

BUSINESS ASSURANCE

Internal Audit Progress Report to Audit Committee: 2018/19 Quarter 3 (including the Quarter 4 Internal Audit Plan)

14th January 2019



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, 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 or guidance.

1.1.2 The UK Public Sector IA Standards (PSIAS) define the nature of IA and set out basic principles for carrying out IA within the public sector. The PSIAS help 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

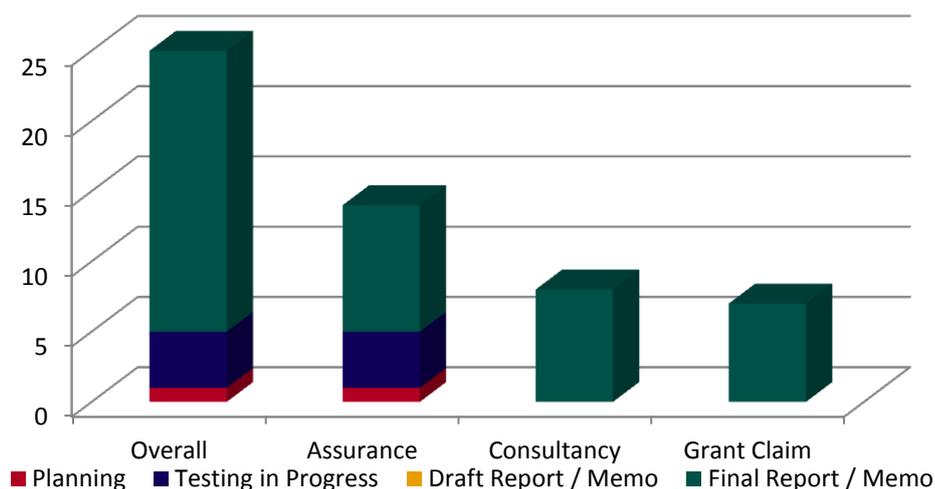
1.2.1 This Quarter 3 progress report presents the Council's Corporate Management Team (CMT) and Audit Committee with summary information on IA work covered since the Quarter 2 progress report for the period 1st October to 31st December 2018. In addition, it provides an opportunity for the Deputy Director of Exchequer & Business Assurance Services (Acting) (DDEBA), as the Council's Head of Internal Audit (HIA), to highlight any significant issues which have arisen from IA work in Quarter 3. It also highlights to CMT, the Audit Committee and other IA stakeholders the revisions to the Quarter 3 IA plan since its approval in October 2018 (refer to [Appendix B](#)).

1.2.2 A key feature of the Quarter 3 IA progress report is the inclusion of the 2018/19 Quarter 4 IA plan (refer to [Appendix C](#)). This has been produced in consultation with senior managers over the last few weeks and sets out the planned programme of IA coverage due to commence in the Quarter 4 period (1st January to 31st March 2019).

2. Executive Summary

2.1 Since the last IA Progress Report to CMT and the Audit Committee dated 30th September 2018, **4 assurance reviews** have concluded, **4 consultancy reviews** have been finalised, **1 grant claim** has been certified and **3 follow-up reviews** have been finalised. Progress has been steady this quarter although we are still behind schedule in terms of delivery of the IA work for the year. Nevertheless, the IA team is currently operating at a good pace with new staff now in place and further recruitment underway. As a result, the overall IA delivery at this stage is in line with expectations.

Table 1 - 2018/19 IA Work Undertaken To Date

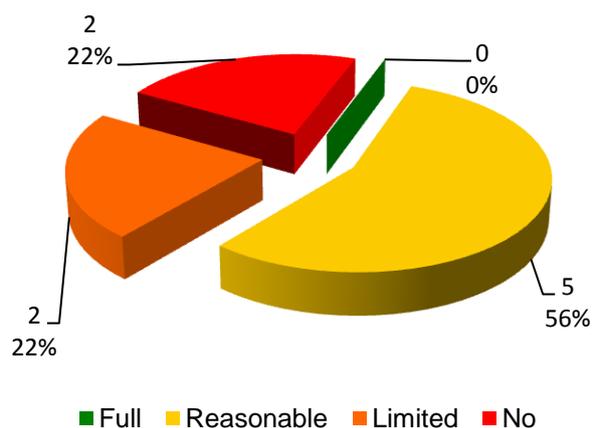
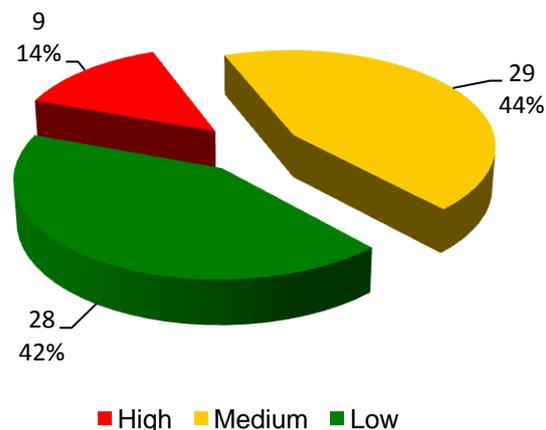


