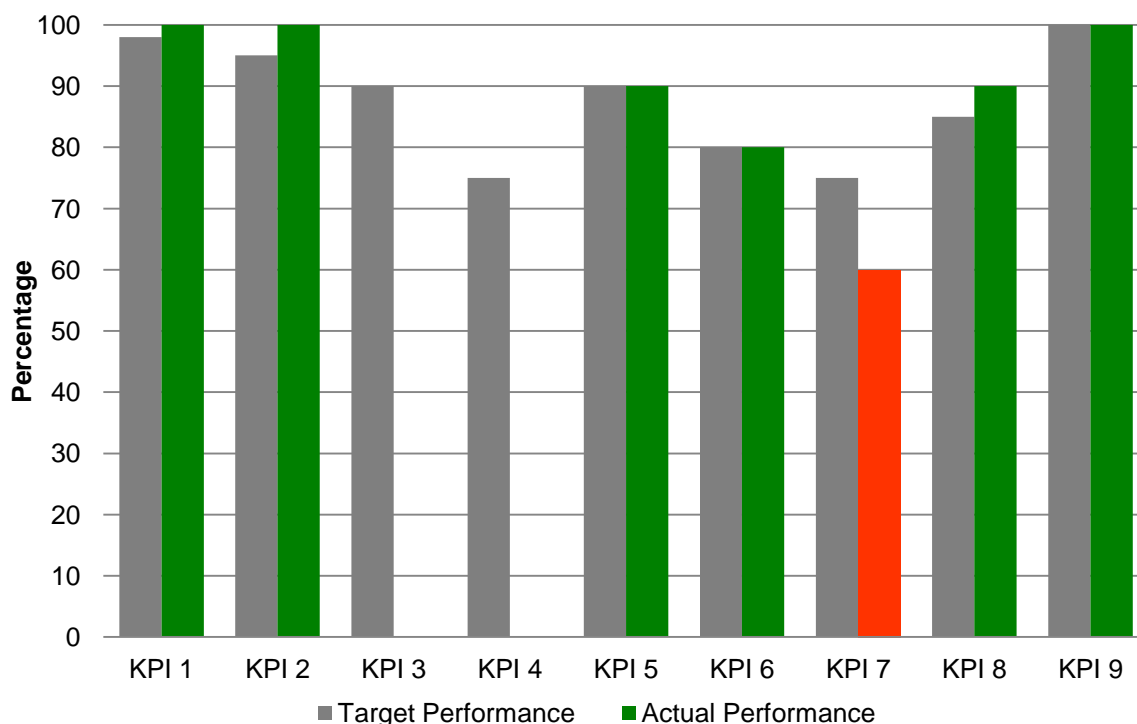
4.3   Performance data for KPI 3 and KPI 4 is not yet available as none of the 2017/18 the **HIGH** or **MEDIUM** risk recommendations raised have yet fallen due. KPI 7 continues to be the one IA KPI that is not achieved and is reported as **RED** for the first two quarters of 2017/18. This is primarily due to 2 of the 5 IA Assurance reports finalised experiencing delays in receipt of management response. Whilst we facilitate this process, we are reliant on timely management responses within the set timeframe to achieve this indicator.

4.4   The time taken to finalise final reports from draft stage is on average 10 working days and thus within tolerances. However, due to historic non performance against KPI 7 we are providing greater oversight of compliance against these KPIs to Corporate Directors as part of a quarterly IA dashboard, reporting a snapshot of IA performance at a Group level. We are currently exceeding several of our KPI targets, including achieving the ambitious KPI 8, 85% Client Satisfaction Rating which we are hopeful will continue throughout the remainder of the year as the volume of CFQ feedback increases.

5. Forward Look

5.1   The HBA took over responsibility for the Counter Fraud (CF) team on 1st August 2017 and work is underway to develop a more **integrated IA and CF approach** for the Council moving forward. Further details in relation to this are included in the HBA's CF Progress Report which is a separate item within the Audit Committee report pack.

