

BUSINESS ASSURANCE

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

29th March 2018



HILLINGDON
LONDON

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1. Introduction

1.1 The Role of Internal Audit

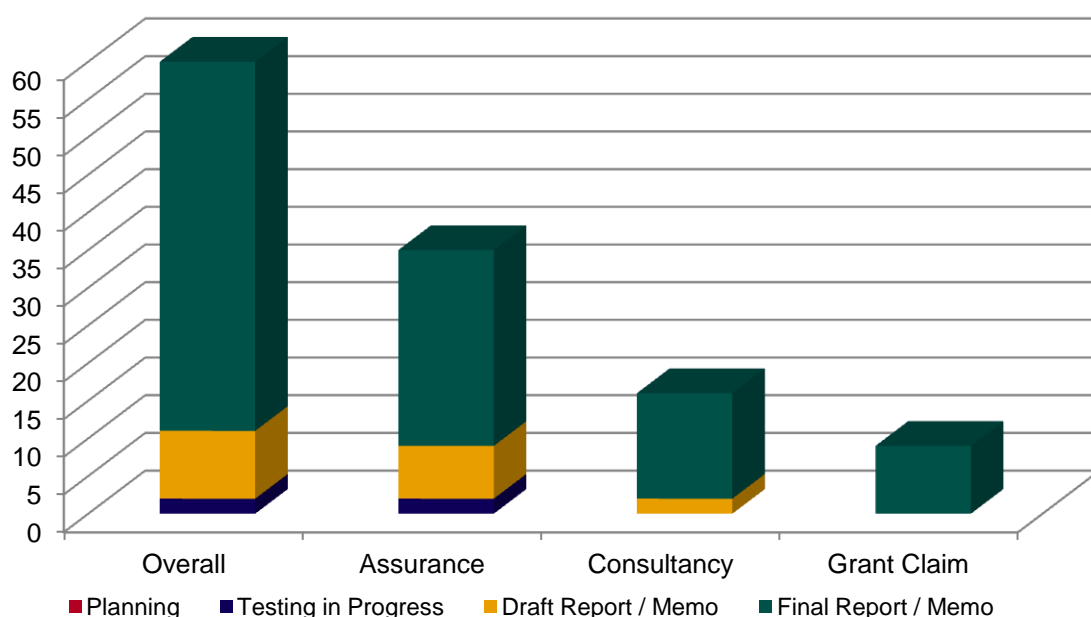
- 1.1.1 Internal Audit (IA) provides an independent assurance and consultancy service that underpins good governance, which is essential in helping the Council achieve its corporate objectives and realise its vision for the borough of Hillingdon. It is also a requirement of the Accounts and Audit (England) 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 4th December 2017 to 29th March 2018. 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 4 IA plan since its approval (refer to **Appendix B**).
- 1.2.2 A key feature of the Quarter 4 IA progress report is the inclusion of the 2018/19 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 2018 period.

2. Executive Summary

- 2.1 Since the last IA Progress Report to CMT and the Audit Committee dated 4th December 2017, **13 assurance reviews** (including 4 follow-up) have concluded, **6 consultancy reviews** have been finalised and **4 grant claims** have been certified. We are therefore nearing completion of the programme of IA work for 2017/18, depicted below:

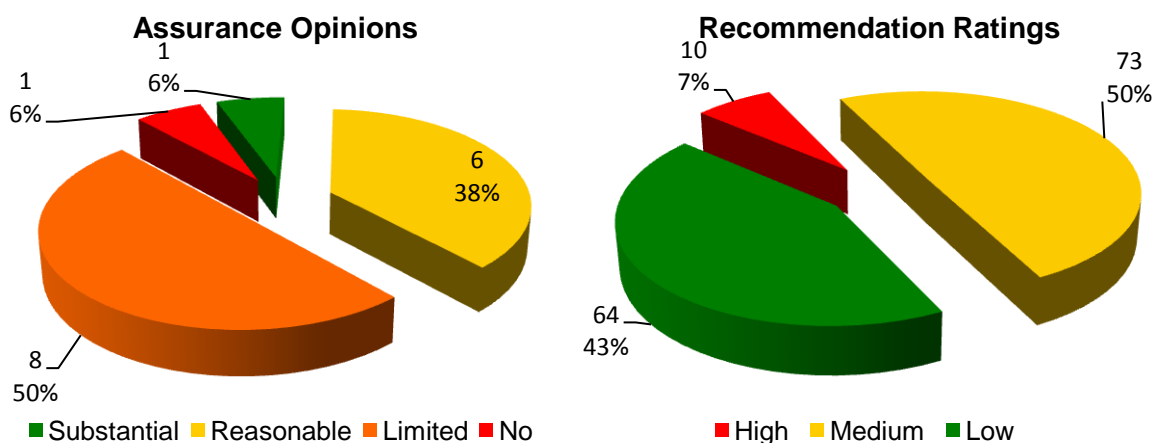


- 2.2 Our work on the 2017/18 Quarter 4 IA plan commenced on 2nd January 2018 and work is now underway on all Quarter 4 planned work (refer to **Appendix A**). Positive progress has been made this quarter, with an additional **7 assurance reviews having progressed to draft report stage**. This is a commendable achievement given that the service have been operating under significantly reduced capacity during the quarter following two members of IA staff leaving Hillingdon in December 2017 and February 2018 respectively.
- 2.3 Nevertheless, we are confident that a recruitment exercise due to commence shortly will allow the IA service to enhance the robustness of IA resources, enabling the service to be better placed to help the council deliver the significant changes and improvements required over the coming period. Available IA resource continues to be predominantly focused on the highest risks the Council is exposed to (refer to **Appendix C**).
- 2.4 Key assurance reviews finalised this quarter have included **Disabled Facilities Grant, Trading Standards, Child Protection Conferences**, and **Facilities Management** each obtaining 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.
- 2.5 Within the quarter we have also undertaken significant follow-up work, with individual reviews of prior audits obtaining a **LIMITED** or **NO** assurance opinion. 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 Ofsted, Missing Children Service Contracts, and Asylum. We also continue to **'Assurance Map'** the Council's Corporate Risks.
- 2.6 There have been six amendments to the Quarter 4 IA operational plan with **three deferrals** and **four additional requests** for 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 4

3.1 Assurance Work in Quarter 4

- 3.1.1 During this quarter, **13** 2017/18 IA assurance reviews (including 4 follow-up reviews) have been completed to final report stage, with a further **7** progressing to draft report stage. At the date of this report, only 2 reviews are at the testing stage.
- 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 **Disabled Facilities Grant (DFG)** raised **3 HIGH**, **4 MEDIUM** and **3 LOW** risk recommendations and gave an overall **LIMITED** assurance opinion. This review follows a period of significant restructure and service redesign to improve the overall adaptations programme. It is our opinion that significant work is still required to embed robust control activities throughout the DFG process to ensure an appropriate, effective, efficient and fit for purpose control environment.
- 3.1.4 The DFG process encompasses a number of internal and external parties to ensure its effective working. A key stakeholder to this process is the Occupational Therapy (OT) Team who assess the total extent of needs before considering eligibility for care and support however, due to the nature of how 'Protocol' is configured, reporting of outstanding OT DFG visits is not currently available, reducing the level of management oversight.
- 3.1.5 The Council utilise an external contractor to build the DFG adaptations to specification and design. A fit for purpose contract agreement was found to be in place, including appropriate contractual clauses detailed regarding performance reporting, monitoring, performance redress, in addition to meeting frequency and governance. However, we were unable to evidence that these controls were embedded and operating as intended. Further, our sample testing of ten ongoing and complete DFG applications noted some significant gaps in supporting documentation throughout the process.
- 3.1.6 The IA assurance review of **Trading Standards** raised **3 HIGH**, **4 MEDIUM** and **3 LOW** risk recommendations and gave an overall **LIMITED** assurance opinion. Referrals are risk assessed using a standard matrix, referred to a tasking group when a score of 6 or more is provided. Our sample testing identified that the rationale for each referral risk score is not detailed, whilst it was identified that only those referrals scoring six and above are recorded. This approach limits the ability for Trading Standards to utilise historic complaints scoring below this threshold as part of the assessment and trend analysis.
- 3.1.7 Reports into most complained about traders can be run from Citizens Advice and Civica to aid management in prioritising resources accordingly. Such reporting is currently not done and at present would be limited by the non recording of complaints below the threshold score. However, our analysis of the Civica data for our sample of 30 referrals identified 13 instances where more than one referral had been received against the same trader. In one case, 12 complaints for underage alcohol sales at a particular premise had been received with limited action evidenced as taken by Trading Standards.
- 3.1.8 Further, procedure documents were found to be inconsistent or absent, impacting the consistency, effectiveness and application of the control environment. This issue is further compounded by the absence of a quality assurance process. Finally, we were unable to identify the frequency and level of proactive Trading Standards work undertaken.
- 3.1.9 Other **LIMITED** assurance reviews finalised this quarter included **Child Protection Conferences, Facilities Management** and the CYPs Thematic review of **Key Working Service, Family Support** with these individually listed at [Appendix A](#).
- 3.1.10 The reviews of **Education for Children Looked After, IR35**, and **Contact Centre** were each provided a **REASONABLE** assurance opinion whilst we are pleased to report that the IA review of School Placement Planning (SPP) was provided a **SUBSTANTIAL** assurance opinion. This was primarily due to the robust control environment, complemented by comprehensive and regular management information being communicated at all levels.

