

BUSINESS ASSURANCE

Internal Audit Progress Report to Audit Committee: 2018/19 Quarter 4 (including the 2019/20 Quarter 1 Internal Audit Plan)

1st April 2019



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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

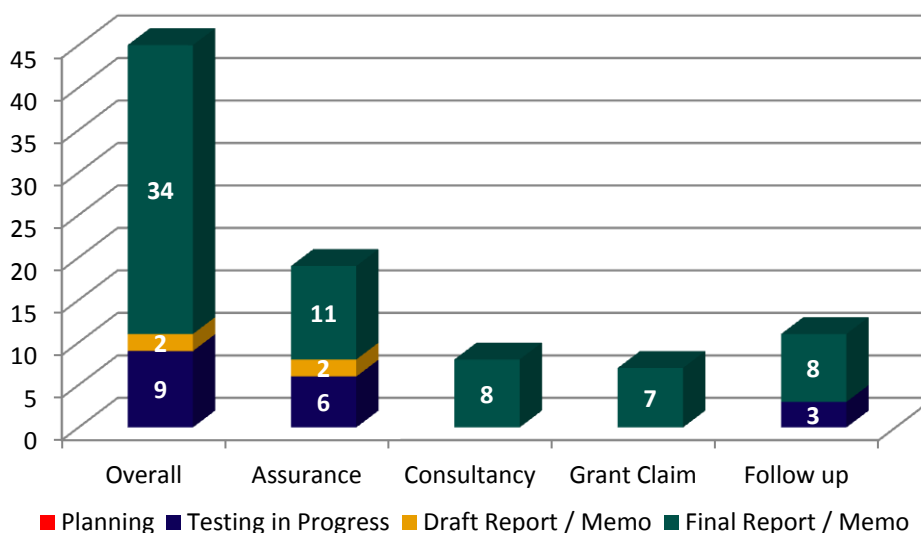
1.2.1 This Quarter 4 progress report presents the Council's Corporate Management Team (CMT) and Audit Committee with summary information on IA work for the period 15th January to 1st April 2019. In addition, it provides an opportunity for the Deputy Director of Exchequer & Business Assurance Services (Acting) (DDEBA), as the Council's Head of Internal Audit (HIA), to highlight any significant issues which have arisen from IA work in Quarter 4. It also highlights to CMT, the Audit Committee and other IA stakeholders the revisions to the Quarter 4 IA plan since its approval (refer to [Appendix B](#)).

1.2.2 A key feature of the Quarter 4 IA progress report is the inclusion of the 2019/20 Quarter 1 IA plan (refer to [Appendix C](#)). This has been produced in consultation with senior managers over the last few weeks and sets out the planned programme of IA coverage due to commence in the Quarter 1 period (1st April to 30th June 2019).

2. Executive Summary

2.1 Since the last IA Progress Report to CMT and the Audit Committee dated 14th January 2019, **5 assurance reviews** (including 3 follow-ups) have concluded, **8 assurance reviews** are at an advanced stage, **1 consultancy review** has been finalised and **1 grant claim** (consisting of 3 memos) has been certified. We are therefore nearing completion of the programme of IA work for 2018/19, depicted below:

Table 1 - 2018/19 IA Work Undertaken To Date



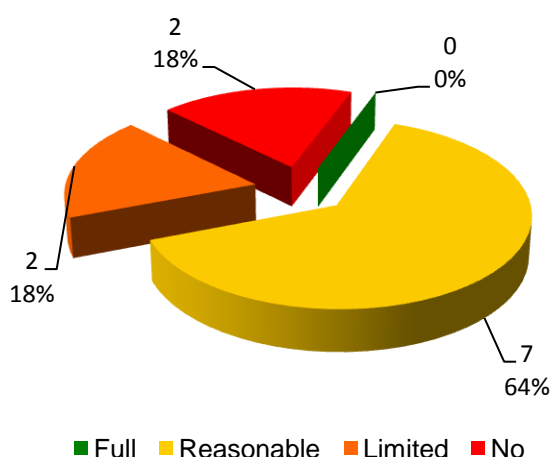
- 2.2 Our work on the 2018/19 Quarter 4 IA plan commenced on 2nd January 2019 and work is now underway on all Quarter 4 planned work (refer to **Appendix A**). Positive progress has been made this quarter, key assurance reviews finalised this quarter have included **Mortuary** which received a **REASONABLE** assurance opinion and **Gifts and Hospitality** which received **REASONABLE** assurance opinion over the management of the key risks.
- 2.3 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 IA in due course.
- 2.4 Within the quarter IA has also undertaken significant follow-up work, with individual reviews conducted of prior audits obtaining a **LIMITED** or **NO** assurance opinion. Further, we continue to undertake some IA advisory work which, in addition to grant claims, within the quarter includes a valuable piece of work in Private Sector Housing.
- 2.5 There has been one amendment to the Quarter 4 IA operational plan and three deferrals for work (refer to **Appendix B**). Further details of all IA work carried out in this period are summarised at section 3 of this report below.