- 2.2 Our work on the 2018/19 Quarter 3 IA plan commenced on 1st October and work is now well underway on all Quarter 3 planned work. Whilst the IA team is not yet back to being fully resourced, the existing team and new team members are performing well and continue to provide positive assurance to its range of stakeholders.
- 2.3 The recruitment campaign has been progressing well during this quarter, with two senior staff members joining the IA team in October and November respectively. We have successfully made an offer of employment to one exceptional candidate for the Internal Auditor position and we are currently recruiting an Internal Audit Apprentice. Whilst we undergo our further recruitment, we continue to be complimented by additional IA resource provided by Mazars to support the in-house team with the completion of the IA Plan (refer to **Appendix B**).
- 2.4 Key assurance reviews finalised this quarter have included **Emergency Duty Team** which received a **NO** assurance opinion, **Cyber Security** and **Positive Behaviour Support Team** which received **LIMITED** assurance opinions respectively and **Youth Offending Service** which received **REASONABLE** assurance opinion over the management of the key risks.
- 2.5 These results are in line with our expectations and the risk-based approach which we deploy. Specifically, IA resources have been targeted in 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.
- 2.6 Within the quarter we have also undertaken **3** follow-up reviews of the recommendations arising from the:
- 2017/18 **NO** assurance review of **Houses in Multiple Occupation**;
 - 2015/16 **LIMITED** assurance review of **Housing Planned Maintenance & Repairs**; and
 - Dedicated follow-up work focused on previous IA reviews achieving a prior **LIMITED** or **NO** assurance opinion.
- 2.7 There have not been any amendments to the Quarter 3 IA operational plan (refer to **Appendix B**). Further details of all IA work carried out in this period are summarised in section 3 of this report below.

3. Analysis of Internal Audit Activity

3.1 Assurance Work in Quarter 3

- 3.1.1 During this quarter, **4** 2018/19 IA assurance reviews have been completed to final report stage. At the date of this report, there are a remaining **4** reviews at an advanced testing stage and **1** review is at planning stage. The **4** assurance reviews finalised this quarter are:
- **Youth Offending Service**;
 - **Cyber Security**;
 - **Emergency Duty Team**; and
 - **Positive Behaviour Support Team**.
- 3.1.2 All **9** 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 overleaf:

Assurance OpinionsRecommendation Ratings

- 3.1.3 The IA assurance review of **Emergency Duty Team (EDT)** raised **4 HIGH**, **3 MEDIUM** and **1 LOW** risk recommendations and gave an overall **NO** assurance opinion. Our initial review of EDT policies and procedures failed to locate formalised documents. We were provided with draft policies and procedures which did not address key processes and required updating.
- 3.1.4 We found there was no Service Level Agreement in place which clearly defined the roles and responsibilities. The performance of Anchor (the service provider for the 24 hour Telecare monitoring service) is not robustly monitored or challenged by senior management or the EDT and the process for alerting and making referrals to EDT staff requires improvement.
- 3.1.5 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. The majority of recommendations are due to be implemented by the 1st April 2019.
- 3.1.6 The IA assurance review of **Cyber Security** raised **2 HIGH**, **3 MEDIUM** and **2 LOW** risk recommendations and gave an overall **LIMITED** assurance opinion. The Council's Cyber Security measures were checked against the 'Cyber Essentials' criteria, which is a UK government scheme. This review was performed by a specialist IT auditor from Mazars with oversight from the Council's IA management team.
- 3.1.7 The areas of high risk identified during this review are in regard to the leaver's process, password control and administrator account management (also referred to as the 'admin account'). Specifically, our audit highlighted the need to manage default passwords to ensure they are aligned to best practice. 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. Following testing, **1 HIGH** and **1 MEDIUM** risk recommendation were marked as **Implemented** at final report stage.
- 3.1.8 The IA assurance review of **Positive Behaviour Support (PBS) Team** raised **4 MEDIUM** and **4 LOW** risk recommendations and gave an overall **LIMITED** assurance opinion. We found the PBS team currently tracks cases via Google sheets and Protocol which contained several inaccuracies and inconsistencies. We found there to be no Key Performance Indicators (KPIs) in place for the PBS team and a review of current job descriptions identified that they were significantly out of date.
- 3.1.9 Other 2018/19 assurance reviews finalised during this quarter have included **Youth Offending Service** which provided a **REASONABLE** assurance opinion and raised **3 MEDIUM** and **5 LOW** risk recommendations (refer to **Appendix A**).