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.

- 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 4 with **6** consultancy reviews completed within the period with a further **2** reviews currently at an advanced stage.
- 3.2.4 The planned IA thematic consultancy review of **Debt Recovery Agents (Bailiffs)** was concluded within the quarter. We noted that Service Level Agreements (SLA), detailing the commitment between the enforcement agent and council, were in place for two of the five service areas that utilises debt collection agencies however, these did not reflect changes in legislation or the Taking Control of Goods National Standards which came into effect in April 2014. Performance monitoring was evidenced however, quarterly performance meetings were only held with 2 of the 5 debt recovery agents. An inconsistent approach to payment reconciliation was noted across each service area and consideration should be taken to adopt the mechanisms utilised by Council Tax and Non Domestic Rate Arrears.
- 3.2.5 IA completed the **CYPS thematic** consultancy review through undertaking a Mock peer review in preparation for the LGA peer review and in advance of any future Ofsted inspection. A number of key themes, strengths and weaknesses were identified and relayed to Senior Management. We believe that each of these weaknesses are known to senior management and reflected in the LGA peer review self assessment, with remedial action already in progress.
- 3.2.6 The planned IA thematic consultancy review of **Missing Children** was concluded within the quarter. We are pleased to report that management has invested considerable effort, time and resources to designing a new Protocol which, in our opinion, accurately depicts the roles, responsibilities and key processes for when a child/ young person goes missing from home or placement. We supported management during this process, conducting two reviews of the draft protocol, mapping the document against the control gaps and risks previously identified; raising comments for consideration prior to management presenting to the Local Safeguarding Children Board (LSCB) for approval.
- 3.2.7 The consultancy review of **Landlord Engagement Team** was also concluded within the period. The consultancy reviews of **Asylum** and **Service Contracts** are at draft memo stage. Each of these three consultancy reviews engaged IA at a time of significant change and, where appropriate, suggested improvements raised will be followed up with a dedicated assurance review to ensure action has been taken to mitigate risk exposure.

3.3 Grant Claim Verification Work in Quarter 4

- 3.3.1 During this quarter IA has also assisted the Council in certifying four grant claims. As detailed at **Appendix A**, IA continues to carry out verification work on the **Troubled Families Grant**. In addition, IA undertook the **Certification of Collaborative Fund Expenditure** (provided by the National College for Teaching and Leadership - NCTL) for St Mary's Catholic Primary School for the 2016-17 financial year.
- 3.3.2 The NCTL certification was provided to enable compliance with the Department for Education's (DfE) terms and conditions of the Grant Funding Agreement (GFA) and the Grant Offer Letter requirements. The objective of this type of limited assurance engagement is to perform such procedures as to obtain sufficient appropriate evidence to obtain a meaningful level of assurance over the Annual Grant Return. We are pleased to report that we provided limited assurance that the expenditure, for grants issued for the period ending 31st March 2017 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