3. Analysis of Internal Audit Activity

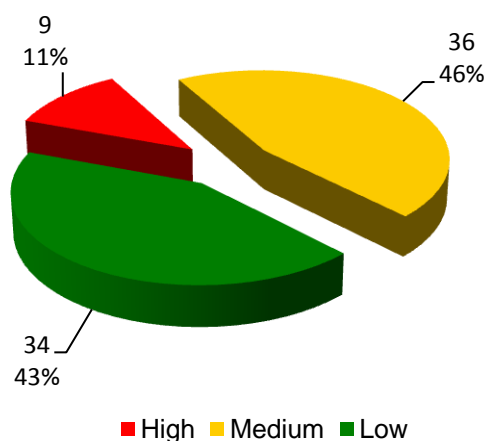
3.1 Assurance Work in Quarter 4

- 3.1.1 During this quarter, **5** 2018/19 IA assurance reviews (including 3 follow-up reviews) have been completed to final report stage, with a further **2** at draft report stage and **6** at advanced testing stage.
- 3.1.2 All IA assurance reviews carried out in the financial year to date are individually listed at **Appendix A**, detailing the assurance levels achieved as well as providing an analysis of recommendations made (in accordance with the assurance level definitions and recommendation risk categories outlined at **Appendix E**). Assurance opinions provided and the associated IA recommendations raised are further summarised below:

Assurance Opinions



Recommendation Ratings



3.2 Consultancy Work in Quarter 4

- 3.2.1 The IA team continues to undertake some 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 the list of consultancy work carried out this quarter with **1** consultancy review completed. The planned IA consultancy review of **Private Sector Housing** was concluded within the quarter. Following the Houses in Multiple Occupation follow-up and a request from the Director, IA have been asked to assist the Housing Team in Quarter 4, in preparation for the planned 2019/20 IA assurance review of Private Sector Housing. The Housing team have requested this advisory work continues in 2019/20 (refer to **Appendix C**).

3.3 Grant Claim Verification Work in Quarter 4

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 between January and March 2019 (total number of families claimed for in Quarter 4 was 195).

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 2019/20 Quarter 1 IA Plan (refer to **Appendix C**).

3.4 Follow-up of Previous Internal Audit Recommendations in Quarter 4

3.4.1 IA continues to monitor all **HIGH** and **MEDIUM** risk recommendations raised, through to the point where the recommendation has either been implemented, or a satisfactory alternative risk response has been proposed by management. In addition to this, we actively follow-up on prior **LIMITED** or **NO** assurance reports within 6 to 12 months after their finalisation.

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 has continued throughout the year and a detailed snapshot of progress against the implementation of IA recommendations will be in the annual report to CMT and the Audit Committee (refer to **Appendix A**) in July 2019.

3.4.3 Dedicated follow-up work within this quarter has been focused on previous IA reviews achieving a prior **LIMITED** or **NO** assurance opinion. Attached at **Appendix A** is a list of follow-up work carried out in Quarter 4, highlighting the **3 follow-up reviews** that have been completed within the period.

3.4.4 Our dedicated follow-up verification review found that **76%** (72) of the **95** recommendations followed-up within the quarter were deemed **Implemented**. Of the remaining recommendations we confirmed that **22%** (21) were **Partly Implemented** and **2%** (2) were deemed **Not Implemented**. Each of the 21 cases deemed partly or not implemented have been reopened on our dedicated follow-up system, TeamCentral, with new implementation dates applied for active monitoring and tracking. These recommendations will then be followed-up in due course as these revised dates fall due.

