

# BUSINESS ASSURANCE

## **Internal Audit Progress Report to Audit Committee: 2018/19 Quarter 1 (including the Quarter 2 Internal Audit Plan)**

**30<sup>th</sup> June 2018**



**HILLINGDON**  
LONDON

[www.hillingdon.gov.uk](http://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 work covered during the period 29<sup>th</sup> March to 30<sup>th</sup> June 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 in Quarter 1. It also highlights to CMT, the Audit Committee and other IA stakeholders the revisions to the Quarter 1 IA plan since its approval in April 2018 (refer to **Appendix B**).
- 1.2.2 A key feature of the Quarter 1 IA progress report is the inclusion of the 2018/19 Quarter 2 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 1<sup>st</sup> July to 30<sup>th</sup> September 2018 period.

## 2. Executive Summary

- 2.1 Since the last IA Progress Report to CMT and the Audit Committee dated 29<sup>th</sup> March 2018, **1 assurance review** has concluded, **1 consultancy review** has been finalised, **1 grant claim** has been certified and **9 pieces of 2017/18 work** have been finalised. As detailed at **Appendix A** the vast majority of the work finalised in Quarter 1 has been in relation to the finalisation of the 2017/18 IA plan. This is broadly in line with our expectations, although a lack of IA resource has significantly impacted our 2018/19 Quarter 1 delivery.
- 2.2 Nevertheless, IA work on the 2018/19 Quarter 1 IA plan commenced on 3<sup>rd</sup> April 2018 and the planning stage has now been completed on all Quarter 1 pieces of IA work. As stated above, progress against the 2018/19 Quarter 1 IA Plan has been very slow, with only **1 IA assurance review** finalised (Corporate Payments), **2 IA assurance reviews** at draft report stage, **2 assurance reviews** at testing/fieldwork stage and **1 assurance review** at the planning stage (which is an additional piece of work requested by the Corporate Director of Social Care in relation to the Youth Offending Service). We have also continued to provide a range of advisory and consultancy work across the Council within the quarter, although due to a lack of capacity this work has been considerably reduced.
- 2.3 We are pleased to report there have been no amendments to the Quarter 1 IA operational plan (refer to **Appendix B**). Following IA undertaking its initial planning stage, **3 assurance reviews** and **1 consultancy review** have been deferred by management to Quarter 2. During this quarter there have also been **2 additional requests for work** (refer to **Appendix B**). In addition, we will very shortly be commencing our follow-up verification work aimed at providing enhanced assurance to CMT and the Audit Committee that IA recommendations have been fully embedded within the control environment to mitigate the risks highlighted.

- 2.4 Further details of the 2018/19 IA work carried out in the Quarter 1 period are included below at section 3 of this report.

### 3. Analysis of Internal Audit Activity

#### 3.1 Assurance Work in Quarter 1

- 3.1.1 All 2018/19 IA assurance reviews carried out in Quarter 1 are individually listed at **Appendix A**. This list details the assurance levels achieved and provides an analysis of recommendations made (in accordance with the assurance levels and recommendation risk categories outlined at **Appendix D**).
- 3.1.2 On 3<sup>rd</sup> April 2018, IA formally commenced work on the 2018/19 Quarter 1 IA plan. However, due to 3 positions in the IA team being vacant during the quarter, IA resource was significantly reduced and was therefore primarily focussed on finalising completion of the 2017/18 IA plan. A detailed summary of all 2017/18 IA work finalised within Quarter 1 of 2018/19 is available in **the 2017/18 Annual IA Report and Opinion Statement** presented to the Audit Committee on 26<sup>th</sup> July 2018, alongside this progress report.
- 3.1.3 Each of the **6** Quarter 1 assurance audits have commenced planning, with **1** final report issued, **2** at draft report stage, **2** at an advanced stage of fieldwork/testing and **1** at the planning stage (Youth Offending Service [YOS]). The YOS assurance review was commissioned by the Corporate Director of Social Care who requested that the planned audit of the 'Positive Behaviour Support Team' be deferred to Quarter 2 as IA did not have the capacity to conduct both reviews in Quarter 1. YOS is due for an inspection by HM Inspectorate of Probation and as a result the Corporate Director of Social Care requires assurance from IA in relation to the service's compliance with the inspection criteria. The summary results of these audits will be included in the Quarter 2 progress report due to be presented to Audit Committee on 25<sup>th</sup> October 2018.
- 3.1.4 The **1** final report issued this quarter was in relation to **Corporate Payments** where we issued a **Reasonable** assurance opinion and raised **2 MEDIUM** and **4 LOW** (refer to **Appendix A** for further details).

