

BUSINESS ASSURANCE

Internal Audit Progress Report to Audit Committee: 2018/19 Quarter 2 (including the Quarter 3 Internal Audit Plan)

30th September 2018



HILLINGDON
LONDON

www.hillingdon.gov.uk

Contents

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1. Introduction

1.1 The Role of Internal Audit

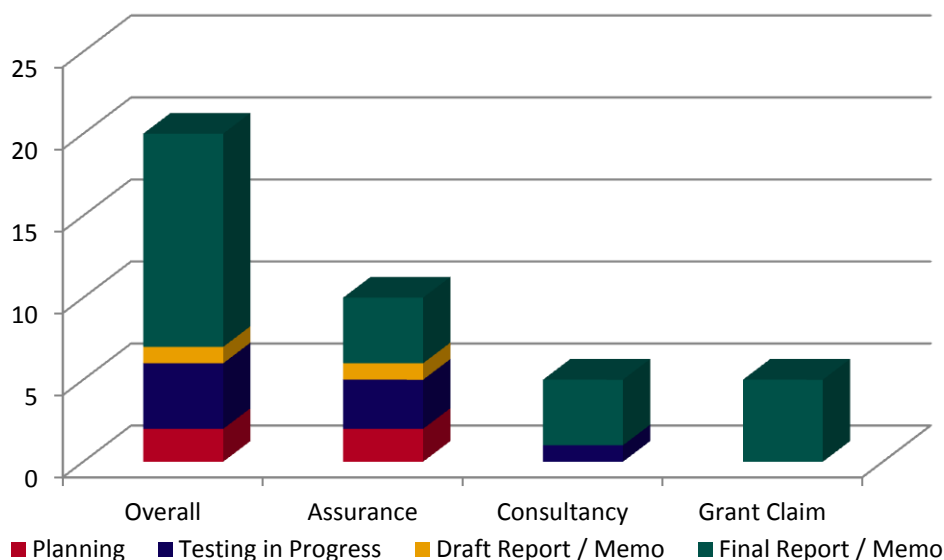
- 1.1.1 Internal Audit (IA) provides an independent assurance and consultancy service that underpins good governance, which is essential in helping the Council achieve its corporate objectives and realise its vision for the borough of Hillingdon. It is also a requirement of the Accounts and Audit (England) Regulations 2015 that the Authority undertakes an effective IA to evaluate the effectiveness of its risk management, internal control and corporate governance processes, taking into account UK Public Sector IA Standards (PSIAS) or guidance.
- 1.1.2 The PSIAS define the nature of IA and set out basic principles for carrying out IA within the public sector. The PSIAS helps the Council to establish a framework for providing IA services, which adds value to the organisation, leading to improved organisational processes and operations.

1.2 The Purpose of the Internal Audit Progress Report to Audit Committee

- 1.2.1 This Quarter 2 progress report presents the Council's Corporate Management Team (CMT) and Audit Committee with summary information on IA work covered since the Quarter 1 progress report for the period 1st July to 30th September 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 2. It also highlights to CMT, the Audit Committee and other IA stakeholders the revisions to the Quarter 2 IA plan since its approval in July 2018 (refer to [Appendix B](#)).
- 1.2.2 A key feature of the Quarter 2 IA progress report is the inclusion of the 2018/19 Quarter 3 IA plan (refer to [Appendix C](#)). This has been produced in consultation with senior managers over the last few weeks and sets out the planned programme of IA coverage due to commence in the Quarter 3 period (1st October to 31st December 2018).

2. Executive Summary

- 2.1 Since the last IA Progress Report to CMT and the Audit Committee dated 30th June 2018, **4 assurance reviews** have concluded, **4 consultancy reviews** have been finalised, **5 grant claims** have been certified and **4 residual pieces of 2017/18 work** have been finalised. Progress has improved this quarter although we are still behind schedule in terms of delivery of the IA plan for the year. Nevertheless, the IA team is currently operating with several vacancies so the overall IA delivery is in line with expectations at this stage.