3.2 Consultancy Work in Quarter 3

- 3.2.1 The IA team has continued to undertake 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 Attached at **Appendix A** is a list of consultancy work carried out this quarter with **4** consultancy reviews completed. The planned IA consultancy review of **Introduction of Universal Credit (UC)** was concluded within the quarter. A significant amount of work has gone into ensuring the Council is prepared for the introduction of UC, including the decision to appoint further resource. However, our review identified some concerns and vulnerability in the design and operation of the control environment. We found satisfactory interim measures are in place but a greater focus needs to be on establishing sustainable, long-term measures. During the review we prepared and risk assessed a management action plan which will assist in strengthening controls in this area, in a risk focused and timely manner.
- 3.2.3 The planned IA consultancy review of **Client Financial Affairs (CFA)** was concluded within the quarter. This review focused on the robustness of the referrals process, case management, roles, responsibilities, management oversight, seizure and storage of assets and payments controls and processes. During our detailed testing we highlighted several issues which the CFA team were aware of, but further root-cause analysis performed by IA helped identify specific controls weaknesses such as staff capacity, enhancing system capabilities/ functionality and engaging with Social Care to agree the best care packages for clients.
- 3.2.4 IA was requested by senior management to provide consultancy advice on **Parking Penalty Charge Notices** (refer to **Appendix B**). The review was focused on policies and procedures, cancelled penalty notices and declarations of interest. During testing we found an absence of key controls and deficiencies in existing controls. We suggested that the teams IT system could be utilised more effectively if it was tailored to address the control issues identified during the review. Management have agreed to address all of the improvement suggestions identified.
- 3.2.5 A further addition to the IA Plan for this quarter was a review of the **Mayor of Hillingdon's Charitable Trust Accounts 2017/18** (refer to **Appendix B**). The Mayor's Charity was registered as a charitable trust in November 2015 and is therefore required to comply and operate within the Charity Commission's guidelines. The Council is currently preparing the accounts for the Mayor's Charity and IA was asked to carry out an independent review of the accounts before they are presented to the Trustees for final sign-off. These accounts do not form part of the Council's finances so there was no conflict in IA undertaking this review.

3.3 Grant Claim Verification Work in Quarter 3

- 3.3.1 During this quarter IA has assisted the Council in certifying **1** grant claim. As detailed at **Appendix A**, IA continues to carry out verification work on the **Troubled Families (TF) Grant**. IA tested a sample of TF that had been identified as being 'turned around' by the Council's TF Team. At the conclusion of our work we issued 3 memos in October, November and December 2018 (total number of families claimed for in Quarter 3 was 154).
- 3.3.2 IA continues to work with the TF Co-ordinator to discuss their strategy for the programme. They have reiterated the need to continue with monthly submissions whilst also increasing the number of families eligible for the TF programme. 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 4 IA Plan (refer to **Appendix C**).

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

- 3.4.1 IA continues to monitor all **HIGH** and **MEDIUM** risk recommendations raised, through to the point where the recommendation has either been implemented, or a satisfactory alternative risk response has been proposed by management. In addition to this, we actively follow-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 been 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 CMT and the Audit Committee of progress against implementation of IA recommendations in the annual report (refer to **Appendix A**).
- 3.4.3 Dedicated follow-up work within this quarter has been focused on previous IA reviews achieving a prior **LIMITED** or **NO** assurance opinion. Attached at **Appendix A** is a list of follow-up work carried out in Quarter 3, highlighting the **3 follow-up reviews** that have been completed within the period.
- 3.4.4 The first one is the dedicated follow-up review which found that **68%** (32) of the **47** recommendations followed-up within the quarter were deemed **Implemented**. Of the remaining recommendations we confirmed that **30%** (14) were **Partly Implemented** and **2%** (1) were deemed **Not Implemented**. Each of the 15 cases deemed partly or not implemented have been reopened on our dedicated follow-up system, TeamCentral, with new implementation dates applied for active monitoring and tracking. These recommendations will then be followed-up in due course as these revised dates fall due.
- 3.4.5 These results include the follow-up of the 2017/18 **NO** assurance review of **Houses in Multiple Occupation (HMO)**. In July 2017 IA raised **4 HIGH** and **3 MEDIUM** risk recommendations. Previous IA follow-up reviews undertaken in November 2017 and March 2018 found that only **1** of the **7** recommendations were deemed to be **Implemented** and the remaining **6** recommendations (**4 HIGH** and **2 MEDIUM** risk recommendations) were deemed **Partly Implemented**. As a result of our recent follow-up testing we can confirm that the remaining **6** recommendations were deemed to be **Partly Implemented**.
- 3.4.6 During testing, we found that the control environment and system have moved on so significantly since the last follow-up review (in March 2018) that the recommendations are no longer fully relevant. It was therefore agreed with management that we would undertake a wider review of the **Private Sector Housing Service (including HMOs)** in April 2019.
- 3.4.7 In Quarter 3 we agreed to carry out a follow-up review on **Early Years Centres**. In July 2018 IA gave Early Years a **NO** assurance opinion and raised **3 HIGH** and **5 MEDIUM** risk recommendations, which were due to be implemented by August, October and November 2018 respectively. Following a meeting with the Service Manager we can confirm that the implementation dates for all **8** recommendations have been extended to **31st March 2019**. The reason for the extension is due to a BID review and progress with the recommendations has been put on hold until the review is completed.

