

BUSINESS ASSURANCE

Internal Audit Progress Report to Audit Committee: 2017/18 Quarter 3 (including the Quarter 4 Internal Audit Plan)

4th December 2017



HILLINGDON
LONDON

www.hillingdon.gov.uk

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1. Introduction

1.1 The Role of Internal Audit

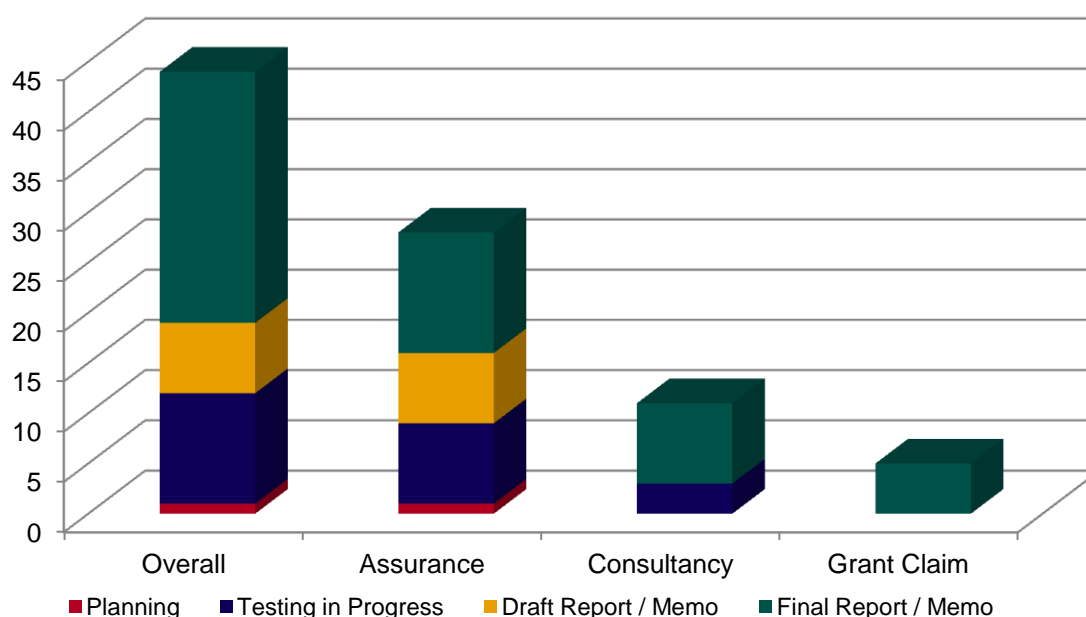
- 1.1.1 Internal Audit (IA) provides an independent assurance and consultancy service that underpins good governance, which is essential in helping the Council achieve its corporate objectives and realise its vision for the borough of Hillingdon. It is also a requirement of the Accounts and Audit (England) 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 IA assurance, consultancy and grant claim verification work covered during the period 19th September to 4th December 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 3 IA plan since its approval (refer to **Appendix B**).
- 1.2.2 A key feature of the Quarter 3 IA progress report is the inclusion of the 2017/18 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 2018 period.

2. Executive Summary

- 2.1 Since the last IA Progress Report to CMT and the Audit Committee on 18th September 2017, **7 assurance reviews** have concluded, **3 consultancy reviews** have been finalised and **3 grant claims** have been certified. We are therefore making reasonable progress against the programme of IA work for Quarters 1, 2 and 3 depicted below:

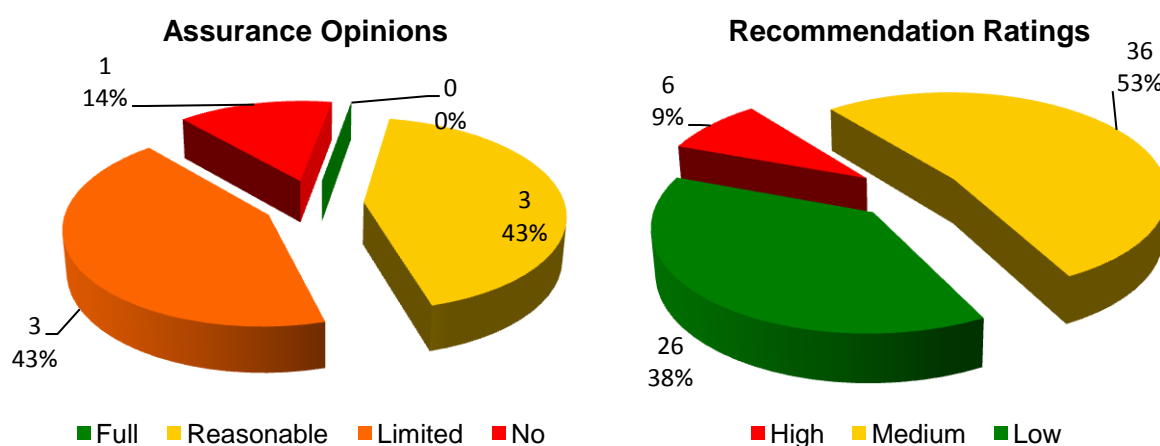


- 2.2 Our work on the 2017/18 Quarter 3 IA plan commenced on 1st October and work is now underway on all Quarter 3 planned work. Whilst the IA team is currently fully resourced, progress has been slower than anticipated and we are behind schedule. This is primarily due to the increase in Trainee Internal Auditors within the team this year which resulted in a decrease in capacity during Q1 and Q2. Nevertheless, we are confident that the enhanced robustness of IA resource in the longer term will enable steady progress against the plan in addition to enhancing future resilience. Available IA resource continues to be predominantly focused on the highest risks the Council is exposed to (refer to **Appendix C**).
- 2.3 Key assurance reviews finalised this quarter have included **Children missing from home, placement and education**, and **Extra Care**, both of which obtained 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. We are pleased to report that 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 Within the quarter we have also undertaken a follow-up review of the recommendations arising from the 2017/18 **NO** assurance review of **Houses in Multiple Occupation (HMO) registration** (including fit and proper person checks). Further, we continue to undertake a variety of IA advisory work which, in addition to grant claims, within the quarter includes valuable pieces of work on **Troubled Families Process Mapping** as well as completing the first **Assurance Map** on one of the Council's Corporate Risks.
- 2.5 There have been no amendments to the 2017/18 Quarter 3 IA operational plan (refer to **Appendix B**). Further details of all IA assurance, consultancy, follow-up and grant claim 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 3

3.1 Assurance Work in Quarter 3

- 3.1.1 During this quarter **7** 2017/18 IA assurance reviews have been completed to final report stage, with a further **7** progressed to draft report stage. At the date of this report, 7 of the 8 remaining reviews (including 1 follow-up) are at varying stages of testing, with the remaining planned reviews at the background and information gathering stage. Key assurance reviews finalised this quarter have included **Children missing from home, placement and education**, and **Extra Care**.
- 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:



- 3.1.3 The IA assurance review of **Children missing from home, placement and education** raised **10 MEDIUM** and **3 LOW** risk recommendation and gave an overall **LIMITED** assurance opinion. The Council has a detailed Joint Protocol, providing governance, guidance and a multi-agency control framework for practitioners and managers across all services that come across or work with children / young people who go missing from home or care. Nevertheless, our review identified various instances of non-compliance with this Protocol. Upon reporting our initial findings to management, we were advised the Protocol did not reflect current practice.
- 3.1.4 During the initial stages of our testing, we raised concerns regarding the ability of the Single Point of Contact (SPOC) for missing children to undertake this responsibility due to the size of the SPOC role respective to the individual's wider responsibilities and size of the workforce. We are pleased to report that, upon escalating this to the Deputy Director Children's Services, it has been agreed that the SPOC role will be allocated out to subject matter experts, named Champions, for the various CSE risk factors. We believe this will enable a wider spread of knowledge across the directorate/group and reduce the reliance on one individual.
- 3.1.5 We incorporated the review of an external contractor into our testing; reviewing their performance of Return Home Interviews (RHI). The Service Level Agreement (SLA) in place contained only two key performance indicators (KPIs) both of which were found to be underperforming. Furthermore, sample testing established that the content of the RHI forms being received did not meet requirements, failing to add value to the process or help inform prevention strategies. It is our opinion that RHIs is an area that requires process redesign as we were unable to identify whether a child had been offered or received an RHI, whether it was an independent RHI and where (if any), the supporting documentation is held.
- 3.1.6 We believe there are some areas of further improvement within the service, in particular in relation to records management for Children Missing Education (CME). It was established that due to previous limitations in the ICS system a workaround solution, utilising Google Sheets, has been devised as the primary system for the recording of CME data. This solution has resulted in data being transferred manually to ICS, which is being used as a secondary data repository system. It is our opinion the current dual system process is inefficient and our sample testing identified instances where the quality, integrity and retention of data have been compromised.
- 3.1.7 The IA assurance review of **Extra Care** raised **2 HIGH**, **3 MEDIUM** and **4 LOW** risk recommendation and gave an overall **LIMITED** assurance opinion. Our testing identified the absence of clear up-to-date procedural guidance, a key component of the control framework. It is our view that this has significantly impacted the effectiveness of the control environment with inconsistencies in working practices evidenced throughout this review. This issue is further compounded by out of date job descriptions which do not capture the array of tasks/activities required by staff.
- 3.1.8 Regular health and safety checks on lighting, fire equipment and general equipment used by residents, including pull cords, are essential to ensure the ongoing safety of residents and staff members on site. Our audit testing highlighted inconsistencies in the performance and reporting of the aforementioned checks at both Extra Care sites. Further, we were unable to confirm that several tests had been conducted for an extensive period of time potentially placing residents at risk.
- 3.1.9 During this review we noted that there appeared to be no formal oversight of the function following a number of staffing restructures. This has resulted in the absence of regular management information regarding tenancies, status of repairs and the expected health and safety checks. Furthermore, regular meetings do not take place between all of the service areas that contribute to the Extra Care Service. As a result, this increases the likelihood that services work in silos due to limited cross departmental communication and coordination. Positive management action has been proposed to address each of the 2 high and 3 medium risk recommendations identified within this review.

3.2 Consultancy Work in Quarter 3

- 3.2.1 IA continues to undertake a variety of consultancy work across the Council. The consultancy coverage includes IA staff attending working and project groups, whilst ensuring they are clear about whether they are attending in an assurance or advisory capacity. This type of approach continues to help increase IA's knowledge of corporate developments that feed into the risk based deployment of IA resource on assurance work.
- 3.2.2 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 3 with **3** consultancy reviews completed within the period with a further **3** reviews currently at an advanced stage.
- 3.2.4 The planned IA consultancy review of **CYPS Benchmarking** was concluded within the quarter. In order to undertake the benchmarking against high performing Boroughs, we selected Ofsted reports based on the achievement of "Outstanding" and "Good" within the last year period. Through detailed review and analysis of the reports for Local Authorities we extracted examples of best practice, detailed by Ofsted, providing these for information and management consideration.
- 3.2.5 In addition, as part of this review we benchmarked the Authority's Social Worker remuneration package against live job advertisements, focusing on salary, allowance, training, pension and employee benefits. We concluded that Hillingdon's current package offering is in line with its competitors, offering a variety of incentives and bonuses to social workers. Each LA may have some variation in their package but there does not appear to be a strong, distinguishing factor or a variable which sways decisions.
- 3.2.6 IA was asked to provide consultancy advice on the **Troubled Families Process Mapping** with this review added to the Quarter 2 plan. We are pleased to report that since the DCLG spot check conducted in April 2017, changes have been made to the Troubled Families process to ensure families are correctly identified and attached to the programme.
- 3.2.7 During the process mapping exercise, we identified areas of the control framework that require further strengthening with instances identified where it does not fully align to the Troubled Families Financial Framework Guiding Principles. Further, this is compounded by the lack of guidance documents and historical absence of verification checks prior to attachment.
- 3.2.8 A verification process has recently been implemented, although due to the scale of this resource intensive programme, it is our opinion that additional resource may be required to ensure the eligibility of the families attached to the programme. Further, formal clarification from DCLG on potential data protection concerns may increase the data streams that the Business Performance Team use to identify families that may be eligible for attachment to the programme.
- 3.2.9 Finally, within the quarter we have finalised an **Assurance Map** piloted on one of the Council's corporate risks. This identifies and records the main sources of assurance that inform key stakeholders of the effectiveness of how this risk is managed and the associated controls and processes relied upon. The results from this assurance map have identified the absence of an overall ICT Security Framework. Whilst we noted that a number of cyber security activities are undertaken, they could be further co-ordinated to ensure they align with the corporate risk. We have now passed this tool onto the Council's risk management function and will work with them to utilise the output to help inform the ongoing quarterly IA plan.