3.4.5 In preparation for the **Early Years Centre follow-up** which was due to commence in 2019/20 Quarter 1, IA met with the Head of Service to receive an update on the progress of the **3 HIGH** and **5 MEDIUM** risk recommendations. They confirmed that **2 MEDIUM** risk recommendations have been implemented and the remaining **6** have been extended to 30th June 2019. The reason for the extension to this work is that following a restructure of the function, it is now part of a wider Business Improvement Delivery (BID) review of early support services. This BID review needs to be completed before the IA recommendations can be confirmed as implemented.

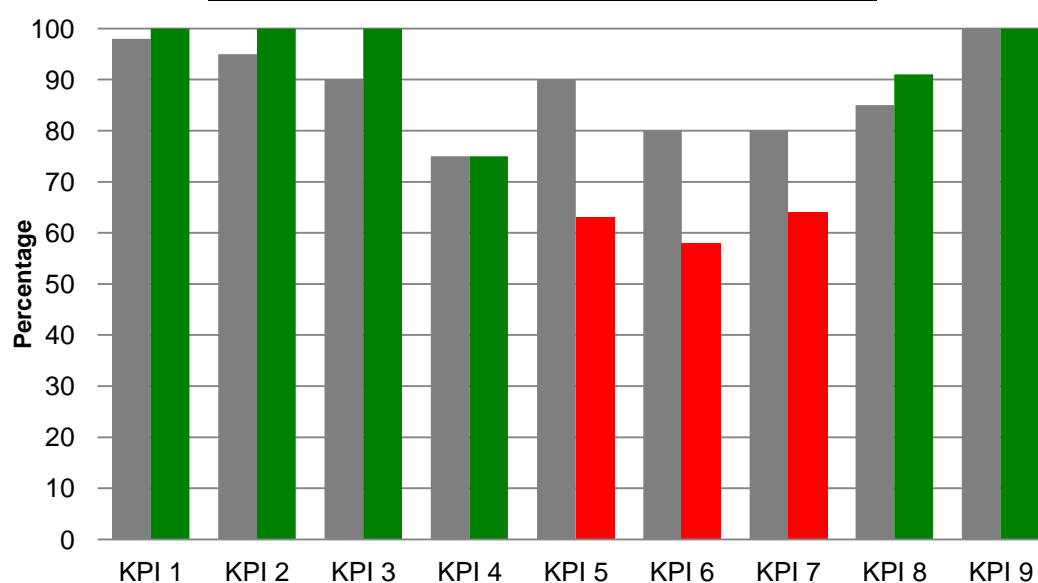
3.5 Other Internal Audit Work in Quarter 4

- 3.5.1 We continue to undertake a quarterly approach to IA planning to ensure emerging risks and new areas of concern are captured, particularly within the fast changing environment the Council operates in.
- 3.5.2 Over the last month we have undertaken our risk based planning meetings, alongside operational and corporate risk discussions due to the synergies between these two functions. Further to this, we have produced the detailed operational IA plan for Quarter 1 of 2019/20 (refer to **Appendix C**) in consultation with management. This quarterly planning cycle helps ensure that IA resources are directed in a more flexible and targeted manner, maximising resources as well as benefiting our stakeholders.
- 3.5.3 The quarterly planning cycle has been informed by the '**Assurance Mapping**' exercise performed by the Risk and Insurance Manager. The process identifies and records the main sources of assurance that inform key stakeholders of the effectiveness of how this risk is managed and the associated controls and processes relied upon. To date 10 corporate risks have been mapped which is a significant achievement.
- 3.5.4 The **Quality Assurance and Improvement Programme (QAIP)** exercise has progressed this quarter, with a review of all outstanding actions assigned new deadlines. 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.