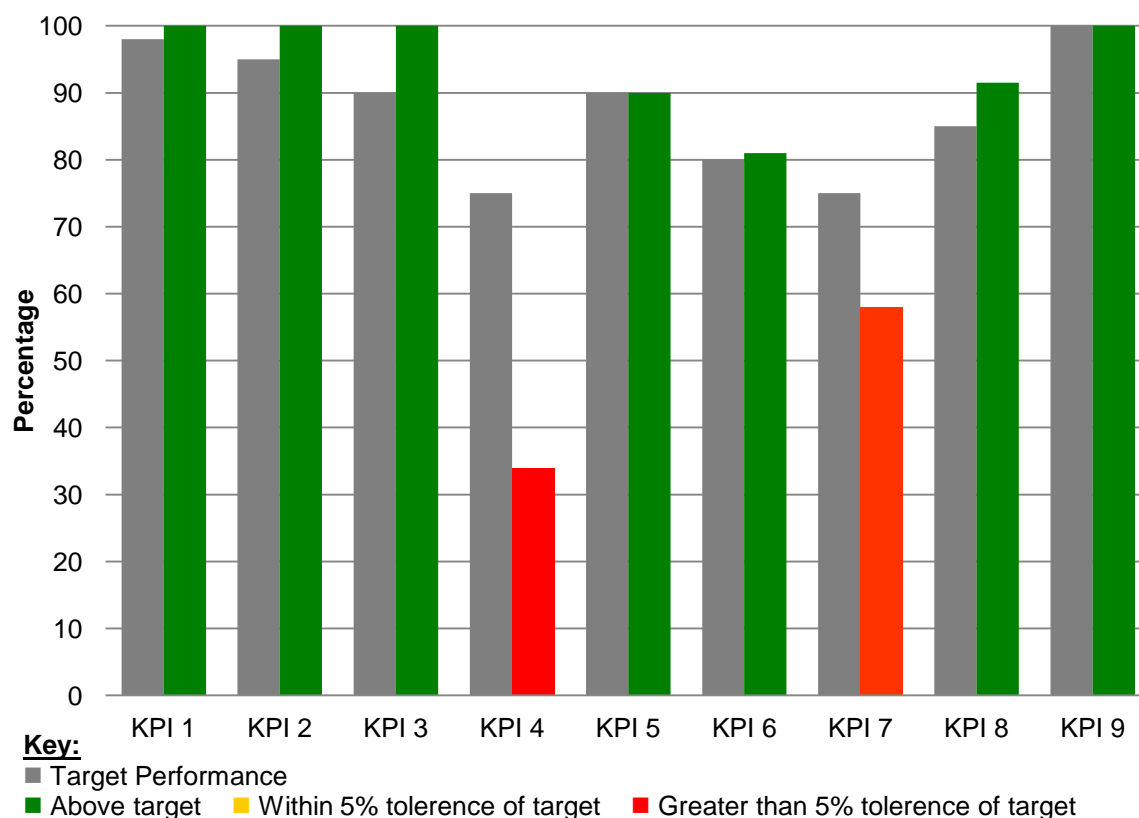
- 3.4.1 IA continues to monitor all **HIGH** and **MEDIUM** risk recommendations raised, through to the point where the recommendation has either been implemented, or a satisfactory alternative risk response has been proposed by management. In addition to this, we have taken a renewed approach to follow-up 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 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 summary snapshot of 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 4, highlighting the **4 follow-up** reviews have been completed within the period.
- 3.4.4 These dedicated follow-up reviews found that **31%** (9) of the **29** recommendations followed-up within the quarter were deemed **Implemented**. Of the remaining recommendations we confirmed that **55%** (16) were **Partly Implemented** and **14%** (4) were deemed **Not Implemented**. Each of the 20 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.

3.5 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.
- 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 1 of 2018/19 (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 The quarterly planning cycle has been informed by the '**Assurance Mapping**' exercise performed by the Principal Business Assurance Officer, following successful pilot on one of the Council's corporate risks. This process 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.
- 3.5.4 Following the resource intensive External Quality Assurance (EQA) review and focus on delivery of the 2017/18 IA plan with reduced resources, we have been unable to dedicate much time to progress the planned **Quality Assurance and Improvement Programme (QAIP)** work this quarter.
- 3.5.5 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 help identify areas of quality assurance required by the Committee. We will revise the IA QAIP accordingly for 2018/19.

4. Analysis of Internal Audit Performance in 2017/18 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 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 29th March 2018 period is summarised within the bar chart below:



- 4.3 Whilst performance of KPI 3 relating to the timely implementation of **HIGH** risk IA recommendations remains strong, we have seen a significant decline in performance of KPI 4, 2017/18 **MEDIUM** risk IA recommendations where management action is taken within agreed timescale. This is despite automated emails from TeamCentral to the action owner four, two and one week prior to the implementation date. Nevertheless, it should be noted that 94% of 2017/18 **MEDIUM** risk IA recommendations due have been implemented. Potentially the removal of the monthly Group (Directorate) recommendation listings, due to IA resource limitations, could have contributed towards this performance decline. Consequently, we will seek to reinstate this process during 2018/19.
- 4.4 We have seen a further improvement on KPI 7, with a 15% increase from the Quarter 3 position of 43%. We are **heavily reliant on timely management responses** within the set timeframe to achieve this indicator. However, we believe the improvement in this area has been as a result of IA initiatives to further facilitate the process to obtain management responses in a timelier manner. Further, the time taken to finalise final reports from draft stage is on average 17 working days and thus just outside of tolerances.
- 4.5 We are currently exceeding several of our KPI targets, including achieving the ambitious KPI 8, 85% Client Satisfaction Rating, positively reflecting upon the work of the team, and we are hopeful will continue into the 2018/19 year.