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 completing verification work regarding the **Disabled Facilities Grant (DFG)** and the **Bus Subsidy Grant** which equate to £3.45m and £21.7k respectively.
- 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 2017 deadline, with an unqualified opinion.
- 3.3.3 The Local Authority **Bus Subsidy Grant** for 2016/17 covers both commercial and non-commercial bus routes and is administered centrally by the Department for Transport. The Grant is the partial refund on fuel duty received from the government by operators of local bus services in England. To the best of our knowledge and belief, and having carried out appropriate investigations and checks, it is our opinion that, in all significant respects, the conditions attached to Local Authority Bus Subsidy Ring-Fenced (Revenue) Grant Determination 2016/17 have been complied with.

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

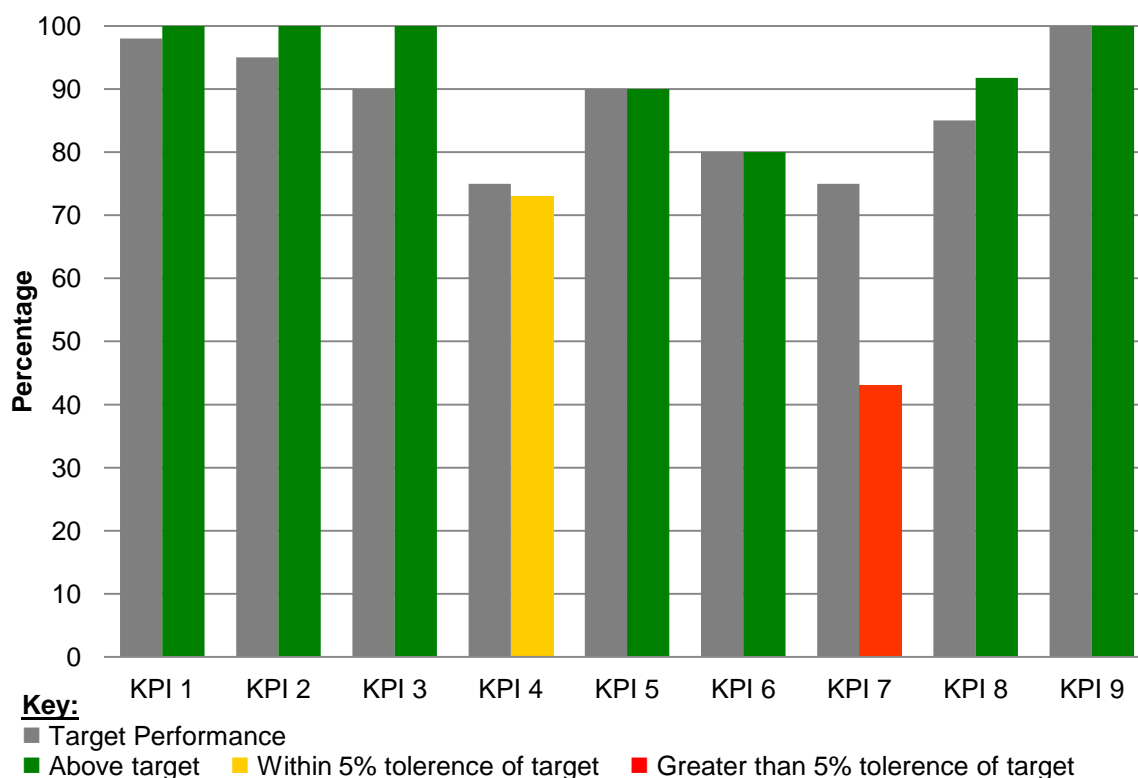
- 3.4.1 IA continues to monitor all **HIGH** and **MEDIUM** risk recommendations raised, through to the point where the recommendation has either been implemented, or a satisfactory alternative risk response has been proposed by management. In addition to this, we have taken a renewed approach to follow-up work within the year, actively following up on prior **LIMITED** or **NO** assurance reports within 6 months to a year after their issue.
- 3.4.2 Within the quarter we have 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 will continue throughout remainder of the year with the aim to provide a detailed snapshot to the CMT and the Audit Committee of progress against implementation of IA recommendations in the annual report. A snapshot of current progress is detailed at [Appendix A](#).
- 3.4.3 Dedicated follow-up work within this quarter has been focused on previous IA reviews achieving a prior **LIMITED** or **NO** assurance opinion. Attached at [Appendix A](#) is a list of follow-up work carried out in Quarter 3, highlighting the **5 follow-up** reviews have been completed within the period.
- 3.4.4 These dedicated follow-up reviews found that **74%** of the **93** recommendations followed-up within the quarter were deemed **Implemented**. Of the remaining recommendations we confirmed that **15%** (14) were **Partly Implemented** and **11%** (10) were deemed **Not Implemented**. In each of the 21 cases deemed partly or not implemented have been reopened on our dedicated follow-up system, TeamCentral, with new implementation dates applied for active monitoring and tracking. These recommendations will then be followed-up in due course as these revised dates fall due.
- 3.4.5 These results include the follow-up of the 2017/18 **NO** assurance review of **HMO registration** where only **2** of the **7 High** and **Medium** risk recommendations raised has been **Partly Implemented**. The remaining **5** recommendations were deemed **Not Implemented**, with significant further action required to ensure the associated risks are managed in line with the Council's risk appetite and the management action proposed. Senior Management is aware, now actively tracking and scrutinising progress in this area.