5.2   Recently a member of the IA team has been **nominated for the 'best newcomer' category** of the UK Chartered Institute of Internal Auditors' 2017 Awards. **Chloe Moorcroft**, who is one of only four individuals in the UK to be shortlisted for the award, joined the Council's IA team in January 2016 and despite coming from a diverse career background has excelled in the role due to her enthusiasm and consistent performance delivery. She has a relentless desire to improve services for the better and brings a high challenge and high support approach to working with managers, on top of the exceptional quality of her audit fieldwork. This nomination is high recognition for Chloe as well as the wider IA service. The Judges' final decision on the overall winner will remain secret until the results are revealed at a London awards ceremony hosted by PricewaterhouseCoopers on 6th November.

5.3   IA would like to take this opportunity to formally thank all staff throughout the Council with whom it had contact during this quarter. There continues to be an increasingly collaborative approach in IA's working relationship with staff and management who generally have responded very positively to IA findings.

5.4   There are no other matters that we need to bring to the attention of the Council's CMT or Audit Committee at this time.

Muir Laurie FCCA, CMIIA
Head of Business Assurance (& Head of Internal Audit)

18th September 2017

APPENDIX A

DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2017/18

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

2017/18 IA Assurance Reviews:

IA Ref.	IA Review Area	Status as at 18th September 2017	Assurance Level	Risk Rating H	M	L	NP	CFQ Received?
17-A1	Houses in Multiple Occupation (HMO) registration, including fit and proper person	Final report issued on 21st July 2017	**No**	4	3	3	0	✓
17-A10	Volunteering	Final report issued on 18th Sept 2017	**Limited**	0	3	1	0	Not yet due
17-A9	Public Health - Substance Misuse contract, including ARCH Service	Final report issued on 5th Sept 2017	**Reasonable**	0	2	4	2	Not yet due
17-A6	Planning applications - Quality Control	Final report issued on 6th Sept 2017	**Reasonable**	0	2	2	0	Not yet due
17-A8	Thematic review of assets, stock and cash management within Green Spaces, Sport and Culture	Final report issued on 18th Sept 2017	**Reasonable**	0	11	6	1	Not yet due
17-A2	Children missing from home, placement and education	Draft report issued on 18th Sept 2017						
17-A3	Facilities Management	Draft report in progress						
17-A5	Extra Care	Testing in progress						
17-A12	IR35	Testing in progress						
17-A13	Child Protection	Testing in progress						
17-A14	Education for Looked After Children	Testing in progress						
17-A15	Benefits	Audit deferred by management - See Appendix B						
17-A17	Social Media	Testing in progress						
17-A16	CYPS Thematic review - Children in Need	Planning in progress						
	Total Number of IA Recommendations Raised			**4**	**21**	**16**	**3**	
	Total % of IA Recommendations Raised			**10%**	**51%**	**39%**	**-**	

APPENDIX A (cont'd)

DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2017/18

2017/18 IA Follow-Up Reviews:

| IA Ref. | IA Follow-Up Review Area | Status as at 18th September 2017 | Recommendations | | | | CFQ Received? |
			Implemented	Partly Implemented	Not Implemented	Total	
17-A11	Follow-Up of implemented recommendations	Verification testing in progress					
17-A18	Capital Programme	Verification testing in progress					
17-A19	Scheme of Delegations	Verification testing in progress					
		Total Number					

2017/18 IA Consultancy Reviews:

IA Ref.	IA Review Area	Status as at 18th September 2017	CFQ Received?
17-C4	Stores - Year End Stock Take	Memo issued on 20th April 2017	✓
17-C1	Payment Card Industry Data Security Standard (PCIDSS)	Memo issued on 15th May 2017	✓
17-C6	Green Spaces - Petty Cash Imprest Account (Duke of Edinburgh)	Memo issued on 11th July 2017	✓
17-C5	Parking Services Administration	Memo issued on 1st August 2017	✓
17-C2	Data quality for vulnerable service users	Memo issued on 18th September 2017	Not yet due
17-C7	CYPS Thematic review - Benchmarking	Memo in progress	
17-C9	Flood and Water Management	Audit deferred by management - See Appendix B	
17-C10	Assurance Mapping	Testing in progress	
17-C11	Troubled Families Process Mapping	Testing in progress	
17-C8	Thematic Review of Debt Recovery Agents (Bailiffs)	Planning	

APPENDIX A (cont'd)

DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2017/18

2017/18 IA Grant Claim Verification Reviews:

IA Ref.	IA Review Area	Status as at 18th September 2017
17-GC3	Troubled Families Grant - Quarters 1 and 2	Certified and memo issued on 3rd August 2017
17-GC2	Housing Benefits Subsidy Grant	IA testing completed on 18th August 2017
17-GC1	Disabled Facilities Capital Grant (DFG)	Certification testing in progress
17-GC4	Bus Subsidy Grant	Certification testing in progress

<u>APPENDIX B</u>

<u>REVISIONS TO THE 2017/18 INTERNAL AUDIT PLAN ~ QUARTER 2</u>

IA work DEFERRED from the 2017/18 Operational IA Plan for Quarter 2:

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
17-A15	Benefits	Assurance	MEDIUM	**Paul Whaymand** Corporate Director of Finance	Further to undertaking detailing planning of this audit, it was agreed that due to the level of assurance obtained from the 2016/17 IA resource would be better placed and, add greater value, through providing assurance through a refined scope focusing on the implementation of e-benefits.
17-C9	Flood and Water Management	Consultancy	MEDIUM	**Jean Palmer** Deputy Chief Executive & Corporate Director of Residents Services	Further to undertaking detailing planning of this consultancy review, we were advised that Business Improvement Delivery (BID) were undertaking work within this area. We therefore agreed to defer this review by at least 6 months to within the 2018/19 plan if it is still relevant and of risk to the service.

IA work ADDED to the 2017/18 Operational IA Plan for Quarter 2:

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
17-C11	Troubled Families Process Mapping	Consultancy	MEDIUM	**Pauline Moore** Head of HR, Performance, Improvement & Communications	This review was requested by management following the spot check review undertaken by DCLG earlier in the year. This review will map the Troubled Families process, focusing on the roles and responsibilities of each relevant stakeholder to the process. In addition, we will look at the use of information and data streams which aid in the attachment of families to the programme.

APPENDIX C

DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2017/18 ~ QUARTER 3

IA work scheduled to commence in the 1st October to 31st December 2017 period:

IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
17-A22	Management and Control of Void Dwellings	Assurance	**HIGH**	**Jean Palmer** Deputy Chief Executive & Corporate Director of Residents Services	There are a number of teams and services involved throughout the management and control of void properties. This assurance review, deferred from 2016/17, will focus on the end to end process to ensure that it is working efficiently and that appropriate policies, procedures and action is taken to minimise the time that Council properties are empty and classified as void.
17-A23	Dedicated Facilities Grant (DFG)	Assurance	**HIGH**	**Jean Palmer** Deputy Chief Executive & Corporate Director of Residents Services	The national DFG programme 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. This IA assurance review has been scheduled following a Business Improvement Delivery (BID) review which has fundamentally changed the business model for DFG delivery to ensure that the revised controls framework is in place and operating to effectively manage risk.
17-A24	Equalities Act	Assurance	**MEDIUM**	**Fran Beasley** Chief Executive	The Equality Act 2010 legally protects people from discrimination in the workplace and in wider society, replacing previous anti-discrimination laws with a single Act, making the law easier to understand and strengthening protection in some situations. This IA assurance review will seek to confirm that appropriate controls are in place to ensure compliance with the Act, and the associated public sector Equality Duty, minimising the risk of non compliance.
17-A25	Staff overtime, allowances and expenses, including mileage	Assurance	**MEDIUM**	**Fran Beasley** Chief Executive	This review will seek to provide assurance over the efficiency, effectiveness and robustness of controls in place surrounding pay expenditure to ensure that appropriate oversight, segregation and approval controls are embedded and operating effectively.