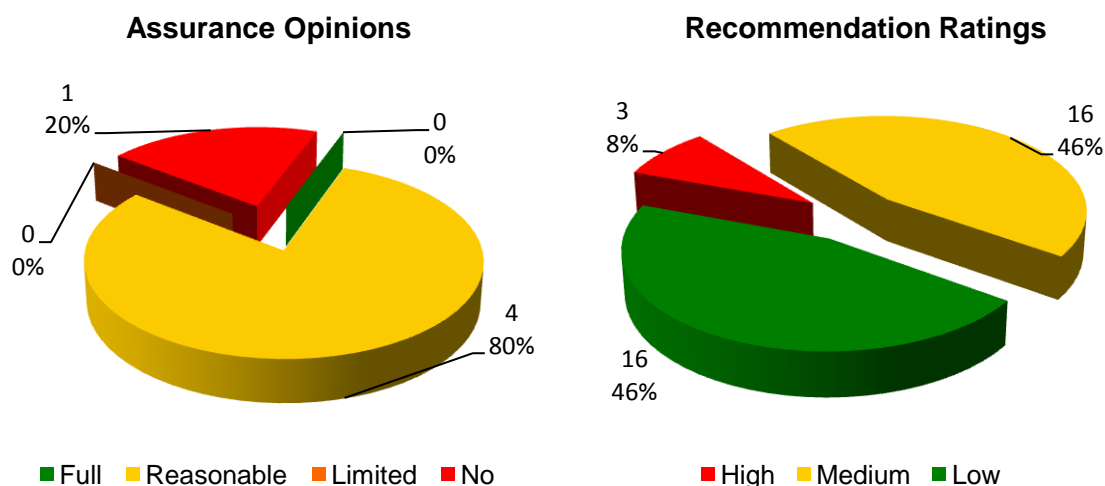


- 2.2 Our work on the 2018/19 Quarter 2 IA plan commenced on 1st July and work is now well underway on all Quarter 2 planned work. Whilst the IA team is not yet back to being fully resourced, the existing team is performing well and is continuing to provide positive assurance to its range of stakeholders. The recruitment campaign has progressed well this quarter complimented by additional IA resource from Mazars to support the team with the completion of the IA Plan (refer to [Appendix C](#)).
- 2.3 Key assurance reviews finalised this quarter have included **Officer Declarations of Interests, Complaints and Symology Data Quality** all of which received **REASONABLE** assurance opinions. In addition, a review of **Early Years Centres** was completed which received **NO** assurance over the management of the key risks. These results are in line with our expectations and the risk-based approach which we deploy. Specifically, IA resources have been targeted on the areas of the highest risk as part of a reduced IA assurance programme. **Positive action has been proposed by management** to address all of the **HIGH** and **MEDIUM** risk recommendations raised within each respective review and these recommendations will be followed-up by us in due course.
- 2.4 We continue to undertake a variety of IA advisory work across the Council. The **Housing Benefit Subsidy Grant Claim** has been a significant piece of work for us this quarter, working in liaison with External Audit (Ernst & Young). IA also continues to undertake a variety of consultancy work across the Council including our review of **Recruitment and Retention of Foster Carers** which has been fed back to us as adding particular value.
- 2.5 There have not been any amendments to the Quarter 2 IA operational plan (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

3.1 Assurance Work in Quarter 2

- 3.1.1 During this quarter 4 2018/19 IA assurance reviews have been completed to final report stage, with a further 1 progressed to draft report stage. At the date of this report, the remaining IA reviews are at varying stages of background and information gathering or verification testing. The four assurance reviews finalised this quarter include **Officer Declarations of Interests, Complaints, Symology Data Quality** and **Early Years Centres**.
- 3.1.2 All five 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 Early Years Centres raised **3 HIGH** and **5 MEDIUM** risk recommendations and gave an overall **NO** assurance opinion. The absence of procedural documents was apparent during the course of this review with significant inconsistencies identified throughout the testing process, in particular invoicing, arrears management (including debt recovery), financial recording and record keeping (including document retention).
- 3.1.4 We could not evidence a clear, consistent and timely approach to raising invoices was adopted across each of the three Centres. Further, we were unable to verify the accuracy of the invoices to the original contract agreement for a child due to changes in contracted hours since initial sign up and a failure to apply the variation process, as per the terms and conditions of the contract.
- 3.1.5 Our testing highlighted a significant and varied approach to creating invoices at each of the three Centres. The adopted approach had resulted in significant discrepancies arising. The root cause of this was due to misinterpretation of the fees and charges schedule. In addition, a change in days or hours resulting in adjustments on future invoices and / or credit notes issued was identified, incurring additional use of resources.
- 3.1.6 Our sample testing over the registration and contract process identified significant inconsistencies in the level of data recorded. The severity of this missing information varied, although some cases failed to record key information such as identifying the child's special needs. We also noted that none of the sample registration forms recorded whether or not a registration fee had been paid.
- 3.1.7 We were unable to locate contracts for 6 of the 30 children sampled with a further 9 contracts, deemed incomplete. Upon raising our findings with the Service Manager, they explained that 5 of the 6 children's accounts without contracts were due to the child being fully-funded. However, there were no records to support this and in the absence of documented guidance we were unable to verify this process.
- 3.1.8 Management have responded positively to our findings and have provided a comprehensive response and prompt action plan to address the control weaknesses and risks identified within the control framework. There was also a parallel BID review that took place on the Early Years Centre and the action plan from that review is now at the implementation stage. That incorporates a staffing restructure including the appointment to a new business manager post which will address most of the financial control issues raised in the audit.
- 3.1.9 Nevertheless, due to the significance of the internal control risks highlighted and the recommendations raised, it has been agreed that a formal IA follow-up review will be carried out during Quarter 3. The follow-up IA review will provide independent assurance to CMT and the Audit Committee in relation to the Early Years Centres.
- 3.1.10 Other 2018/19 assurance reviews finalised during this quarter have included **Officer Declarations of Interests, Complaints and Symology Data Quality**. Each of these reviews provided a **REASONABLE** assurance opinion and together raised **9 MEDIUM** and **10 LOW** risk recommendations (refer to **Appendix A**). Positive management action has been proposed to address all of the **MEDIUM** risk recommendations raised as part of this review.