#### 3.2 Consultancy Work in Quarter 1

- 3.2.1 Despite the reduced IA resources this quarter, the IA team has continued 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 1. The planned IA consultancy review of **CYPS Thematic Review - Ofsted Preparations** was concluded within the quarter. We performed a mapping exercise, using the Ofsted inspection framework, to ensure that the documents prepared for Ofsted would demonstrate the effectiveness of Hillingdon's social work practice. Our initial findings led to additional consultancy advice being requested from IA, which we prioritised in light of the Ofsted time constraints. Swift management action was taken to implement our suggested improvements which bolstered the documents' impact on the Ofsted Inspectors.

3.2.4 In addition, **4** other IA consultancy reviews are in progress, **2** of which are at draft memo stage and **1** is at the testing stage. One further consultancy review was added to the Quarter 1 IA plan (Adult and Community Learning) at the request of management (refer to **Appendix B**).

### 3.3 Grant Claim Verification Work in Quarter 1

3.3.1 As detailed at **Appendix A** the planned quarterly verification work on the **Troubled Families (TFs) Grant** progressed this quarter. IA tested a sample of TFs that had been identified as being 'turned around' by the Council's TFs Team. At the conclusion of our work we issued three IA memos in April, May and June 2018.

3.3.2 We have recently been informed by the TFs Co-ordinator that the Council has been tasked with identifying at least **450 'turned around' families for the August 2018 submission**. IA is closely liaising with the TF Co-ordinator and the TF Leadership Group in relation to this work given the ambitious target, the very tight timescales and against the backdrop of the current significant reduction in IA resource. This scheduled work has been captured in the Quarter 2 IA Plan (refer to **Appendix C**).

3.3.3 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 1

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. This work is aimed at providing enhanced assurance to CMT and the Audit Committee that IA recommendations have been implemented and fully embedded within the control environment to mitigate the risks identified.

3.4.2 Due to IA resource constraints, follow-up work within this quarter has been focussed on 2017/18 IA recommendations. The results of this work are reported in detail within the **2017/18 Annual IA Report and Opinion Statement**, presented to CMT and the Audit Committee alongside this progress report.

3.4.3 A further review is due to commence soon to verify management's assertion that management action has been taken to address the risks identified by IA. As part of the Quarter 2 IA progress report we will provide a detailed snapshot to CMT and the Audit Committee of progress against implementation of IA recommendations.

### 3.5 Other Internal Audit Work in Quarter 1

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 2 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.

3.5.2 Two 2018/19 Quarter 1 follow-up reviews are in progress (Physical Access Controls and Extra Care), but due to a lack of IA resource, focus this quarter has predominantly remained on completion of the 2017/18 IA Plan. As a result, no **Quality Assurance and Improvement Programme (QAIP)** exercise has been undertaken by IA 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. The next QAIP exercise is planned for September to October 2018 and will focus on IA management review points and closure of IA files.

#### 4. Analysis of Internal Audit Performance

- 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. In line with best practice, for the 2018/19 year IA will report quarterly to CMT and the Audit Committee on the 9 KPIs agreed with the Audit Committee at the meeting held on 11<sup>th</sup> April 2018.
- 4.2 We believe that the 2018/19 IA KPIs are meaningful and will provide sufficient challenge to the IA 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. These KPIs effectively capture and measure IA delivery as well as seek continuous improvement within the service.
- 4.3 As at 30<sup>th</sup> June 2018, there is **1** 2018/19 IA assurance report at final report issued stage and **2** at draft report issued stage, therefore it would not be of sufficient value at this stage to report on 2018/19 performance against the IA KPIs. The analysis of overall IA performance for the 2017/18 period is reported in full within the **2017/18 Annual IA Report and Opinion Statement** presented to the Audit Committee alongside this progress report.