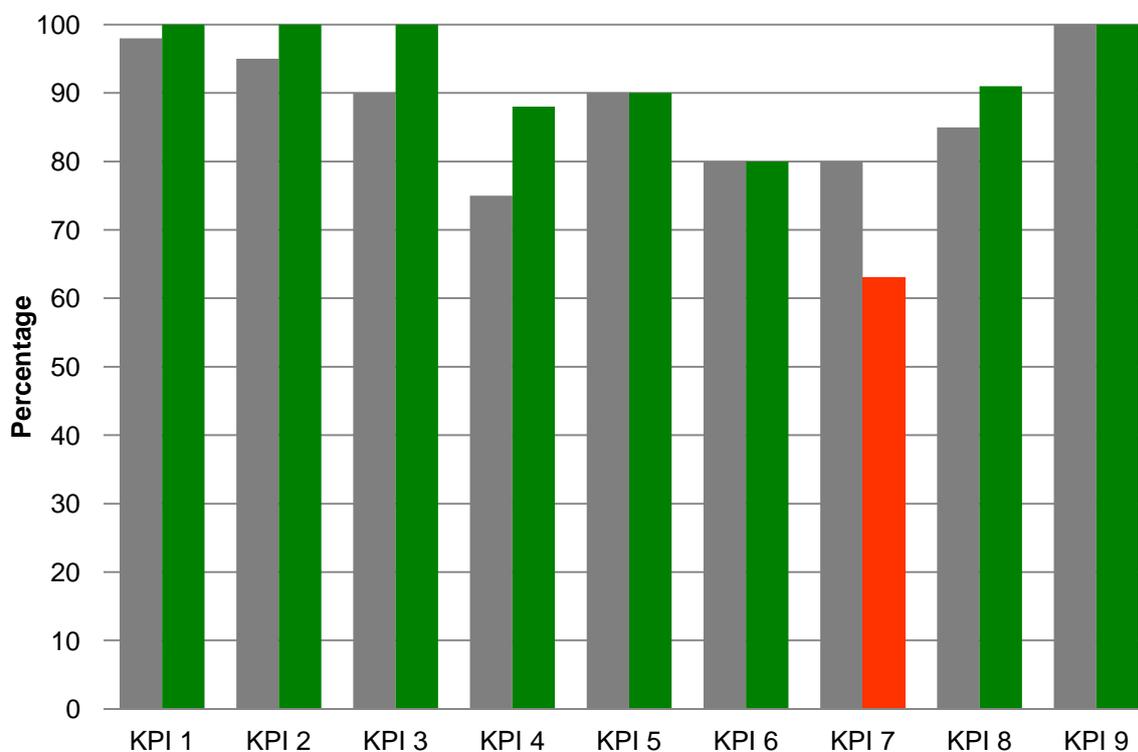
3.5 Other Internal Audit Work in Quarter 3

- 3.5.1 We continue to undertake a quarterly approach to IA planning to ensure emerging risks and new areas of concern are captured, particularly within the fast changing environment the Council operates in. Over the last month we have undertaken our risk based planning meetings, alongside operational and corporate risk discussions due to the synergies between these two functions. Further to this, we have produced the detailed operational IA plan for Quarter 4 of 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, the **Quality Assurance and Improvement Programme (QAIP)** exercise has progressed slowly 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. A comprehensive QAIP exercise is planned for Quarter 4 and will focus on IA management review points and closure of IA files.