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.
- 3.5.2 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 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.
- 3.5.3 Following the resource intensive External Quality Assurance (EQA) review, we have been unable to dedicate the required time to undertake the planned **Quality Assurance and Improvement Programme (QAIP)** work this quarter. 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. Assurance on compliance can be taken from the independent EQA performed earlier this year and we plan to work in collaboration with the incoming Independent Chairman of the Audit Committee to identify areas of quality assurance required by the Committee. We will revise the IA QAIP accordingly for the 2018/19 financial year.

4. Analysis of Internal Audit Performance in 2017/18 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, 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 IA KPIs in the 1st April to 4th December 2017 period is summarised within the bar chart below:



- 4.3 Whilst we have seen a slight improvement on the quarter 2 position KPI 7 continues to be one IA KPI that is not achieved and is reported as **RED** for all three quarters of 2017/18. This is primarily due to 4 of the 7 IA Assurance reports finalised experiencing delays in receipt of management response. Whilst we facilitate this process, **we are heavily 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 14 working days and thus within tolerances. However, we continue to provide oversight of compliance against these KPIs to Corporate Directors and are actively looking at our own process to aid the facilitation of management responses. 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 A key member of the IA team (Matteo Biondi) is due to leave the Council later this month, moving to the Foreign and Commonwealth Office. Given the extensive recruitment exercise within late 2016/17 where we successfully appointed 3 Trainee Internal Auditors, we are looking at a number of recruitment options to fill the resulting vacancy in the team. These options provide existing members of the IA team with an opportunity to take on more responsibility in line with the agreed IA Strategy 2015-20. Linked to this, one member of the IA team (Huda Al-sadi) has recently passed her final Certified Internal Auditor (CIA) exam. In the short term we are looking to utilise our external partner, Mazars, to help delivery of the 2017/18 IA plan, mitigating the impact of not recruiting and address the resource shortfall within Quarter 4 of 2017/18.
- 5.2 Closer working arrangements are evolving between Counter Fraud and Internal Audit since responsibility for the service came across to Business Assurance, with clear evidence as to how to two services interrelate to enhance the control environment. Following the recruitment of the new Counter Fraud Manager we expect this to further develop as we move into 2018.
- 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)