5. Forward Look

- 5.1 There have been a number of staffing changes in the IA team during this quarter including the departure of our Principal Internal Auditor who left to join the Foreign and Commonwealth Office as a senior member of their IA team. This, along with two other recent departures, has provided the Head of IA with an opportune time to reflect on the structure and skills mix across the IA team. A key member of the IA team who is one exam away from qualifying as a Certified Internal Auditor has, as a result of her continued excellent performance at work, been promoted into the vacant Principal Internal Auditor post. This is in line with the IA strategy of 'growing our own', providing other members of the IA team with an opportunity to take on more responsibility, facilitating their ongoing professional and personal development. A recruitment exercise is due to commence shortly and in the interim we will be looking to utilise our external partner, Mazars, to help delivery of the 2018/19 IA plan.
- 5.2 Closer working arrangements are evolving between Counter Fraud and IA since responsibility for the service came across to Business Assurance, with clear evidence as to how the two services can successfully interrelate to enhance the Council's control environment. Following the recruitment of the new Counter Fraud Manager in December 2017, work is well under way to ensure a dovetailed approach between IA's coverage and Counter Fraud work.
- 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 a 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)

29th March 2018

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 29 th March 2018	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 Jul 2017	No	4	3	3	0	✓
17-A10	Volunteering	Final report issued on 18 th Sep 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-A13	Child Protection Conferences	Final report issued on 3 rd Jan 2018	Limited	0	8	7	0	✓
17-A3	Facilities Management	Final report issued on 6 th Feb 2018	Limited	0	3	3	0	✓
17-A26	Trading Standards	Final report issued on 19 th Feb 2018	Limited	3	4	3	0	✓
17-A16	CYPS Thematic review - Key Working Service, Family Support	Final report issued on 27 th Feb 2018	Limited	0	6	6	0	✓
17-A23	Disabled Facilities Grant (DFG)	Final report issued on 23 rd Mar 2018	Limited	1	6	7	0	✓
17-A9	Public Health - Substance Misuse contract, including ARCH Service	Final report issued on 5 th Sep 2017	Reasonable	0	2	4	2	✓
17-A6	Planning applications - Quality Control	Final report issued on 6 th Sep 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 Sep 2017	Reasonable	0	11	6	1	✓
17-A14	Education for Children Looked After	Final report issued on 12 th Dec 2017	Reasonable	0	3	3	1	✓
17-A12	IR35	Final report issued on 8 th Mar 2018	Reasonable	0	4	0	0	Not yet due
17-A29	Contact Centre	Final report issued on 21 st Mar 2018	Reasonable	0	3	5	0	Not yet due

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 29 th March 2018	Assurance Level	Risk Rating				CFQ Received?
				H	M	L	NP	
17-A27	School Placement Planning	Final report issued on 20 th Feb 2018	Substantial	0	0	4	1	✓
17-A24	Equality Act	Draft report issued on 12 th Mar 2018						
17-A40	Food and Safety Regulation	Draft report issued on 26 th Mar 2018						
17-A22	Management and Control of Void Dwellings	Draft report issued on 27 th Mar 2018						
17-A17	Social Media	Draft report issued on 27 th Mar 2018						
17-A35	Leisure Centres	Draft report issued on 29 th Mar 2018						
17-A25	Staff overtime, allowances and expenses, including mileage	Draft report in progress						
17-A34	Community Safety including Domestic Abuse	Draft report in progress						
17-A28	Corporate Payments	Testing in progress						
17-A36	Access to Resources	Testing in progress						
17-A33	Corporate Payments	Deferred - See Appendix B						
Total Number of IA Recommendations Raised				10	73	64	5	
Total % of IA Recommendations Raised				7%	50%	43%	-	

2017/18 IA Follow-Up Reviews:

IA Ref.	IA Follow-Up Review Area	Status as at 29 th March 2018	Recommendations			
			Implemented	Partly Implemented	Not Implemented	Total
17-A11	Follow-Up of implemented recommendations	Verification testing concluded	73	5	5	83
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

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

IA Ref.	IA Follow-Up Review Area	Status as at 29 th March 2018	Recommendations			
			Implemented	Partly Implemented	Not Implemented	Total
17-A32	Housing Repairs	Memo issued 27 th Nov 2017	7	2	1	10
17-A30	Houses in Multiple Occupation (HMO) registration, including fit and proper person	Memo issued 4 th Dec 2017	0	2	5	7
17-A31	Housing - Planned Maintenance	Memo issued 4 th Dec 2017	2	4	0	6
17-A39	Data Quality within Regulatory Services	Memo issued 22 nd Mar 2018	1	4	2	7
17-A38	Anti-Social Behaviour Investigations Team	Memo issued 21 st Mar 2018	0	3	2	5
17-A37	Housing Needs - Allocations and Assessments	Memo issued 22 nd Mar 2018	7	3	0	10
17-A41	Houses in Multiple Occupation (HMO) registration, including fit and proper person	Memo issued 29 th Mar 2018	1	6	0	7
Total Number			95 (67%)	31 (22%)	15 (11%)	141