#### 5. Forward Look

- 5.1 As has already been highlighted earlier in this report, the IA service has been operating with a reduced capacity for a considerable time. This follows the resignation of five members of IA staff over the last seven months. However, whilst it is always difficult to see good staff leave LBH to pursue their careers elsewhere, it is a strong indicator that we are successfully delivering the IA strategy agreed by CMT and the Audit Committee of 'growing our own'. Specifically, all five members of the team have left for significant pay increases and the majority of them have demonstrated at LBH that they have the potential to be future Heads of Internal Audit. Therefore, whilst our success has created a challenging situation for the IA service and the Council, it is in line with our planned approach of developing our IA staff and having an excellent IA service.
- 5.2 Where we need to improve as an IA service and as a Council is regarding the remuneration we offer our IA staff, particularly for IA staff studying to become qualified. As a result, this is an opportune time to review the structure and skills mix across the IA service to ensure a resilient and strong structure is in place, which continues to provide a value added service to all IA key stakeholders. As part of the planned restructure we will look to be more competitive with recruitment and retention, including considering the introduction of retention allowances where appropriate.
- 5.3 In the meantime, the reduced IA workforce will continue to impact on the number of reviews the IA team will be able to conduct. As a consequence, in advance of a recruitment campaign due to commence in Quarter 2, we are in discussion with our external IA partner (Mazars) regarding a potential secondment to help achieve delivery of the Quarter 2 IA Plan.
- 5.4 IA would like to take this opportunity to formally thank all staff throughout the Council with whom it had contact during the year. There has been a continued collaborative approach in IA's working relationship with staff and management who have generally responded very positively to IA findings. 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)**

30<sup>th</sup> June 2018

**APPENDIX A****DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2018/19**

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

**2018/19 IA Assurance Reviews:**

IA Ref.	IA Review Area	Status as at 30 <sup>th</sup> June 2018	Assurance Level	Risk Rating				CFQ Received?
				H	M	L	NP	
18-A3 (17-A33)	Corporate Payments	Final report issued on 29 <sup>th</sup> June 2018	Reasonable	0	2	4	0	Not yet due
18-A8	Early Years Centres	Draft report issued on 12 <sup>th</sup> June 2018						
18-A2	Declaration of Interests	Draft report in progress						
18-A4	Symology Data Quality	Testing in progress						
18-A5	Complaints	Testing in progress						
18-A12	Youth Offending Service	Planning in progress						
18-A1	Cyber Security	Audit deferred by management - See <a href="#">Appendix B</a>						
18-A6	Positive Behaviour Support Team	Audit deferred by management - See <a href="#">Appendix B</a>						
18-A7	CYPS - Quality Assurance	Audit deferred by management - See <a href="#">Appendix B</a>						
<b>Total Number of IA Recommendations Raised</b>				-	2	4	-	
<b>Total % of IA Recommendations Raised</b>				-	33%	67%	-	

**APPENDIX A (cont'd)****DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2018/19****2018/19 IA Follow-Up Reviews:**

IA Ref.	IA Follow-Up Review Area	Status as at 30 <sup>th</sup> June 2018	Recommendations				CFQ Received?
			Implemented	Partly Implemented	Not Implemented	Total	
18-A9	Physical Access Controls	Draft report in progress					
18-A10	Extra Care	ToR issued on 21 <sup>st</sup> June 2018					
<b>Total Number</b>							

**2018/19 IA Consultancy Reviews:**

IA Ref.	IA Review Area	Status as at 30 <sup>th</sup> June 2018	CFQ Received?
18-C3	CYPS Thematic Review - Ofsted Preparations	Memo issued on 9 <sup>th</sup> May 2018	✓
18-C2	Client Financial Affairs	Draft memo in progress	
18-C4	Recruitment and Retention of Foster Carers	Draft memo in progress	
18-C5	Financial Assessments	Testing in progress	
18-C6	Adult and Community Learning	ToR issued on 27 <sup>th</sup> June 2018	
18-C1	Introduction of Universal Credit	Audit deferred by management - See <a href="#">Appendix B</a>	