4th December 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 4 th December 2017	Assurance Level	Risk Rating				CFQ Received?
				H	M	L	NP	
17-A1	Houses in Multiple Occupation (HMO) registration, including fit and proper person	Final report issued on 21 st July 2017	No	4	3	3	0	✓
17-A10	Volunteering	Final report issued on 18 th Sept 2017	Limited	0	3	1	0	✓
17-A2	Children missing from home, placement and education	Final report issued on 12 th Oct 2017	Limited	0	10	6	0	✓
17-A5	Extra Care	Final report Issued on 14 th Nov 2017	Limited	2	5	4	0	✓
17-A9	Public Health - Substance Misuse contract, including ARCH Service	Final report issued on 5 th Sept 2017	Reasonable	0	2	4	2	✓
17-A6	Planning applications - Quality Control	Final report issued on 6 th Sept 2017	Reasonable	0	2	2	0	✓
17-A8	Thematic review of assets, stock and cash management within Green Spaces, Sport and Culture	Final report issued on 18 th Sept 2017	Reasonable	0	11	6	1	✓
17-A13	Child Protection Conferences	Draft report issued on 22 nd Nov 2017						
17-A12	IR35	Draft report issued on 4 th Dec 2017						
17-A14	Education for Looked After Children	Draft report issued on 4 th Dec 2017						
17-A3	Facilities Management	Draft report issued on 4 th Dec 2017						
17-A16	CYPS Thematic review - Family Support- Intervention & Prevention	Draft report in progress						
17-A17	Social Media	Draft report in progress						
17-A25	Staff overtime, allowances and expenses, including mileage	Draft report in progress						
17-A26	Trading Standards	Testing in Progress						

APPENDIX A (cont'd)**DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2017/18****2017/18 IA Assurance Reviews (cont'd):**

IA Ref.	IA Review Area	Status as at 4 th December 2017	Assurance Level	Risk Rating				CFQ Received?
				H	M	L	NP	
17-A23	Dedicated Facilities Grant (DFG)	Testing in Progress						
17-A24	Equalities Act	Testing in Progress						
17-A27	School Placement Planning	Testing in Progress						
17-A28	Corporate Payments	Testing in Progress						
17-A29	Contact Centre	Testing in Progress						
17-A22	Management and Control of Void Dwellings	Planning						
Total Number of IA Recommendations Raised				6	36	26	3	
Total % of IA Recommendations Raised				9%	53%	38%	-	

2017/18 IA Follow-Up Reviews:

IA Ref.	IA Follow-Up Review Area	Status as at 4 th December 2017	Recommendations			
			Implemented	Partly Implemented	Not Implemented	Total
17-A11	Follow-Up of implemented recommendations	Verification testing in progress	56	4	4	64
17-A18	Capital Programme	Memo issued 6 th Oct 2017	4	0	0	4
17-A19	Scheme of Delegations	Memo issued 9 th Nov 2017	0	2	0	2
17-A32	Housing Repairs	Memo issued 27 th November 2017	7	2	1	10
17-A30	Houses in Multiple Occupation (HMO) registration, including fit and proper person	Memo issued 4 th December 2017	0	2	5	7
17-A31	Housing - Planned Maintenance	Memo issued 4 th December 2017	2	4	0	6
Total Number			69 (74%)	14 (15%)	10 (11%)	93

APPENDIX A (cont'd)**DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2017/18****2017/18 IA Consultancy Reviews:**

IA Ref.	IA Review Area	Status as at 4 th December 2017	CFQ Received?
17-C4	Stores - Year End Stock Take	Memo issued on 20 th April 2017	✓
17-C1	Payment Card Industry Data Security Standard (PCIDSS)	Memo issued on 15 th May 2017	✓
17-C6	Green Spaces - Petty Cash Imprest Account (Duke of Edinburgh)	Memo issued on 11 th July 2017	✓
17-C5	Parking Services Administration	Memo issued on 1 st August 2017	✓
17-C2	Data quality for vulnerable service users	Memo issued on 18 th September 2017	✓
17-C7	CYPS Thematic review - Benchmarking	Memo issued on 17 th October 2017	✓
17-C11	Troubled Families Process Mapping	Memo issued on 15 th November 2017	Not yet due
17-C10	Assurance Mapping	Assurance map issued on 4 th December 2017	N/A
17-C8	Thematic Review of Debt Recovery Agents (Bailiffs)	Testing in progress	
17-C12	Service Contracts	Testing in progress	
17-C13	CYPS Thematic review - Ofsted	Testing in progress	

2017/18 IA Grant Claim Verification Reviews:

IA Ref.	IA Review Area	Status as at 4 th December 2017
17-GC1	Troubled Families Grant - Quarters 1 and 2	Certified and memo issued on 3 rd August 2017
17-GC3	Housing Benefits Subsidy Grant	IA testing completed on 18 th August 2017
17-GC2	Disabled Facilities Capital Grant (DFG)	Certified and memo issued on 29 th September 2017
17-GC4	Bus Subsidy Grant	Certified and memo issued on 29 th September 2017
17-GC5	Troubled Families Grant - Quarter 3	Certified and memo issued on 24 th October 2017