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 9 KPIs in the 1st April 2018 to 31st March 2019 period is summarised within the **Bar Chart** below:

Chart 1 - 2018/19 IA Key Performance Indicators



Key:

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

- 4.3 Whilst performances for 6 out of the 9 KPIs have met their target, KPIs 5, 6 and 7 have not been achieved and are reported as **RED** this quarter. The performance of KPIs 5 and 6 are primarily due to the 6 audit reports which are still in progress and were not at draft report stage or final report stage by 1st April 2019. This has been disappointing, but several factors this year have made achieving this target a challenge. These include a number of staff members leaving the IA team, a restructure and recruitment campaign which has seen 4 new staff members join IA. We anticipate that 2019/20 will show a marked improvement once the team is well established and at full complement.
- 4.4 Further, KPI 7 shows a slight improvement from the last quarter (previously reported at 63%) but is still not meeting targeted performance. We have discussed ways of improving this process during recent IA team meetings and are taking a more proactive approach in acquiring management responses in a timely manner. For all remaining IA reports which are still in progress we will be closely monitoring management responses with the aim of meeting this KPI for the annual IA report.

5. Forward Look

- 5.1 Moving forward, the priority for the IA team in Quarter 1 will be completion of the 2018/19 IA Plan and commencing work on 2019/20 IA work. Alongside this will be helping the 4 recently recruited IA staff further embrace the methodology and approach used by the IA team at Hillingdon. We are confident the staffing and structure changes will help further improve IA effectiveness in 2019/20.
- 5.2 IA would like to take this opportunity to formally thank all staff throughout the Council with whom it had contact during the quarter. 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.
- 5.3 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)

1st April 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 1 st April 2019	Assurance Level	Risk Rating				CFQ Received?
				H	M	L	NP	
18-A8	Early Years Centres	Final report issued on 10 th Jul 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 Jun 2018	Reasonable	0	2	4	0	✓
18-A5	Complaints	Final report issued on 27 th Jul 2018	Reasonable	0	4	6	0	✓
18-A4	Symology Data Quality	Final report issued on 4 th Sep 2018	Reasonable	0	2	2	0	✓
18-A2	Declarations of Interests	Final report issued on 12 th Sep 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	Final report issued on 5 th Feb 2019	Reasonable	0	2	3	0	✓
18-A18	Gifts and Hospitality	Final report issued on 26 th Feb 2019	Reasonable	0	5	3	0	✓
18-A21	Financial Resilience and Appetites for Public Sector Contracts	Draft report issued on 20 th Mar 2019						
18-A19	General Data Protection Regulation	Draft report issued on 1 st Apr 2019						
18-A20	Merchiston House	Testing in progress						
18-A27	Traffic Management - Order Making Process	Testing in progress						

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

IA Ref.	IA Review Area	Status as at 1 st April 2019	Assurance Level	Risk Rating				CFQ Received?
18-A28	Estates Management - Selling Assets	Testing in progress						
18-A30	Effectiveness of the Audit Committee	Testing in progress						
18-A31	Corporate Equifax Arrangements	Testing in progress						
18-A32	Debtors	Testing in progress						
Total Number of IA Recommendations Raised				9	36	34	-	
Total % of IA Recommendations Raised				11%	46%	43%	-	

2018/19 IA Follow-Up Reviews:

IA Ref.	IA Follow-Up Review Area	Status as at 1 st April 2019	Recommendations				CFQ Received?
			Implemented	Partly Implemented	Not Implemented	Total	
18-A14	Follow-up of implemented rec's	Verification testing concluded	48	0	0	48	N/A
18-A9	Physical Access Controls	Memo issued on 31 st Jul 2018	8	0	0	8	✓
18-A10	Extra Care	Memo issued on 9 th Aug 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	✓
18-A24	Housing Needs Allocations & Assessments and Tenancy Mgmt	Memo issued on 9 th Jan 2019	0	4	0	4	✓
18-A22	Extra Care - 2 nd review	Memo issued on 15 th Jan 2019	1	1	1	3	✓
18-A16	Anti-Social Behaviour and Env. Team	Memo issued on 22 nd Feb 2019	3	2	0	5	✓
18-A35	Harefield Junior School	Memo issued on 26 th Feb 2019	7	0	0	7	✓
Total Number			72 76%	21 22%	2 2%	95	

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

IA Ref.	IA Review Area	Status as at 1 st April 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	✓
18-C12	Private Sector Housing	Memo issued on 11 th March 2019	✓

2018/19 IA Grant Claim Verification Reviews:

IA Ref.	IA Review Area	Status as at 1 st April 2019
18-GC1	Troubled Families Grant - Quarter 1	Certified, memos issued on 25 th Apr, 17 th May and 12 th Jun 2018
18-GC3	Troubled Families Grant - Quarter 2	Certified, memos issued on 26 th July, 30 th Aug and 26 th Sep 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, memos issued on 30 th Oct, 30 th Nov and 21 st Dec 2018
18-GC8	Troubled Families Grant - Quarter 4	Certified, memos issued on 23 rd Jan, 1 st Mar and 26 th Mar 2019

APPENDIX B**REVISIONS TO THE 2018/19 INTERNAL AUDIT PLAN ~ QUARTER 4****Amendments to the 2018/19 Operational IA Plan for Quarter 4:**

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
18-A36	Estates Management - Leases Follow-Up	Follow-Up (Assurance)	MEDIUM	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	Following a request by the Director, IA was asked to carry out a review of the 2016/17 IA assurance audit of Estates Management - Leases which received a LIMITED assurance opinion, we will check that the 3 MEDIUM risk recommendations marked as Implemented by management have been verified.

IA work DEFERRED from the 2018/19 Operational IA Plan for Quarter 4:

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
18-A26	Special Educational Needs (SEN) Specialist Resource Provision	Assurance	HIGH	Tony Zaman Corporate Director of Social Care	The IA review has not progressed in Quarter 4 due to organisational and strategic changes within Social Care. An SEN BID review was commissioned by the Corporate Director of Social Care to assist with the changes. The review has now concluded and is going into implementation phase, as agreed by the Leader of the Council.
18-A29	Olympic House	Assurance	MEDIUM	Tony Zaman Corporate Director of Social Care	Following a change in management within the Social Care team, IA was requested to cease testing as a review of the provision, staffing, site, etc was being commissioned by the Director, Provider and Commissioned Care. The results of our testing, to date, are available to the Director if required.
18-C10	ICT Application Support	Consultancy	MEDIUM	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	Due to resource constraints within the ICT team, it was decided that it would be prudent to defer this review to Quarter 2 of 2019/20.

IA work ADDED to the 2018/19 Operational IA Plan for Quarter 4:

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
No work added to the Q4 IA Plan					

APPENDIX C**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2019/20 ~ QUARTER 1****IA work scheduled to commence in the 1st April to 30th June 2019 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
19-A1	Thematic Review of Schools Payroll Arrangements	Assurance	HIGH	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	From April 2012 all schools in the borough became responsible for managing their own HR and payroll arrangements. Staff costs account for a considerable proportion of a school's budget. Schools have a duty to demonstrate that funding is used appropriately and for the optimum benefit of their pupils. It is therefore vital that payroll arrangements including starters, leavers and change in circumstances are being recorded, authorised, paid appropriately and in a timely manner.
19-A2	Compliance with the Criminal Finances Act 2017	Assurance	MEDIUM	Paul Whaymand Corporate Director of Finance	The Council has a legal obligation to comply with the Criminal Finances Act 2017. There are 6 areas that the Authority must comply with. IA has been asked to check our conformity with these areas and give independent assurance over the risk.
19-A3	Grounds Maintenance - Spend on High Value Equipment	Assurance	MEDIUM	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	This is a best value assurance audit which will look at the processes and procedures in place for spend on high value equipment within the Grounds Maintenance service. The scope of this review will also look at the maintenance and security of said equipment.
19-A4	Battle of Britain Bunker	Assurance	MEDIUM	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	On the one year anniversary of the opening of the Welcome Centre at the Battle of Britain Bunker, management have requested IA to carry out an assurance review of internal controls focusing on site security, cash handling, safeguarding, volunteers and health and safety.
19-A5	CCTV Control Room Arrangements	Assurance	MEDIUM	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	The Council's CCTV arrangements have undergone significant strategic, operational and staffing changes with recent budget approval for 24/7 operation of the CCTV control room. The Director has requested an audit be performed which focuses on control room operations, General Data Protection Regulations and privacy.