**2018/19 IA Grant Claim Verification Reviews:**

IA Ref.	IA Review Area	Status as at 30 <sup>th</sup> June 2018
17-GC1	Troubled Families Grant - Quarter 1	Certified and memos issued on 25 <sup>th</sup> April 2018, 17 <sup>th</sup> May 2018 and 12 <sup>th</sup> June 2018



**APPENDIX B****REVISIONS TO THE 2018/19 INTERNAL AUDIT PLAN ~ QUARTER 1****Amendments to the 2018/19 Operational IA Plan for Quarter 1:**

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
N/A	No amendments to the Q1 IA Plan		-	-	-

**IA work DEFERRED from the 2018/19 Operational IA Plan for Quarter 1:**

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
18-A1	Cyber Security	Assurance	<b>HIGH</b>	<b>Jean Palmer</b> 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-A6	Positive Behaviour Support Team	Assurance	<b>MEDIUM</b>	<b>Tony Zaman</b> 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	<b>MEDIUM</b>	<b>Tony Zaman</b> 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.

**APPENDIX B (cont'd)****REVISIONS TO THE 2018/19 INTERNAL AUDIT PLAN ~ QUARTER 1 (cont'd)****IA work DEFERRED from the 2018/19 Operational IA Plan for Quarter 1:**

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
18-C1	Introduction of Universal Credit	Consultancy	<b>HIGH</b>	<b>Jean Palmer</b> 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.

**IA work ADDED to the 2018/19 Operational IA Plan for Quarter 1:**

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
18-A12	Youth Offending Service	Assurance	<b>HIGH</b>	<b>Tony Zaman</b> Corporate Director of Social Care	IA was requested by the Corporate Director of Social Care to defer the Positive Behaviour Support Team audit and support the Youth Offending Service with their preparation for the statutory inspection by HM Inspectorate of Probation. A new inspection framework has been published, the Youth Offending Service was last inspected five years ago and therefore an inspection in 2018 is likely to occur.
18-C6	Adult and Community Learning	Consultancy	<b>HIGH</b>	<b>Dan Kennedy</b> Deputy Director Housing, Environment, Education and Health & Wellbeing	This review has been requested as a result of concerns identified with the collection of marked exam papers. This was following a recent incident where 10 marked exam papers went missing in one of the Council's Adult and Community Learning Centres. The Deputy Director has requested that IA check what controls have been put in place to reduce this risk from occurring in the future.

**APPENDIX C****DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2018/19 ~ QUARTER 2****IA work scheduled to commence in the 1<sup>st</sup> July to 30<sup>th</sup> September 2018 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
18-A1	Cyber Security	Assurance	<b>HIGH</b>	<b>Jean Palmer</b> 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-A6	Positive Behaviour Support Team	Assurance	<b>MEDIUM</b>	<b>Tony Zaman</b> 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-A13	Emergency Duty Team	Assurance	<b>MEDIUM</b>	<b>Tony Zaman</b> Corporate Director of Social Care	The Deputy Director, Children's Services highlighted to IA an area where they seek independent assurance and assistance with the formulation of their vision. The Emergency Duty Team (EDT) is contacted after hours by TeleCareLine and residents who need assistance from Social Care (in both Children's and Adults). EDT is a critical service whose interventions can prevent serious harm as well as safeguard service users.  The Deputy Director has requested a methodical review of staff rota's, management of shifts, volume of referrals, process for handling referrals and how the service links with 'Anchor' (IT system).