4. Analysis of Internal Audit Performance

- 4.1 The IA KPIs measure the quality, efficiency and effectiveness of the IA service. They assist IA and the Council in helping measure how successful IA has been in achieving its strategic and operational objectives. We believe that these KPIs, detailed at **Appendix D**, are meaningful and provide sufficient challenge to the service. They measure the quality, efficiency and effectiveness of the IA service and thus assist us in providing an added value assurance and consulting service to our range of stakeholders.
- 4.2 Cumulative performance against the nine KPIs in the 1st April to 31st December 2018 period is summarised within the **Bar Chart** below:



Key:

- Target Performance
- Above target
- Within 5% tolerance of target
- Greater than 5% tolerance of target

- 4.3 Whilst we have seen a slight improvement on the Quarter 2 position KPI 7 continues to be one IA KPI that is not achieved and is reported as **RED** for all three quarters of 2018/19. This is primarily due to 3 of the 8 IA Assurance reports finalised experiencing delays in receipt of management response. Whilst we facilitate this process, **we are heavily reliant on timely management responses** within the set timeframe to achieve this indicator.
- 4.4 The time taken to finalise final reports from draft stage is on average 11 working days and thus within tolerances. However, we continue to provide oversight of compliance against these KPIs to Corporate Directors and are actively looking at our own process to aid the facilitation of management responses. We are currently exceeding several of our KPI targets, including achieving the ambitious KPI 8, 85% Client Satisfaction Rating which we are hopeful will continue throughout the remainder of the year as the volume of CFQ feedback increases.

5. Forward Look

- 5.1 As has already been highlighted earlier in this report, progress has been steady this quarter. Whilst our two new staff members are settling in at the Council we have begun our second phase of recruitment and are in the process of appointing a new Internal Auditor and recruiting an Internal Audit Apprentice. Once these posts have been recruited to the team we will once again be at full complement.
- 5.2 In line with our risk-based approach to IA, the team has continued to successfully meet almost all of its KPIs, with 8 out of 9 KPIs meeting or exceeding target performance. The team has delivered highly regarded, good quality, work across the Council with professionalism and skill and will continue with this approach as it completes the final quarter of 2018/19. Quarter 4 will be a challenge, as we hope to complete our recruitment campaign, introduce two new members to the team whilst working through a complex IA Plan. Nevertheless, we are confident that this will be achieved with the continued support from our stakeholders.
- 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 DDEBA needs to bring to the attention of the Council's CMT or Audit Committee at this time.

Muir Laurie FCCA CMIIA

Deputy Director of Exchequer & Business Assurance Services (Acting)
(& Head of Internal Audit)

14th January 2019

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 14 th January 2019 | 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-A13 | Emergency Duty Team | Final report issued on 3 rd Dec 2018 | No | 4 | 3 | 1 | 0 | ✓ |
| 18-A1 | Cyber Security | Final report issued on 13 th Dec 2018 | Limited | 2 | 3 | 2 | 0 | ✓ |
| 18-A6 | Positive Behaviour Support Team | Final report issued on 7 th Jan 2019 | Limited | 0 | 4 | 4 | 0 | Not yet due |
| 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 | Final report issued on 12 th Nov 2018 | Reasonable | 0 | 3 | 5 | 0 | ✓ |
| 18-A17 | Mortuary | Testing in progress | | | | | | |
| 18-A18 | Gifts and Hospitality | Testing in progress | | | | | | |
| 18-A19 | General Data Protection Regulation | Testing in progress | | | | | | |
| 18-A21 | Financial Resilience and Appetites for Public Sector Contracts | Testing in progress | | | | | | |
| 18-A20 | Merchiston House | Planning | | | | | | |
| Total Number of IA Recommendations Raised | | | | 9 | 29 | 28 | - | |
| Total % of IA Recommendations Raised | | | | 14% | 44% | 42% | - | |

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 14 th January 2019 | Recommendations | | | | CFQ Received? |
|---------------------|--|--|------------------|--------------------|-----------------|-----------|---------------|
| | | | Implemented | Partly Implemented | Not Implemented | Total | |
| 18-A14 | Follow-up of implemented recommendations | Verification testing in progress | 19 | 0 | 0 | 19 | N/A |
| 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-A15 | Houses in Multiple Occupation | Memo issued on 20 th Dec 2018 | 0 | 6 | 0 | 6 | ✓ |
| 18-A23 | Housing Planned Maintenance & Repairs | Memo issued on 9 th Jan 2019 | 3 | 4 | 0 | 7 | Not yet due |
| Total Number | | | 32 68% | 14 30% | 1 2% | 47 | |