3.2 Consultancy Work in Quarter 2

- 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 this quarter with **3** consultancy reviews completed and a further **2** reviews nearing completion. The planned IA consultancy review of the **Recruitment and Retention of Foster Carers** was concluded within the quarter. In Hillingdon's Children's Services' self-evaluation submitted to Ofsted in March 2018, senior management identified that recruitment and retention of in-house foster carers remained a challenge and needed to be a priority moving forward. Subsequently, IA was asked to review the Council's strategy and suggest methods for improvement. We identified areas where further enhancements / opportunities could be gained for example, establishing and promoting a clear performance culture and working collaboratively with Corporate Communications to promote the Fostering scheme.
- 3.2.4 The planned IA consultancy review of **Financial Assessments** was concluded within the quarter. This review focused on the financial assessment process, visiting and quality assurance. During testing we found the number of errors being identified (60% error rate) was inflated by the lack of a clear definition as to what constituted an error; rectification of this would justify a reduction in the number of quality checks being performed. We also found opportunities to improve the performance culture within the team which will help improve the control framework.
- 3.2.5 IA was asked to provide consultancy advice on **Adult and Community Learning**, in relation to the examination marking process. We found no internal policies and procedures in place; however the Service complies with the defined regulations and guidance of all 11 examining boards. One compliance issue regarding the security of examination material was raised and an improvement suggestion was agreed with management.
- 3.2.6 In addition, **2** other IA consultancy reviews are at an advanced stage (**Introduction of Universal Credit** and **Client Financial Affairs**), the findings of which will be discussed at the next IA Progress Report.

3.3 Grant Claim Verification Work in Quarter 2

- 3.3.1 During this quarter IA has also assisted the Council in certifying **5** grant claims. As detailed at **Appendix A**, IA continues to carry out verification work on the **Troubled Families Grant** and **Housing Benefit (HB) Subsidy Grant** as well as completing verification work regarding the **Disabled Facilities Grant (DFG)**, **Bus Subsidy Grant** and **Pothole Action Fund** which equates to £3.8m, £21.7k and £96.9k respectively.
- 3.3.2 This quarter IA assisted the Council's External Auditors (Ernst & Young), with a review of the Council's **HB Subsidy Grant Claim**. This verification work has included:
- Module 2 - Up Rating
Testing to help ensure the Council's Revenues and Benefits software is using the correct housing benefit parameters to calculate benefit entitlement;
 - Module 3 - Workbooks
Testing calculations and verifying evidence for an initial sample of 60 cases (HRA, Non HRA and Private Tenants); and
 - Module 5 - Software Diagnostic Tool
Testing to ensure the claim had been completed using recognised software for completion and benefit 'granted' to benefit 'paid' was reconciled in accordance with the software supplier's instructions. IA documented evidence to verify that the Council had complied with a series of control questions relevant to the Benefits software.