2017/18 IA Consultancy Reviews:

IA Ref.	IA Review Area	Status as at 29 th March 2018	CFQ Received?
17-C4	Stores - Year End Stock Take	Memo issued on 20 th Apr 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 Jul 2017	✓
17-C5	Parking Services Administration	Memo issued on 1 st Aug 2017	✓
17-C2	Data quality for vulnerable service users	Memo issued on 18 th Sep 2017	✓
17-C7	CYPS Thematic review - Benchmarking	Memo issued on 17 th Oct 2017	✓
17-C11	Troubled Families Process Mapping	Memo issued on 15 th Nov 2017	✓
17-C10	Assurance Mapping	Assurance map pilot issued on 4 th Dec 2017	N/A

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

IA Ref.	IA Review Area	Status as at 29 th March 2018	CFQ Received?
17-C8	Thematic Review of Debt Recovery Agents (Bailiffs)	Memo issued on 22 nd Dec 2018	✓
17-C13	CYPS Thematic review - Ofsted	Memo issued on 22 nd Jan 2018	✓
17-C15	Missing Children	Memo issued on 28 th Feb 2018	✓
17-C19	Mayors Charity Accounts 2017/18	Memo issued on 28 th Feb 2018	N/A
17-C18	Landlord Engagement	Memo issued on 27 th Mar 2018	Not yet due
17-C20	Stores Stock Check	Memo issued on 29 th Mar 2018	Not yet due
17-C12	Service Contracts	Memo in progress	-
17-C17	Asylum	Memo in progress	-
17-C14	Youth Offending Service	Deferred - See Appendix B	-
17-C16	Performance Management	Deferred - See Appendix B	-

2017/18 IA Grant Claim Verification Reviews:

IA Ref.	IA Review Area	Status as at 29 th March 2018
17-GC1	Troubled Families Grant - Quarters 1 and 2	Certified and memo issued on 3 rd Aug 2017
17-GC3	Housing Benefits Subsidy Grant	IA testing completed on 18 th Aug 2017
17-GC2	Disabled Facilities Capital Grant (DFG)	Certified and memo issued on 29 th Sep 2017
17-GC4	Bus Subsidy Grant	Certified and memo issued on 29 th Sep 2017
17-GC5	Troubled Families Grant - Quarter 3	Certified and memo issued on 24 th Oct 2017
17-GC6	Troubled Families Grant - Quarter 4 (Part 1)	Certified and memo issued on 23 rd Jan 2018
	Troubled Families Grant - Quarter 4 (Part 2)	Certified and memo issued on 26 th Feb 2018
	Troubled Families Grant - Quarter 4 (Part 3)	Certified and memo issued on 21 st Mar 2018
17-GC7	Hillingdon Teaching Schools Alliance (HTSA)	Certified and memo issued on 24 th Jan 2018

APPENDIX B**REVISIONS TO THE 2017/18 INTERNAL AUDIT PLAN ~ QUARTER 4****IA work DEFERRED from the 2017/18 Operational IA Plan for Quarter 4:**

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
17-A33	Corporate Payments	Assurance	MEDIUM	Paul Whaymand Corporate Director of Finance	Due to resource constraints within the period, it was decided that it would be prudent to defer this review to the Quarter 1 of 2018/19 as detailed within Appendix C, below.
17-C14	Youth Offending Service (YOS)	Consultancy	MEDIUM	Tony Zaman Corporate Director of Social Care	It was established that the new framework out for consultation by the HM Inspectorate of Probation on standards and ratings for inspecting YOS won't be rolled out until the summer of 2018. Therefore, as work is still being undertaken to finalise the standards, the planned gap analysis against the new standards with a view to enhancing and aligning the Council's control framework to these standards, would not add value at this time.
17-C16	Performance Management	Consultancy	MEDIUM	Fran Beasley Chief Executive	Further to delays in the new Performance Management software project mobilisation, this consultancy review where Internal Audit would form part of the implementation project group on an advisory capacity, providing guidance on the system and control environment has been delayed by approximately 6 months.

IA work ADDED to the 2017/18 Operational IA Plan for Quarter 4:

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
17-A40	Food and Safety Regulation	Assurance	MEDIUM	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	A Business Improvement Development (BID) review of the Imported Food Office at the airport was conducted in the 2016/17 Financial Year raising a number of recommendations in relation to processes, pricing and efficiencies. Following management reorganisation, IA was requested by management to review progress against the BID recommendations and whether efficiencies have been realised without any detriment to the robustness of the control environment.