APPENDIX C (cont'd)

DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2017/18 ~ QUARTER 3 (cont'd)

IA work scheduled to commence in the 1st October to 31st December 2017 period:

IA Ref.	Planned Audit Area	Audit Type	IA Risk Assessment	Review Sponsor	Rationale
17-A26	Trading Standards	Assurance	MEDIUM	**Jean Palmer** Deputy Chief Executive & Corporate Director of Residents Services	Trading Standards is responsible for ensuring businesses and consumers understand their legal rights and responsibilities in relation to legislation that falls within its remit to help combat consumer and business detriment within the Borough, combating rogue traders and tackling local and national priorities and enforcement issues. This IA assurance review will confirm that appropriate procedures and policies are in place and adhered to for the diverse issues, under a wide variety of Acts, Orders and Codes of Practice, as set out by central government, the Food Standards Agency.
17-A27	School Placement Planning	Assurance	MEDIUM	**Jean Palmer** Deputy Chief Executive & Corporate Director of Residents Services	Hillingdon Council ensured that every child in Hillingdon has a secondary school place. Secondary school admissions results were released on Wednesday 1 March with 94.9% of Hillingdon pupils receiving one of their preferred choices. This will be a cross cutting assurance review across the Council's school performance and placement teams. It will largely be a desktop audit, focusing on the planning and forecasting of school placements, adherence to operational procedures and interaction and utilising of the Council's performance team, seeking to provide assurance over the Council's School placement planning processes.
17-A28	Corporate Payments	Assurance	MEDIUM	**Paul Whaymand** Corporate Director of Finance	The systems for ordering, receipt and payment for goods and services may represent some of the most significant systems within an organisation. Regardless of expenditure type there is a need to ensure risks are fully identified, assessed and mitigated by applying robust controls to ensure operations run effectively. This IA review will seek to confirm that the Council has systems and procedures which properly support expenditure in terms of committed expenditure, value for money, declarations of potential conflict of interest with controls in place to protect funds from fraud and corruption.

APPENDIX C (cont'd)

DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2017/18 ~ QUARTER 3 (cont'd)

**IA work scheduled to commence in the 1st October to 31st December 2017 period:**

IA Ref.	Planned Audit Area	Audit Type	IA Risk Assessment	Review Sponsor	Rationale
17-A29	Contact Centre	Assurance	**MEDIUM**	**Jean Palmer** Deputy Chief Executive & Corporate Director of Residents Services	The Council's contact centre is the main point of contact for the majority of resident interaction with the Authority. Demand on the service remains at a constant on a quarterly basis with 278,441 queries via telephone, switchboard, admin and face to face within quarter 1 compared to 280,897 for quarter 4 of 2016/17. With the contact centre increasing becoming the initial triage of resident queries, there is an increased likelihood that the demand for information and advice exceeding service capacity within the Contact Centre team. This assurance review will focus on business processes to ensure efficient working practices are in place to minimise the risk of increased waiting times and resident dissatisfaction.
17-A30	Houses in Multiple Occupation (HMO) registration, including fit and proper person	Assurance (Follow-up)	**HIGH**	**Jean Palmer** Deputy Chief Executive & Corporate Director of Residents Services	Following the 2017/18 IA assurance review in this area which received a **NO** assurance opinion, this follow-up review, with a refined scope, focuses on the implementation of the 4 **HIGH** and 3 **MEDIUM** risk recommendations raised.
17-A31	Housing - Planned Maintenance	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, focuses on the implementation of the 2 **HIGH** and 5 **MEDIUM** risk recommendations raised.
17-A32	Housing Repairs	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, focuses on the implementation of the 4 HIGH and 6 MEDIUM risk recommendations raised.

DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2017/18 ~ QUARTER 3 (cont'd)

IA work scheduled to commence in the 1st October to 31st December 2017 period:

IA Ref.	Planned Audit Area	Audit Type	IA Risk Assessment	Review Sponsor	Rationale
17-C12	Service Contracts	Consultancy	MEDIUM	**Jean Palmer** Deputy Chief Executive & Corporate Director of Residents Services	The Council has a duty to ensure that buildings under its control comply with appropriate statutory, regulatory and corporate standards. This IA consultancy review will provide advice and guidance over the current mechanisms and process flow of information in place over the monitoring and management of service contracts. This will include the level of compliance and assurances obtained by external suppliers in meeting Statutory compliance with legislation and statutory guidance.
17-C13	CYPS Thematic review	Consultancy	MEDIUM	**Tony Zaman** Corporate Director of Social Care	We will be undertaking thematic reviews each quarter, this quarter to provide consultancy guidance on the readiness of Children and Young People's Service for an Ofsted inspection. This will seek to demonstrate the Council's commitment to high standards of practice, management and leadership in the safeguarding of children.
17-GC5	Troubled Families Grant - Quarter 3	Grant Claim	N/A	**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 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 2017/18 ~ QUARTER 3 (cont'd)