- 3.3.3 The **HB Subsidy Grant Claim audit** has been a significant piece of work for IA involving approximately 40 IA days of testing. Nevertheless, the work we carry out in this area saves the Council considerable money by way of a reduced External Audit fee in relation to this grant claim. This type of approach also demonstrates good collaborative working between IA and External Audit, as well as an effective and efficient use of resources.
- 3.3.4 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 3 IA memos in July, August and September 2018 (total number of families claimed by the Council in quarter 2 was 204).
- 3.3.5 Following the recent departure of the Council's TF Co-ordinator the TF process is moving to Children's Social Care (from the Key Working Service) where IA have been working with the new TF Co-ordinator to discuss their strategy for the programme. They have reiterated the need to continue with monthly submissions and IA is working closely with the TF Leadership Group and the TF Co-ordinator in relation to this work given the ambitious target and the very tight timescales. This scheduled work has been captured in the Quarter 3 IA Plan (refer to **Appendix C**).
- 3.3.6 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 2018 deadline, with an unqualified opinion.
- 3.3.7 The Local Authority **Bus Subsidy Grant** for 2017/18 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 2017/18 have been complied with.
- 3.3.8 The **Pothole Action Fund** for 2017/18 is administered centrally by the Department for Transport and provides support to local authorities in England towards expenditure and repair of potholes in their respective borough. As part of this investment, the Fund will give local authorities in England £50m a year, over the next 5 years, to help tackle more than 4m potholes. Funding is calculated according to the size of the local road network in the area. To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to the Transport Capital Block Funding (Pothole Action Fund) Specific Grant Determination (2017/18) No. 31/2951 have been complied with. There has been no other grant claim verification work carried out by IA this quarter.

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

- 3.4.1 IA continues to monitor all **HIGH** and **MEDIUM** risk recommendations raised, through to the point where the recommendation has either been implemented, or a satisfactory alternative risk response has been proposed by management. This work is aimed at providing enhanced assurance to key stakeholders that IA recommendations have been implemented and fully embedded within the control environment to mitigate the risks identified.
- 3.4.2 Our follow-up work on **Physical Access Controls (PAC)** has concluded. In November 2016 IA awarded PAC **NO** assurance and raised **3 High** and **5 Medium** risk recommendations. As a result of our recent follow-up testing we are pleased to confirm that all **8** recommendations raised have been verified by IA as fully **Implemented**.

- 3.4.3 In quarter 2 we also completed follow-up work on **Extra Care**. In November 2017 IA gave Extra Care a **LIMITED** assurance opinion and raised **2 High** and **5 Medium** risk recommendations. Following testing we can confirm **2** of the **Medium** risk recommendations raised have been **Implemented**.
- 3.4.4 Further, it is our opinion that **4** recommendations were **Partly Implemented**, and **1** recommendation was deemed to be **Not Implemented**. As a consequence, the recommendations deemed either **Partly Implemented** or **Not Implemented** were escalated to senior management and given an extended implementation date. IA will review the implementation against each of these **5** recommendations in due course to ensure a robust control environment is in place and to provide assurance to CMT and the Audit Committee on the progress made.
- 3.4.5 Follow-up work within this quarter has commenced on the dedicated follow-up IA verification review of **Houses in Multiple Occupation**. This review is an additional piece of work that was added to the quarter 2 plan following a request from senior management (refer to **Appendix B**). The results of this review will be presented in the Quarter 3 IA progress report.
- 3.4.6 We have also continued verifying management's assertion that IA recommendations have been implemented, aimed at providing enhanced assurance to CMT and the Audit Committee that these are fully embedded within the control environment to mitigate the risks identified. Due to the large number of recommendations, this project has continued throughout quarter 2 and we aim to provide a more detailed quarterly snapshot to the CMT and the Audit Committee of progress against implementation of IA recommendations in the next quarterly progress report.