APPENDIX B**REVISIONS TO THE 2017/18 INTERNAL AUDIT PLAN ~ QUARTER 3****IA work DEFERRED from the 2017/18 Operational IA Plan for Quarter 3:**

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
No deferrals from the Quarter 3 IA Plan					

IA work ADDED to the 2017/18 Operational IA Plan for Quarter 3:

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
No additions to the Quarter 3 IA Plan					

APPENDIX C**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2017/18 ~ QUARTER 4****IA work scheduled to commence in the 1st January to 31st March 2018 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
17-A33	Corporate Payments	Assurance	MEDIUM	Paul Whaymand Corporate Director of Finance	<p>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.</p> <p>Further to IA planning of the Quarter 2 review (17-A28) we have agreed to split this review into two distinct audits, one looking at the Corporate Payments Team. The second review will look at the control mechanisms surrounding wider payments made by the Council.</p>
17-A34	Community Safety including Domestic Abuse	Assurance	MEDIUM	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	<p>This review will aim to provide assurance to management over the current strategic and operational arrangements. This is following restructure of this service which is key to the Council effectively realising ambitions working closely with the Police and other partners to prevent and reduce crime, tackle domestic abuse and work effectively with our community.</p>
17-A35	Leisure Centres	Assurance	MEDIUM	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	<p>The Council is committed to encouraging community development, engagement and social cohesion by extending and improving sporting and leisure opportunities to make LBH a more healthy, active and successful sporting borough. There are 6 leisure centres offering a range of sporting facilities across the borough to keep residents fit.</p> <p>All the leisure centres are managed on behalf of the Council by independent registered charities. These agreements are due to end in 2020 and this IA assurance review will seek to provide assurance over the management of the agreements in addition to enhance and inform the control framework in advance of a significant procurement exercise.</p>

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2017/18 ~ QUARTER 4****IA work scheduled to commence in the 1st January to 31st March 2018 period:**

IA Ref.	Planned Audit Area	Audit Type	IA Risk Assessment	Review Sponsor	Rationale
17-A36	Access to Resources	Assurance	MEDIUM	Paul Whaymand Corporate Director of Finance	This assurance review follows the significant pieces of consultancy work undertaken by IA regarding financial controls over allowances within Children and Young People's undertaken within 2015/16 and 2016/17 financial years. This review will seek to provide assurance over action taken and the control framework put in place following the consultancy reviews.
17-A37	Housing Needs - Allocations and Assessments	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 3 HIGH and 7 MEDIUM risk recommendations raised.
17-A38	Anti-Social Behaviour Investigations Team	Follow-up	MEDIUM	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	Following the 2016/17 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 1 HIGH and 4 MEDIUM risk recommendations raised.
17-A39	Data Quality within Regulatory Services	Follow-up	MEDIUM	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	Following the 2016/17 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 relevant to regulatory services. The IA recommendations raised relating to Trading Standards have been followed-up as part of the Quarter 2 review in this area (17-A26).
17-C13	Asylum	Consultancy	HIGH	Tony Zaman Corporate Director of Social Care	The Asylum Service has the same statutory responsibilities to children who are Accommodated under S.20 of the Children Act or are Care Leavers with the Council having a statutory duty to make provision for any child in their area who is assessed to be a child in need. All Unaccompanied Asylum Seeking Children (UASC) fall into the category of children in need. This review will look at the process flow of information throughout the Council seeking to identify efficiencies throughout the process.

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2017/18 ~ QUARTER 4****IA work scheduled to commence in the 1st January to 31st March 2018 period:**