**APPENDIX C (cont'd)****DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2018/19 ~ QUARTER 2 (cont'd)****IA work scheduled to commence in the 1<sup>st</sup> July to 30<sup>th</sup> September 2018 period:**

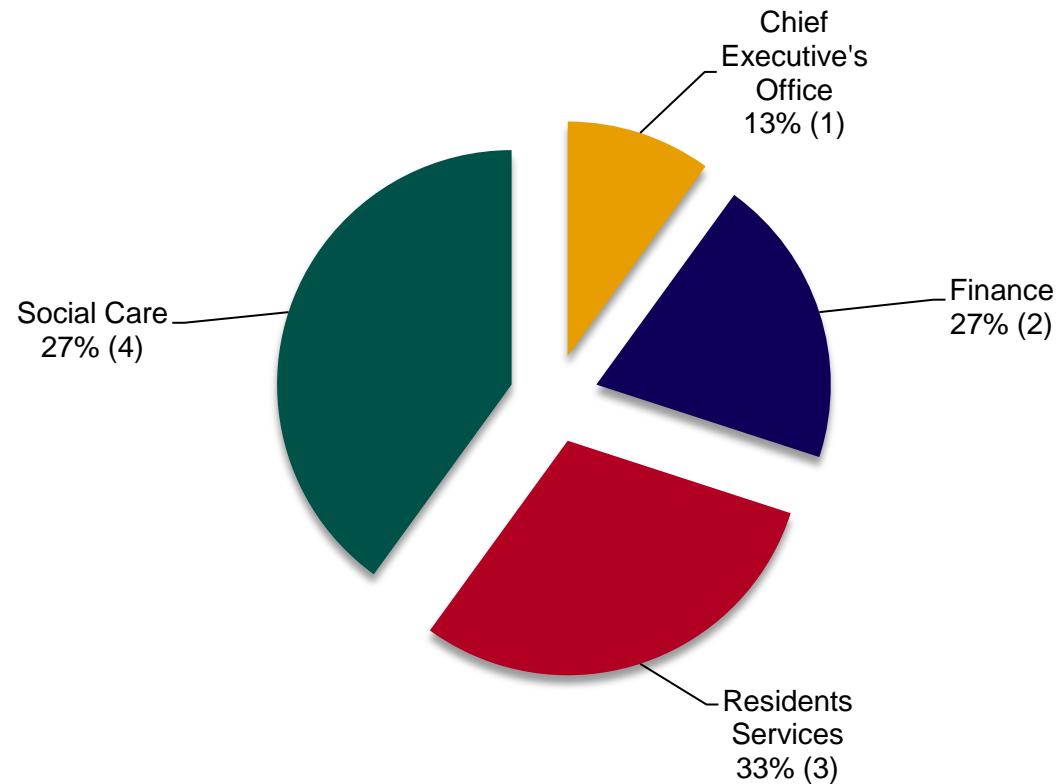
IA Ref.	Planned Audit Area	Audit Type	IA Risk Assessment	Review Sponsor	Rationale
18-A14	Follow-Up of implemented recommendations	Assurance (Follow-Up)	<b>MEDIUM</b>	<b>Paul Whaymand</b> Corporate Director of Finance	In preparation for the Annual Head of Internal Audit Opinion we will seek to undertake follow-up verification on the 2015/16, 2016/17 and 2017/18 IA recommendations where management have self certified that the recommendation has been implemented via the Team Central System.
18-C1	Introduction of Universal Credit	Consultancy	<b>HIGH</b>	<b>Jean Palmer</b> 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-GC2	Housing Benefits Subsidy Grant	Grant Claim	N/A	<b>Paul Whaymand</b> Corporate Director of Finance	Local authorities responsible for administering housing benefit claim subsidy from the Department for Work and Pensions in accordance with section 140 of the Social Security Administration Act 1992 and the Income-related Benefits (Subsidy to Authorities) Order 1998, SI 562 as amended. Ernst & Young LLP (EY), as the Council's appointed External Auditor for 2016/17, is required to certify the Council's claim. It has been agreed that IA will carry out the initial verification testing to reduce EY's testing and associated external audit fees.
18-GC3	Troubled Families (TF) Grant - Quarter 2	Grant Claim	N/A	<b>Tony Zaman</b> Corporate Director of Social Care	The TF programme is a govt 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 TF have been 'turned around'.