3.5 Other Internal Audit Work in Quarter 2

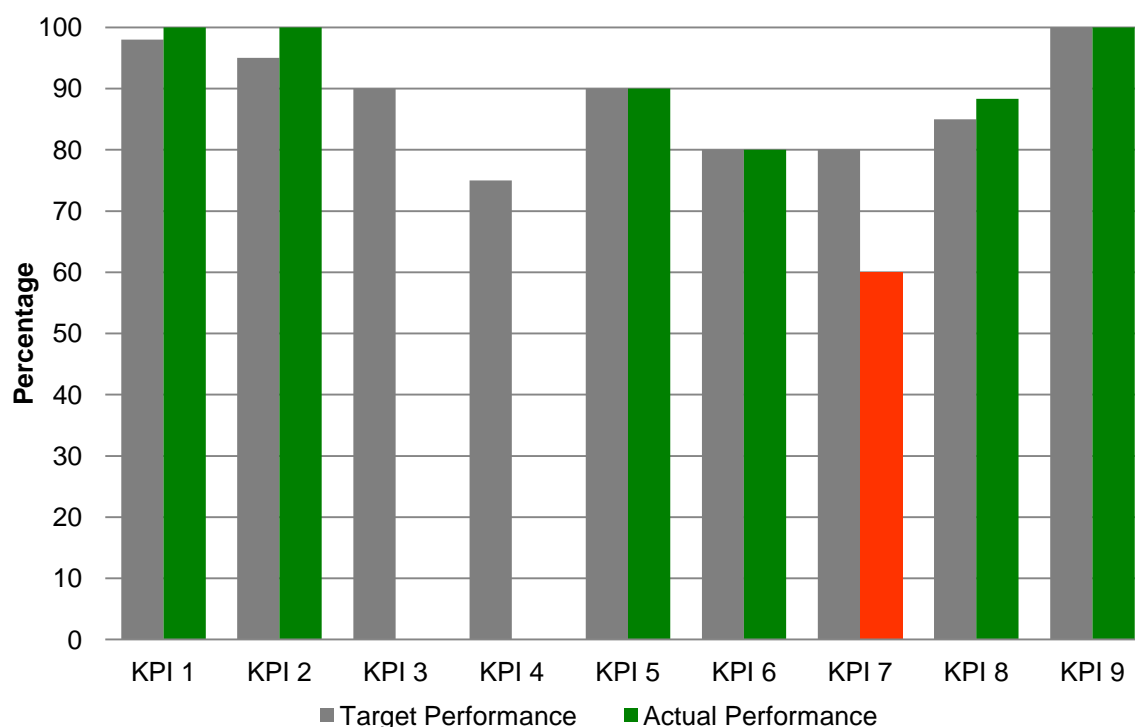
- 3.5.1 We continue to undertake a quarterly approach to IA planning to ensure emerging risks and new areas of concern are captured, particularly within the fast changing environment the Council operates in. Over the last month we have undertaken our risk based planning meetings, alongside operational and corporate risk discussions due to the synergies between these two functions. Further to this, we have produced the detailed operational IA plan for Quarter 3 of 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 Due to reduced staffing capacity and focus on recruiting new staff members in the IA team, 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 November and December 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, IA will continue to report quarterly on performance against its agreed 9 KPIs.
- 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 Performance data for **KPI 3** and **KPI 4** is not yet available as none of the 2018/19 the **HIGH** or **MEDIUM** risk recommendations raised have fallen due yet. **KPI 7** continues to be the one IA KPI where targeted performance is not being achieved and as a result is reported as **RED** for the first two quarters of 2018/19 (refer to **Table 1** below).

Table 1



- 4.4 The poor performance against **KPI 7** is primarily due to 2 of the 5 IA Assurance reports finalised experiencing delays in receipt of management response. Whilst IA facilitates this process, we are reliant on timely management responses within the set timeframe to achieve this performance indicator.
- 4.5 The time taken to finalise final reports from draft stage is on average 10 working days and thus within tolerances. However, due to historic non performance against **KPI 7** we plan to provide greater oversight of compliance against these KPIs to Corporate Directors as part of a quarterly IA dashboard, reporting a snapshot of IA performance at a Group level.
- 4.6 We are currently exceeding several of our KPI targets, including achieving the ambitious 85% Client Satisfaction Rating for **KPI 8**, which we are hopeful will continue throughout the remainder of the year as the volume of CFQ feedback increases.
- 4.7 In this quarter we have been reviewing the CFQ feedback from our stakeholders, looking at opportunities for improving IA practice and to help identify the perceived quality of our service. This process highlighted a couple of instances where our audit approach could be better refined. We have reflected on this feedback and have discussed the issues identified at IA team meetings as well as at one to ones, to help encourage improvement in this area.

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 following the resignation of several members of the IA team over a relatively short period, **including two key members of staff**. Nevertheless, this quarter we have concluded the restructure of the IA service and have made successful offers to fill the posts of Senior Internal Auditor and Principal Internal Auditor. The HBA believes the Council has successfully recruited, subject to references, **two exceptional candidates to join the IA team in October/ November**.