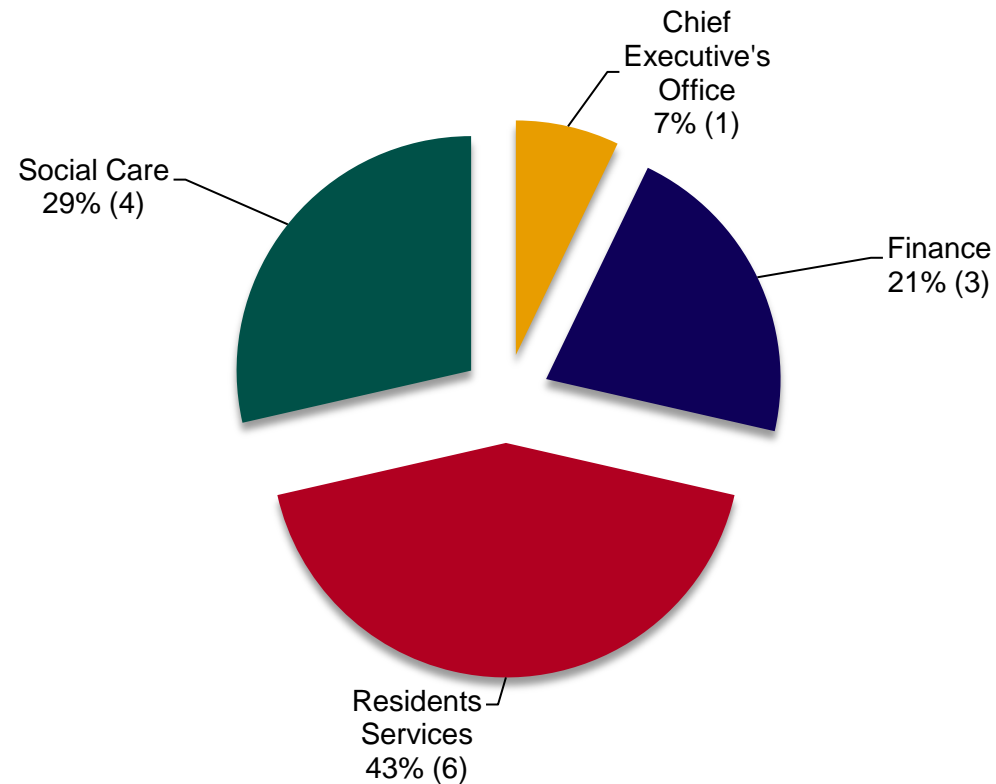
IA Ref.	Planned Audit Area	Audit Type	IA Risk Assessment	Review Sponsor	Rationale
17-C12	Youth Offending Service	Consultancy	MEDIUM	Tony Zaman Corporate Director of Social Care	The Youth Offending Service (YOS) are part of the Youth Justice System and are a team of workers from education, health, police, probation, social services and youth services and trained volunteers, working together to reduce and prevent offending by young people and help create safer communities. HM Inspectorate of Probation are currently consulting on standards and ratings for inspecting YOS, and this consultancy review will aim to undertake a gap analysis against the new standards with a view to enhancing and aligning the Council's control framework to these standards.
17-C14	Landlord Engagement	Consultancy	MEDIUM	Paul Whaymand Corporate Director of Finance	Amidst the rapidly changing Housing market and the current increase in prices, the Council has an ongoing steady demand for good quality, affordable homes to meet housing needs. The Council therefore seeks to build a reputation as a reliable, dependable and trustworthy partner to develop a direct offer to Landlords. This consultancy review will seek to provide advice and guidance over safeguards and controls to ensure there is appropriate transparency over incentives and the guaranteed rental scheme.
17-C15	Missing Children	Consultancy	MEDIUM	Tony Zaman Corporate Director of Social Care	Further to the 2017/18 IA review of children missing from home, placement and education, we have been asked by Management to assist in the resulting project group/workshop.
17-C16	Performance Management	Consultancy	MEDIUM	Fran Beasley Chief Executive	The Council is due to implement new Performance Management software within late 2017/18. Internal Audit has been asked to attend the implementation project group to provide guidance on the system and surrounding control environment.

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2017/18 ~ QUARTER 4****IA work scheduled to commence in the 1st January to 31st March 2018 period:**

IA Ref.	Planned Audit Area	Audit Type	IA Risk Assessment	Review Sponsor	Rationale
17-GC6	Troubled Families Grant - Quarter 4	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'.
17-GC7	Hillingdon Teaching Schools Alliance (HTSA)	Grant Claim	N/A	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 C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2017/18 ~ QUARTER 4 (cont'd)**

IA work scheduled to commence in the 1st January to 31st March 2018 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 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%	100%	GREEN
KPI 4	2017/18 MEDIUM risk IA recommendations where management action is taken within agreed timescale	75%	73%	AMBER
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%	43%	RED
KPI 8	Client Satisfaction Rating (from CFQs)	85%	92%	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.