2018/19 IA Consultancy Reviews:

| IA Ref. | IA Review Area | Status as at 14 th January 2019 | 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 issued on 3 rd October 2018 | ✓ |
| 18-C9 | Mayor of Hillingdon's Charitable Trust Accounts 2017/18 | Memo issued on 10 th December 2018 | N/A |
| 18-C1 | Introduction of Universal Credit | Memo issued on 20 th December 2018 | ✓ |
| 18-C8 | Parking Penalty Charge Notices | Memo issued on 3 rd January 2019 | ✓ |

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

| IA Ref. | IA Review Area | Status as at 14 th January 2019 |
|---------|-------------------------------------|--|
| 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 |
| 18-GC7 | Troubled Families Grant - Quarter 3 | Certified and memos issued on 30 th October 2018, 30 th November 2018 and 21 st December 2018 |

APPENDIX B**REVISIONS TO THE 2018/19 INTERNAL AUDIT PLAN ~ QUARTER 3****Amendments to the 2018/19 Operational IA Plan for Quarter 3:**

| IA Ref. | Planned IA Review Area | Review Type | IA Risk Rating | Review Sponsor | Scope / Rationale |
|---------------------------------|------------------------|-------------|----------------|----------------|-------------------|
| No amendments to the Q3 IA Plan | | | | | |

IA work DEFERRED from the 2018/19 Operational IA Plan for Quarter 3:

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

IA work ADDED to the 2018/19 Operational IA Plan for Quarter 3:

| IA Ref. | Planned IA Review Area | Review Type | IA Risk Rating | Review Sponsor | Scope / Rationale |
|---------|---|-------------|----------------|---|--|
| 18-C8 | Parking Penalty Charge Notices | Consultancy | MEDIUM | Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services | This review was requested by senior management, over the Penalty Charge process and the risks associated with policies and procedures, cancelling Notices and Declarations of Interest. |
| 18-C9 | Mayor of Hillingdon's Charitable Trust Accounts 2017/18 | Consultancy | LOW | Paul Whaymand Corporate Director of Finance | This review was requested by senior management in 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. |

APPENDIX C**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2018/19 ~ QUARTER 4****IA work scheduled to commence in the 1st January to 31st March 2019 period:**

| IA Ref. | Planned Audit Area | Audit Type | Risk Assessment | Review Sponsor | Rationale |
|---------|---|------------|-----------------|---|--|
| 18-A26 | Special Education Needs (SEN) Specialist Resource Provision | Assurance | HIGH | Tony Zaman Corporate Director of Social Care | This is a value for money audit which will focus on the Specialist Resource Provision (SRP) offered to schools which provide SEN services to children and young people. There are currently 13 SRPs in place, costing £1.2m, which are operating across maintained and academy schools in the borough. This IA review will seek to provide assurance over the financial management, governance and application of the SRP provision. |
| 18-A27 | Traffic Management - Order Making Process | Assurance | MEDIUM | Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services | The order making process refers to proposals received by the Council from residents and members of the public in relation to parking management schemes, loading and waiting schemes and traffic regulation orders. The process is highly regulated and all Council decisions are made public within a restricted timeframe. Management would like independent assurance that the current process is working efficiently and effectively as they move from a paper oriented process to an automated one. |
| 18-A28 | Estates Management - Selling Assets | Assurance | MEDIUM | Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services | This review will look at the practice and justification for selling Council-owned assets (of estates). We will check that these are recorded consistently and the process is working efficiently and economically. We will also verify that asset registers are up to date and comply with the Local Government Transparency Code 2015. Further, following the 2016/17 IA assurance review of Estates Management - Leases which received a LIMITED assurance opinion we will check that the 3 MEDIUM risk recommendations that have been marked as Implemented by management have been verified. |

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2018/19 ~ QUARTER 4 (cont'd)****IA work scheduled to commence in the 1st January to 31st March 2019 period:**