- 5.2 Looking ahead to Quarter 3 we will shortly commence recruitment to our Internal Audit Apprentice vacancy. In the meantime, we will continue to use our external IA partner (Mazars) to assist in the completion of the IA Plan.
- 5.3 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.
- 5.4 There are no other matters that the HBA needs 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)

30th September 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 th September 2018	Assurance Level	Risk Rating				CFQ Received?
				H	M	L	NP	
18-A8	Early Years Centres	Final report issued on 10 th July 2018	No	3	5	2	0	✓
18-A3 (17-A33)	Corporate Payments	Final report issued on 29 th June 2018	Reasonable	0	2	4	0	✓
18-A5	Complaints	Final report issued on 27 th July 2018	Reasonable	0	4	6	0	✓
18-A4	Symology Data Quality	Final report issued on 4 th Sept 2018	Reasonable	0	2	2	0	✓
18-A2	Declarations of Interests	Final report issued on 12 th Sept 2018	Reasonable	0	3	2	0	✓
18-A12	Youth Offending Service	Draft report in progress						
18-A1	Cyber Security	Testing in progress						
18-A6	Positive Behaviour Support Team	Testing in progress						
18-A13	Emergency Duty Team	Testing in progress						
Total Number of IA Recommendations Raised				3	16	16	-	
Total % of IA Recommendations Raised				8%	46%	46%	-	

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 th September 2018	Recommendations				CFQ Received?
			Implemented	Partly Implemented	Not Implemented	Total	
18-A9	Physical Access Controls	Memo issued on 31 st July 2018	8	0	0	8	✓
18-A10	Extra Care	Memo issued on 9 th August 2018	2	4	1	7	✓
18-A14	Follow-up of implemented recommendations	Verification testing in progress					
18-A15	Houses in Multiple Occupation	Verification testing in progress					
Total Number			10 67%	4 27%	1 6%	15	

2018/19 IA Consultancy Reviews:

IA Ref.	IA Review Area	Status as at 30 th September 2018	CFQ Received?
18-C3	CYPS Thematic Review - Ofsted Preparations	Memo issued on 9 th May 2018	✓
18-C4	Recruitment and Retention of Foster Carers	Memo issued on 4 th July 2018	✓
18-C5	Financial Assessments	Memo issued on 12 th July 2018	✓
18-C6	Adult and Community Learning	Memo issued on 17 th July 2018	✓
18-C2	Client Financial Affairs	Memo in progress	
18-C1	Introduction of Universal Credit	Testing in progress	

APPENDIX A (cont'd)**2018/19 IA Grant Claim Verification Reviews:**

IA Ref.	IA Review Area	Status as at 30 th September 2018
18-GC1	Troubled Families Grant - Quarter 1	Certified and memos issued on 25 th April 2018, 17 th May 2018 and 12 th June 2018
18-GC3	Troubled Families Grant - Quarter 2	Certified and memos issued on 26 th July 2018, 30 th August 2018 and 26 th September 2018
18-GC4	Disabled Facilities Grant	Certified and memo issued on 28 th August 2018
18-GC2	Housing Benefit Subsidy Grant	Certified and memo issued on 3 rd September 2018
18-GC6	Pothole Action Fund	Certified and memo issued on 13 th September 2018
18-GC5	Bus Subsidy Grant	Certified and memo issued on 18 th September 2018

APPENDIX B**REVISIONS TO THE 2018/19 INTERNAL AUDIT PLAN ~ QUARTER 2****Amendments to the 2018/19 Operational IA Plan for Quarter 2:**

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
N/A	No amendments to the Q2 IA Plan		-	-	-

IA work DEFERRED from the 2018/19 Operational IA Plan for Quarter 2:

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
18-A7	CYPS - Quality Assurance	Assurance	MEDIUM	Tony Zaman Corporate Director of Social Care	Following the Ofsted inspection of Children's Social Care, where a 'Good' rating was awarded to the Service and the IA reviews concerning Ofsted preparations, the Deputy Director, Children's Services has requested that this work be deferred for the foreseeable future as the risk has reduced in light of the aforementioned events.

IA work ADDED to the 2018/19 Operational IA Plan for Quarter 2:

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
18-A15	Houses in Multiple Occupation	Assurance (Follow-Up)	HIGH	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	This review was requested by senior management following a previous follow-up in December 2017, where IA found 2 HIGH risk recommendations were Partly Implemented and the 5 remaining IA recommendations were deemed Not Implemented .