APPENDIX B (cont'd)**REVISIONS TO THE 2017/18 INTERNAL AUDIT PLAN ~ QUARTER 4****IA work ADDED to the 2017/18 Operational IA Plan for Quarter 4 (Cont'd):**

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
17-A41	Houses in Multiple Occupation (HMO) registration, including fit and proper person	Follow-Up	HIGH	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	Following the Quarter 3 IA follow-up review which showed limited progress on the implementation of the 4 HIGH and 3 MEDIUM risk recommendations raised within the prior NO assurance review in this area, a subsequent follow-up review was requested by Senior Management and the Audit Committee to provide assurance that risk exposure has been appropriately mitigated.
17-C19	Mayors Charity Accounts 2016/17	Consultancy	LOW	Paul Whaymand Corporate Director of Finance	The Mayor's Charity has been registered as a charitable trust in November 2015 and therefore is required to comply and operate within Charity Commission guidelines. The Council is currently preparing the accounts for the Mayor's Charity and IA has been asked to assist as part of this process. These accounts do not form part of the Council's finances so there would be no conflict in undertaking this review.
17-C20	Store Stock Check 2017/18	Consultancy	LOW	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	IA was requested to provide independent oversight and verification of the 2017/18 year end stock check performed on 29 th March 2018 at Harlington Road Depot (HRD).

APPENDIX C**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2018/19 ~ QUARTER 1****IA work scheduled to commence in the 1st April to 30th June 2018 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
18-A1	Cyber Security	Assurance	HIGH	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	Cyber security can be defined as the defence of any physical or information asset, which could be compromised using information technology. The increasing reliance on internet based activities makes organisations more vulnerable to 'cyber attacks'. This IA review follows on from the assurance mapping exercise undertaken in 2017/18, providing independent assurance over the adequacy and effectiveness of the system of control to safeguard intellectual assets and data.
18-A2	Declaration of Interests	Assurance	HIGH	Fran Beasley Chief Executive	The Council is committed to the application of the Nolan principles in everything that they do. The honesty principle states that "Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest". This IA review will seek to provide assurance over the adequacy and application of the control and governance framework in place.
18-A3 (17-A33)	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 review will focus on the control mechanisms surrounding wider payments made by the Council.
18-A4	Symology Data Quality	Assurance	MEDIUM	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	All functions from cyclic inspections and routine maintenance works through to condition projection and strategic pavement management are encompassed within the fully integrated Insight for Highways system. This system is only used for Highways at present with plans to roll the system out across the whole service. This provides an opportunity to assure system utilisation and data quality.

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2018/19 ~ QUARTER 1****IA work scheduled to commence in the 1st April to 30th June 2018 period:**

IA Ref.	Planned Audit Area	Audit Type	IA Risk Assessment	Review Sponsor	Rationale
18-A5	Complaints	Assurance	MEDIUM	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	The Council is committed to putting people at the centre of everything we do and aims to provide the best possible service to residents. This assurance review week to confirm compliance with the Council's Complaints Policy, verifying that enquiries are carried out fairly, and complaints dealt with quickly and effectively while maintaining confidentiality. Further, we will seek to confirm the level and reporting of management information to ensure trends are analysed, monitored and escalated where appropriate to enhance the services provided to residents.
18-A6	Positive Behaviour Support Team	Assurance	MEDIUM	Tony Zaman Corporate Director of Social Care	The Positive Behaviour Support (PBS) Team are critical in the identification, formulation and delivery of intensive behavioural support services for some of the borough's most vulnerable residents. The development and delivery of person-centred strategies in Education, Health and Social Care minimise challenging behaviour whilst enhancing the quality of life of residents who have challenging needs. This IA review will provide assurance over service delivery, including compliance with the National Institute of Clinical Excellence (NICE) guidance and the PBS Competence Framework.
18-A7	CYPS - Quality Assurance	Assurance	MEDIUM	Tony Zaman Corporate Director of Social Care	This review will seek to provide assurance over the methodology, application and impact of the quality assurance initiative put in place by the Deputy Director of Children's Services. This includes review of the reporting activity, identifying areas of non compliance, the positively changing behaviours aspects and the ways of working.
18-A8	Early Years Centres	Assurance	MEDIUM	Paul Whaymand Corporate Director of Finance	The Council's Early Years Centres provide day care, education and family support to children aged six months to five years and their families. This IA review will focus providing assurance over the financial management and administration of the Centres.