| IA Ref. | Planned Audit Area | Audit Type | Risk Assessment | Review Sponsor | Rationale |
|---------|--|------------|-----------------|--|---|
| 18-A29 | Olympic House | Assurance | MEDIUM | Tony Zaman Corporate Director of Social Care | Olympic House is a 30 bed, semi-independent Unit for males aged between 16-17 years who are claiming asylum and which the Council has a duty of care. The management of the House has recently transferred to the Director, Provider & Commissioned Care and as such they have requested IA provide independent assurance over safeguarding, health and safety and general management of the facility. |
| 18-A30 | Review of the Effectiveness of the Audit Committee | Assurance | MEDIUM | Fran Beasley Chief Executive | An effective and independent AC is a key element in the Council's corporate governance and risk management framework. An effective AC leads to improved internal control, risk management and financial reporting. It provides a forum for discussing key issues raised by IA and External Audit, working independently to provide assurance to the Council. |
| 18-A31 | Equifax Arrangements | Assurance | MEDIUM | Paul Whaymand Corporate Director of Finance | Equifax is a consumer credit reporting agency which is used to check the financial health of residents (who seek assistance from the Council) and private companies (who are tendering for business from the Authority). As a service, Equifax is used across the Council by teams including Finance, Procurement and Revenues and Benefits. All applications for an Equifax check must follow a specific process to protect the rights of the individual and/or business. IA will check that this is being applied consistently. |
| 18-A32 | Debtors | Assurance | MEDIUM | Paul Whaymand Corporate Director of Finance | This review will seek to provide assurance that there is a sound system of internal control operating over the Debtors process. This is a key financial system audit which was requested by management. This review was last undertaken as part of the 2016/17 IA Plan. |

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2018/19 ~ QUARTER 4 (cont'd)****IA work scheduled to commence in the 1st January to 31st March 2019 period:**

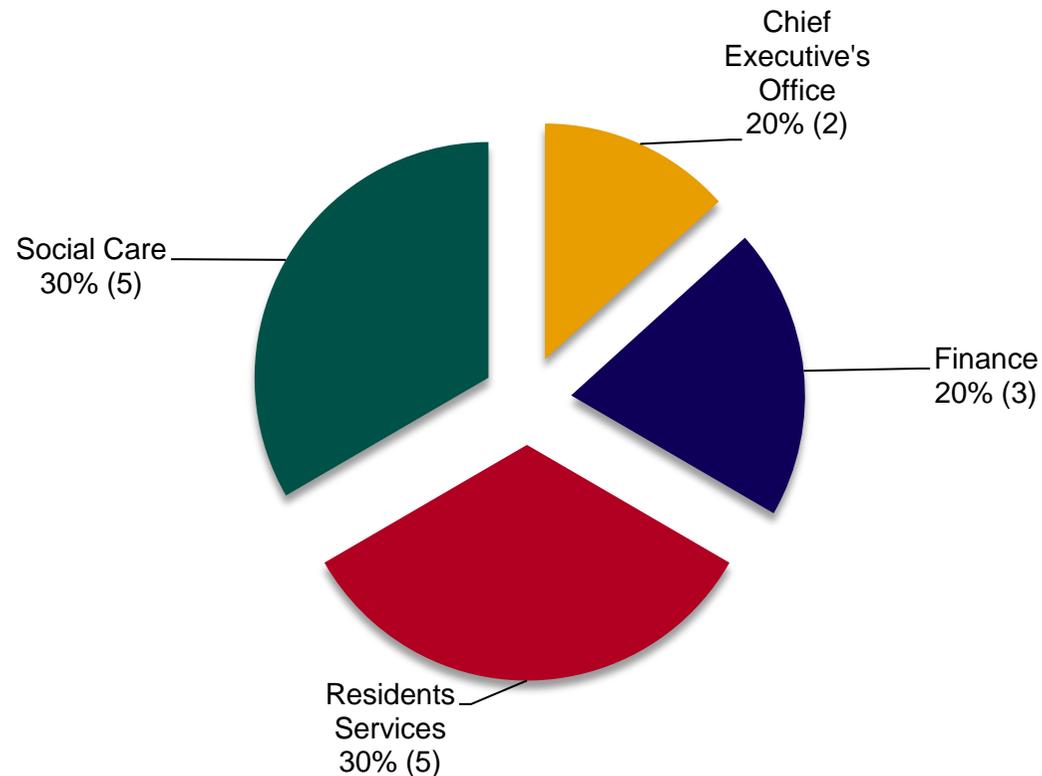
| IA Ref. | Planned Audit Area | Audit Type | Risk Assessment | Review Sponsor | Rationale |
|---------|--|-----------------------|-----------------|---|--|
| 18-A14 | Follow-Up of implemented recommendations | Assurance (Follow-Up) | MEDIUM | Paul Whaymand Corporate Director of Finance | In preparation for the Annual Head of Internal Audit Opinion we will seek to undertake follow-up verification on the IA recommendations (from 2015/16 onwards) where management have self certified that the recommendation has been implemented via the Team Central System. |
| 18-A33 | Missing Children Follow-Up | Assurance (Follow-Up) | MEDIUM | Tony Zaman Corporate Director of Social Care | Following the 2017/18 IA assurance review of Missing Children (from Education, Home & Placement) which received a LIMITED assurance opinion we will check that the 10 MEDIUM risk recommendations marked as Implemented by management have been verified. |
| 18-A34 | Semi-Independent Living Follow-Up | Assurance (Follow-Up) | MEDIUM | Tony Zaman Corporate Director of Social Care | Following the 2016/17 IA assurance review of Semi-Independent Living (incl. Contract Management) which received a LIMITED assurance opinion we will check that the 8 MEDIUM risk recommendations marked as Implemented by management have been verified. |
| 18-A35 | Harefield Junior School Follow-Up | Assurance (Follow-Up) | MEDIUM | Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services | Following the 2018/19 IA assurance review of Harefield Junior School which received a LIMITED assurance opinion we will check that the 3 HIGH and 4 MEDIUM risk recommendations marked as Implemented by management have been verified. |
| 18-C10 | ICT Application Support | Consultancy | MEDIUM | Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services | ICT have requested a consultancy review of the Application Support team. The team provides support to services across the Council with IT applications. The level of support across Directorates is inconsistent with some requiring a significant amount of support compared to others. ICT would like IA to look at the volume of support provided and suggest ways of working more efficiently. |
| 18-C11 | HR IT Projects | Working Group | N/A | Fran Beasley Chief Executive | The Head of HR has requested the IT Auditor to assist with the development of the Council's new HR and case management system. The auditor will advise on control and security issues in Quarter 4. |