APPENDIX C**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2018/19 ~ QUARTER 3****IA work scheduled to commence in the 1st October to 31st December 2018 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
18-A17	Mortuary	Assurance	HIGH	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	Uxbridge Mortuary is subject to licensing and site inspections by the official regulatory body, the Human Tissue Authority (HTA) under the Human Tissue Act 2004. The Mortuary must comply with the HTA Standards and 3 Codes of Practice. Inspections take place in a 3-yearly cycle. The last HTA inspection occurred in 2015 (which IA assisted with) this means a new inspection is due to take place this year and therefore management have requested IA to assist them again in preparation for this.
18-A18	Gifts and Hospitality	Assurance	MEDIUM	Fran Beasley Chief Executive & Corporate Director of Chief Executive's Office	The Council is committed to the application of the Nolan principles in everything that they do. The Integrity principle states that "Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties". This IA review will seek to provide assurance over the adequacy and application of the control and governance framework in place.
18-A19	General Data Protection Regulation (GDPR)	Assurance	MEDIUM	Fran Beasley Chief Executive & Corporate Director of Chief Executive's Office	The Council has a statutory requirement to comply with the EU GDPR, with significant breaches subject to financial penalties and adverse publicity. IA has been requested to undertake a review of the Council's compliance against the regulation. The IA Service Manager and HIA have assisted in the implementation of GDPR; therefore this audit will be conducted and reviewed by Mazars to ensure audit independence.
18-A20	Merchiston House	Assurance	MEDIUM	Tony Zaman Corporate Director of Social Care	This is a newly refurbished children's home which opened recently to provide shelter and services to vulnerable young people who are in Council care. The home was opened following the closure of Mulberry Parade and recent staffing changes. The Head of Service has requested IA provide independent assurance over safeguarding, health and safety and general management of the facility.

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2018/19 ~ QUARTER 3****IA work scheduled to commence in the 1st October to 31st December 2018 period:**

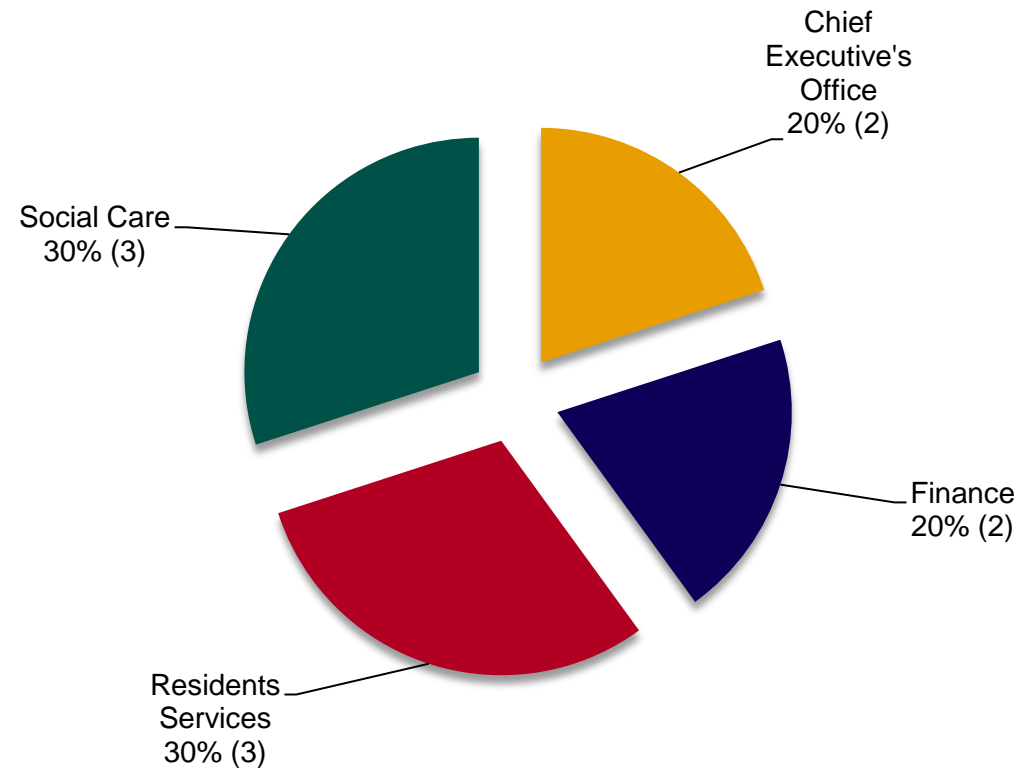
IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
18-A21	Financial Resilience and Appetites for Public Sector Contracts	Assurance	MEDIUM	Paul Whaymand Corporate Director of Finance	Public sector contracts provide a host of valuable services and support to our residents and service users. This year there have been reports in the press over the financial resilience of some external suppliers and providers if they fail to deliver the required level of service due to financial difficulties and/or going out of business. This IA review follows on from the assurance mapping exercise undertaken in 2018/19, providing independent assurance over the adequacy and effectiveness of the system of control to safeguard the Council's financial management through public sector contracts.
18-A14	Follow-Up of implemented recommendations	Assurance (Follow-Up)	MEDIUM	Paul Whaymand Corporate Director of Finance	In preparation for the Annual Head of Internal Audit Opinion we will seek to undertake follow-up verification on the 2015/16, 2016/17 and 2017/18 IA recommendations where management have self certified that the recommendation has been implemented via the Team Central System.
18-A22	Extra Care Follow-Up	Assurance (Follow-Up)	MEDIUM	Tony Zaman Corporate Director of Social Care	Following the 2017/18 IA assurance review in this area which received a NO assurance opinion, this follow-up review, with a refined scope, focuses on the implementation of the 4 Partly Implemented and 1 Not Implemented recommendation.
18-A23	Housing Planned Maintenance and Housing Repairs Follow-Up	Assurance (Follow-Up)	HIGH	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	Following the 2015/16 IA assurance reviews in these areas which both received LIMITED assurance opinions, this follow-up review encompasses two audits because the key contacts and management responsibility are the same. With a refined scope IA will focus on the status/implementation of 1 HIGH and 6 MEDIUM risk recommendations raised.