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2018/19 ~ QUARTER 1****IA work scheduled to commence in the 1st April to 30th June 2018 period:**

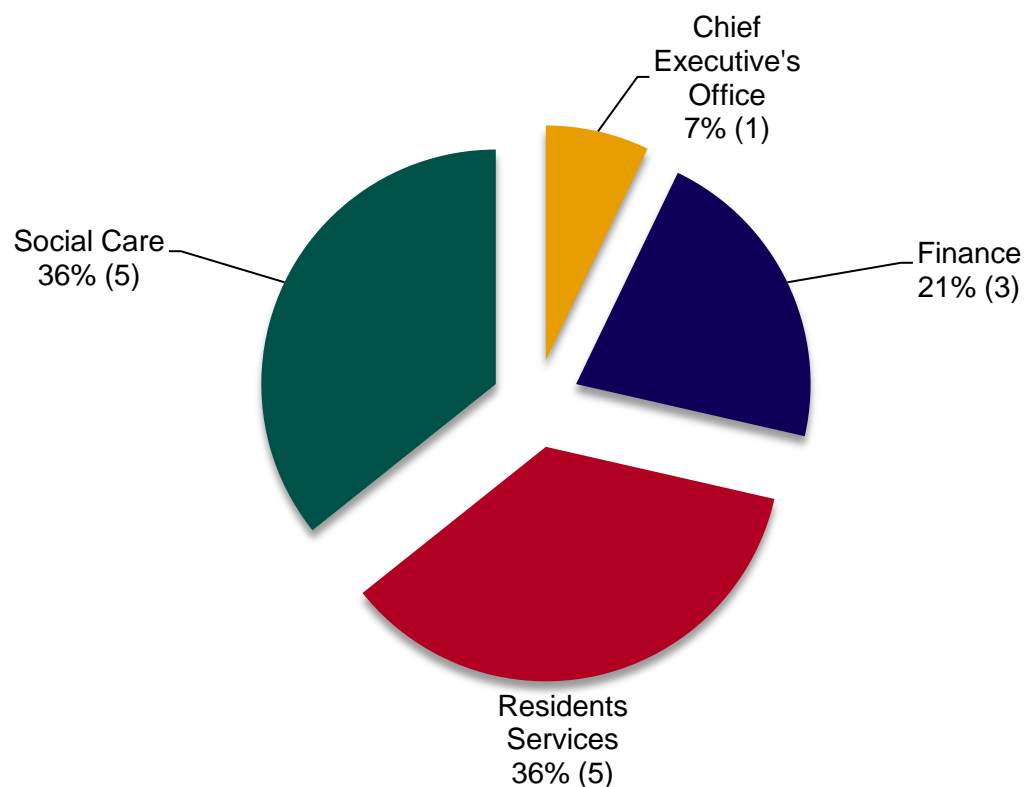
IA Ref.	Planned Audit Area	Audit Type	IA Risk Assessment	Review Sponsor	Rationale
18-A9	Physical Access Controls	Assurance (Follow-up)	HIGH	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	The 2016/17 IA assurance review in this area received a NO assurance opinion and this dedicated follow-up review, with a refined scope, solely focuses on the implementation of the 3 HIGH and 5 MEDIUM risk recommendations raised within the final report issued on 7 th November 2016.
18-A10	Extra Care	Assurance (Follow-up)	MEDIUM	Tony Zaman Corporate Director of Social Care	Following the 2017/18 IA assurance review in this area which received a LIMITED assurance opinion, this dedicated follow-up review, with a refined scope, solely focuses on the implementation of the 2 HIGH and 5 MEDIUM risk recommendations raised within the final report issued on 14 th November 2017.
18-C1	Introduction of Universal Credit	Consultancy	HIGH	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	In May 2016, the full universal credit service for all claimant types began to rollout nationally (beyond London) and in July 2016 it was announced that this rollout will complete by September 2018, with all remaining existing benefit claimants moved to the full universal credit service in 2019. Review of the risks relating to the set up, administration and management of the different welfare reforms and the impact upon the Council including resources required as universal credit is phased in. Indirect impacts, when coupled with recessionary impacts, can be wide ranging and in some cases significant including homelessness and education.
18-C2	Client Financial Affairs (CFA)	Consultancy	MEDIUM	Paul Whaymand Corporate Director of Finance	The CFA team's remit spans the following 3 main areas of work; Appointeeships, Deputyships, and Public Health Funerals. Following a Business Improvement Development (BID) review of the CFA function, IA has been requested to work with management regarding the future robustness of the control environment, exploring integrated ways of working, minimising risk exposure.

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2018/19 ~ QUARTER 1****IA work scheduled to commence in the 1st April to 30th June 2018 period:**

IA Ref.	Planned Audit Area	Audit Type	IA Risk Assessment	Review Sponsor	Rationale
18-C3	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.
18-GC1	Troubled Families Grant - Quarter 1	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 4 (cont'd)**

IA work scheduled to commence in the 1st April to 30th June 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%	34%	RED
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%	58%	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.