IA work scheduled to commence in the 1st October to 31st December 2017 period – Analysis by Corporate Director:
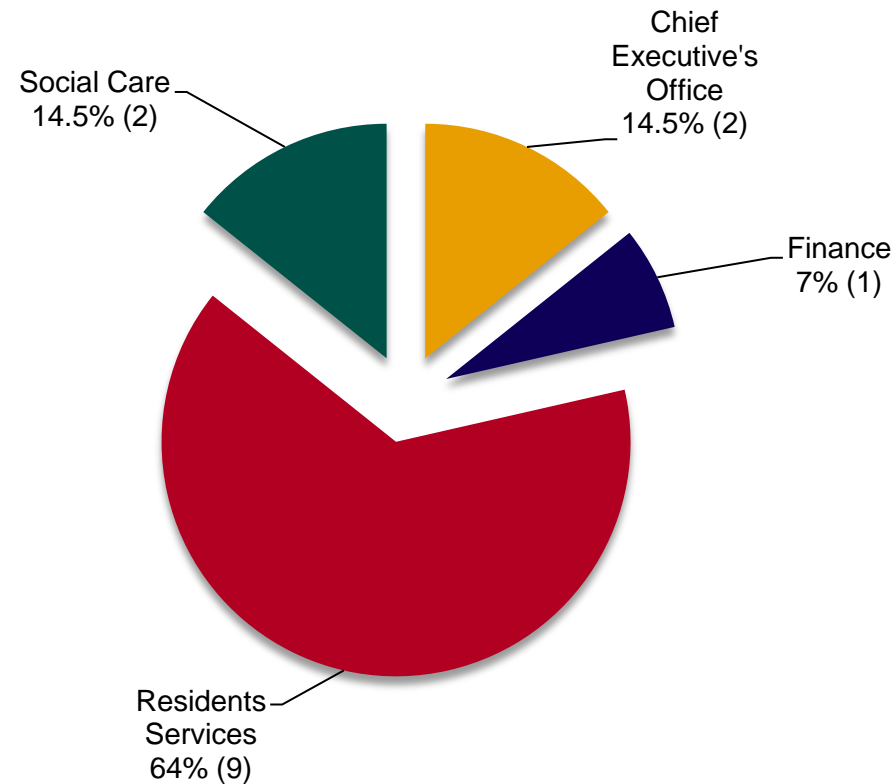
- The relevant Corporate Directors and Deputy Director/ Head of Service will be consulted regarding the exact timing of each individual IA review; and
- Where an IA review is deferred or cancelled within the quarter, the relevant Audit Sponsor will be asked to provide an alternative audit in their Group.

INTERNAL AUDIT KEY PERFORMANCE INDICATORS

KPI Ref.	Performance Measure	Target Performance	Actual Performance	RAG Status
KPI 1	2017/18 **HIGH** risk IA recommendations where positive management action is proposed	**98%**	**100%**	**GREEN**
KPI 2	2017/18 **MEDIUM** risk IA recommendations where positive management action is proposed	**95%**	**100%**	**GREEN**
KPI 3	2017/18 **HIGH** risk IA recommendations where management action is taken within agreed timescale	**90%**	**n/a**	**GREEN**
KPI 4	2017/18 **MEDIUM** risk IA recommendations where management action is taken within agreed timescale	**75%**	**n/a**	**GREEN**
KPI 5	Percentage of annual (Q1 to Q4) IA Plan delivered to **draft report** stage by 31st March	**90%**	**90%**	**GREEN**
KPI 6	Percentage of annual (Q1 to Q4) IA Plan delivered to **final report** stage by 31st March	**80%**	**80%**	**GREEN**
KPI 7	Percentage of draft reports issued as a final report within 15 working days	**75%**	**60%**	**RED**
KPI 8	Client Satisfaction Rating (from CFQs)	**85%**	**87.5%**	**GREEN**
KPI 9	IA work fully compliant with the UK **PSIAS** and **IIA Code of Ethics**	**100%**	**100%**	**GREEN**

APPENDIX E

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 E (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**.