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2018/19 ~ QUARTER 4 (cont'd)****IA work scheduled to commence in the 1st January to 31st March 2019 period:**

| IA Ref. | Planned Audit Area | Audit Type | Risk Assessment | Review Sponsor | Rationale |
|---------|---|-------------|-----------------|---|--|
| 18-C12 | Private Sector Housing | Advisory | N/A | Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services | Following the Houses in Multiple Occupation Follow-Up and a request from the Deputy Director, IA has been asked to assist the Housing Team in January 2019, in preparation for the planned Quarter 1 2019/20 IA assurance review of Private Sector Housing. |
| 18-GC8 | Troubled Families (TF) Grant - Quarter 4 | 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 4 (cont'd)**

IA work scheduled to commence in the 1st January to 31st March 2019 period – Analysis by Corporate Director:



- The relevant Audit Sponsor (Corporate Directors, Directors, Deputy Directors and Heads 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 | 2018/19 HIGH risk IA recommendations where positive management action is proposed | 98% | 100% | GREEN |
| KPI 2 | 2018/19 MEDIUM risk IA recommendations where positive management action is proposed | 95% | 100% | GREEN |
| KPI 3 | 2018/19 HIGH risk IA recommendations where management action is taken within agreed timescale | 90% | 100% | GREEN |
| KPI 4 | 2018/19 MEDIUM risk IA recommendations where management action is taken within agreed timescale | 75% | 88% | GREEN |
| KPI 5 | Percentage of annual (Q1 to Q4) IA Plan delivered to draft report stage by 31 st March 2019 | 90% | 91% | GREEN |
| KPI 6 | Percentage of annual (Q1 to Q4) IA Plan delivered to final report stage by 31 st March 2019 | 80% | 81% | GREEN |
| KPI 7 | Percentage of draft reports issued as a final report within 15 working days | 80% | 63% | RED |
| KPI 8 | Client Satisfaction Rating (from CFQs) | 85% | 91% | GREEN |
| KPI 9 | IA work fully compliant with the UK PSIAS and IIA Code of Ethics | 100% | 100% | GREEN |

Key for above:

- CFQs = Client Feedback Questionnaires.
- PSIAS = Public Sector Internal Audit Standards.
- IIA = Chartered Institute of Internal Auditors (UK).

Key for future reporting on actual KPI performance:

- **RED** = currently this performance target is not being met (significantly [**>5%**] short of target performance).
- **AMBER** = currently not meeting this performance target (just short [**<5%**] of target performance).
- **GREEN** = currently meeting or exceeding this performance target

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 |
|---|---|
| <p style="text-align: center;">HIGH</p> <p style="text-align: center;">●</p> | <p>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.</p> |
| <p style="text-align: center;">MEDIUM</p> <p style="text-align: center;">●</p> | <p>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.</p> |
| <p style="text-align: center;">LOW</p> <p style="text-align: center;">●</p> | <p>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.</p> |
| <p style="text-align: center;">NOTABLE PRACTICE</p> <p style="text-align: center;">●</p> | <p>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.</p> |