**APPENDIX C (cont'd)****DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2018/19 ~ QUARTER 2 (cont'd)****IA work scheduled to commence in the 1<sup>st</sup> July to 30<sup>th</sup> September 2018 period:**

IA Ref.	Planned Audit Area	Audit Type	IA Risk Assessment	Review Sponsor	Rationale
18-GC4	Disabled Facilities Capital Grant (DFG)	Grant Claim	N/A	<b>Jean Palmer</b> Deputy Chief Executive & Corporate Director of Residents Services	Disabled facilities grants (DFGs) are provided by the Council to help meet the cost of adapting a property for the needs of a disabled person. IA are required to undertake verification work for the DFG claim due for submission by 30 <sup>th</sup> September 2017.
18-GC5	Bus Subsidy Grant	Grant Claim	N/A	<b>Tony Zaman</b> Corporate Director of Social Care	The Local Authority Bus Subsidy Grant 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. IA will be required to review and confirm the Council has complied with the conditions attached to Local Authority Bus Subsidy Ring-Fenced (Revenue) Grant Determination 2016/17.
18-GC6	Pothole Action Fund	Grant Claim	N/A	<b>Fran Beasley</b> Chief Executive & Corporate Director of Chief Executive's Office	In the 2014 Budget statement, the Government announced the creation of a Pothole Fund ("the Fund") worth £200m, with £168m being made available to highway authorities in England of which £10m was allocated London Authorities of which LBH was awarded £415,158 to help repair damage to the local road network. In 2017/18 the Authority was awarded £96,871 and as part of the conditions of the grant the Authority is required to audit the Fund by 30 <sup>th</sup> September 2018.

**APPENDIX C (cont'd)****DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2018/19 ~ QUARTER 2 (cont'd)**

**IA work scheduled to commence in the 1<sup>st</sup> July to 30<sup>th</sup> September 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 ASSURANCE LEVELS AND DEFINITIONS**

ASSURANCE LEVEL	DEFINITION
<b>SUBSTANTIAL</b>	There is a <b>good level of assurance</b> 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 <b>positive assurance</b> that objectives will be achieved.
<b>REASONABLE</b>	There is a <b>reasonable level of assurance</b> 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 <b>some risk</b> that objectives will not be achieved.
<b>LIMITED</b>	There is a <b>limited level of assurance</b> 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 <b>significant risk</b> that objectives will not be achieved.
<b>NO</b>	There is <b>no assurance</b> 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 <b>high risk</b> that objectives will not be achieved.

1. **Control Environment:** The control environment comprises the systems of governance, risk management and internal control. The key elements of the control environment include:
  - establishing and monitoring the achievement of the authority's objectives;
  - the facilitation of policy and decision-making;
  - ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded in the activity of the authority, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their authority and duties;
  - ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness;
  - the financial management of the authority and the reporting of financial management; and
  - the performance management of the authority and the reporting of performance management.
2. **Risk Appetite:** The amount of risk that the Council is prepared to accept, tolerate, or be exposed to at any point in time.
3. **Residual Risk:** The risk remaining after management takes action to reduce the impact and likelihood of an adverse event, including control activities in responding to a risk.

**APPENDIX D (cont'd)****INTERNAL AUDIT RECOMMENDATION RISK RATINGS AND DEFINITIONS**

RISK	DEFINITION
<p style="text-align: center;"><b>HIGH</b></p> <p style="text-align: center;">●</p>	<p>The recommendation relates to a <b>significant threat</b> 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. <b>The risk requires senior management attention.</b></p>
<p style="text-align: center;"><b>MEDIUM</b></p> <p style="text-align: center;">●</p>	<p>The recommendation relates to a <b>potentially significant threat</b> 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. <b>The risk requires management attention.</b></p>
<p style="text-align: center;"><b>LOW</b></p> <p style="text-align: center;">●</p>	<p>The recommendation relates to a <b>minor threat or opportunity</b> 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. <b>The risk may be tolerable in the medium term.</b></p>
<p style="text-align: center;"><b>NOTABLE PRACTICE</b></p> <p style="text-align: center;">●</p>	<p>The activity <b>reflects current best management practice</b> or is an innovative response to the management of risk within the Council. <b>The practice should be shared with others.</b></p>