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2018/19 ~ QUARTER 3 (cont'd)****IA work scheduled to commence in the 1st October to 31st December 2018 period:**

IA Ref.	Planned Audit Area	Audit Type	IA Risk Assessment	Review Sponsor	Rationale
18-A24	Housing Needs Allocations & Assessments and Tenancy Management Follow-Up	Assurance (Follow-Up)	HIGH	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	Following the 2015/16 IA assurance review of Housing Needs and the 2016/17 IA assurance review of Tenancy Management which received LIMITED and REASONABLE assurance opinions respectively, this follow-up review encompasses two audits because the key contacts and management responsibility are the same. With a refined scope IA will focus on the implementation of the 2 HIGH and 2 MEDIUM risk recommendations raised.
18-GC7	Troubled Families (TF) Grant - Quarter 3	Grant Claim	N/A	Tony Zaman 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 3 (cont'd)**

IA work scheduled to commence in the 1st October to 31st December 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
SUBSTANTIAL	There is a good level of assurance over the management of the key risks to the Council objectives. The control environment is robust with no major weaknesses in design or operation. There is positive assurance that objectives will be achieved.
REASONABLE	There is a reasonable level of assurance over the management of the key risks to the Council objectives. The control environment is in need of some improvement in either design or operation. There is a misalignment of the level of residual risk to the objectives and the designated risk appetite. There remains some risk that objectives will not be achieved.
LIMITED	There is a limited level of assurance over the management of the key risks to the Council objectives. The control environment has significant weaknesses in either design and/or operation. The level of residual risk to the objectives is not aligned to the relevant risk appetite. There is a significant risk that objectives will not be achieved.
NO	There is no assurance to be derived from the management of key risks to the Council objectives. There is an absence of several key elements of the control environment in design and/or operation. There are extensive improvements to be made. There is a substantial variance between the risk appetite and the residual risk to objectives. There is a high risk that objectives will not be achieved.

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

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

RISK	DEFINITION
HIGH 	The recommendation relates to a significant threat or opportunity that impacts the Council's corporate objectives. The action required is to mitigate a substantial risk to the Council. In particular it has an impact on the Council's reputation, statutory compliance, finances or key corporate objectives. The risk requires senior management attention.
MEDIUM 	The recommendation relates to a potentially significant threat or opportunity that impacts on either corporate or operational objectives. The action required is to mitigate a moderate level of risk to the Council. In particular an adverse impact on the Department's reputation, adherence to Council policy, the departmental budget or service plan objectives. The risk requires management attention.
LOW 	The recommendation relates to a minor threat or opportunity that impacts on operational objectives. The action required is to mitigate a minor risk to the Council as a whole. This may be compliance with best practice or minimal impacts on the Service's reputation, adherence to local procedures, local budget or Section objectives. The risk may be tolerable in the medium term.
NOTABLE PRACTICE 	The activity reflects current best management practice or is an innovative response to the management of risk within the Council. The practice should be shared with others.