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2019/20 ~ QUARTER 1 (cont'd)****IA work scheduled to commence in the 1st April to 30th June 2019 period:**

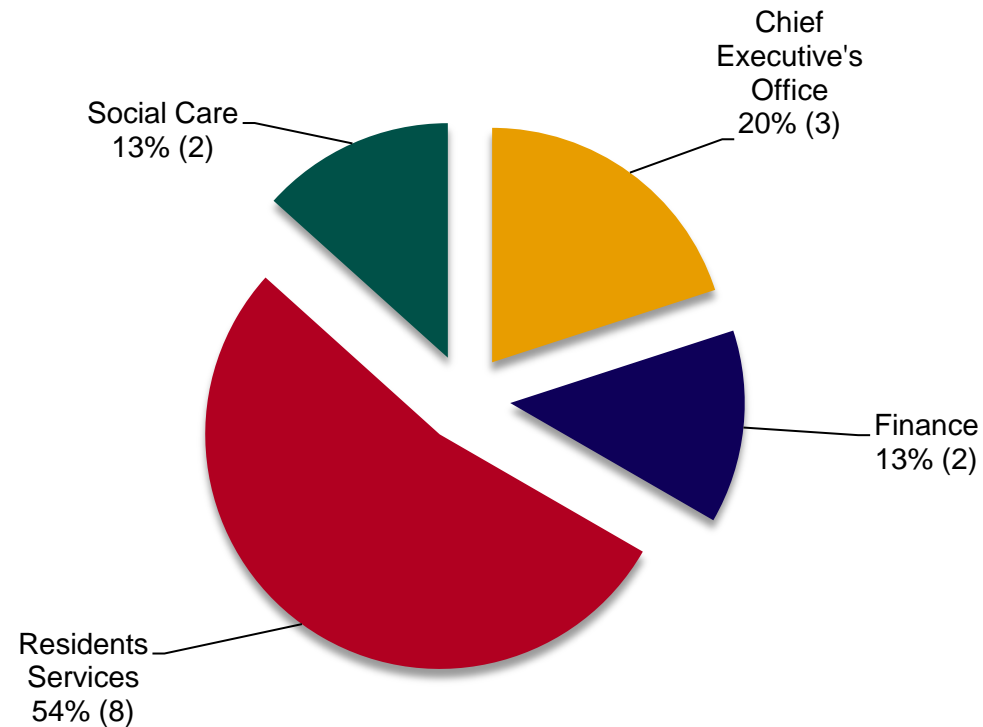
IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
19-A6	Imported Food Office - Mock Inspection	Assurance	MEDIUM	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	The Food Standards Agency has announced that they will be carrying out an inspection of the Council's Imported Food Office, based at Heathrow airport. Management have requested IA carry out an assurance review based on the FSA inspection criteria in preparation of their visit.
19-A7	Food Health and Safety (H&S) - Site Inspection Arrangements	Assurance	MEDIUM	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	This review will focus on the effectiveness of the Food H&S team in relation to site inspections. The team must carry out a specific number of annual site inspections for grades A-E and report these to the Food Standards Agency. This review will look at policies and procedures in place for carrying out site inspections, performance management, management of strategic objectives (such as the Food Service Plan) and staffing arrangements.
19-A8	Cash Handling in Registrar's Office	Assurance	MEDIUM	Fran Beasley Chief Executive	The Registrar's office is one of the remaining areas in the Council which is still accepting cash. The Head of Democratic Services would like assurance that the internal controls in relation to cash handling are robust, secure and working effectively.
19-A9	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.
19-A10	Trading Standards Follow-Up	Assurance (Follow-Up)	MEDIUM	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	Following the 2017/18 IA assurance review of Trading Standards 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.
19-A11	Volunteering Follow-Up	Assurance (Follow-Up)	MEDIUM	Fran Beasley Chief Executive	Following the 2017/18 IA assurance review of Volunteering which received a LIMITED assurance opinion we will check that the 3 MEDIUM risk recommendations marked as Implemented by management have been verified.

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2019/20 ~ QUARTER 1 (cont'd)****IA work scheduled to commence in the 1st April to 30th June 2019 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
19-C1	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 Director, IA has been asked to assist the Housing Team over three Quarters, in preparation for the planned 2019/20 IA assurance review of Private Sector Housing in Quarter 4.
19-C2	Inquest Hearing Preparation	Advisory	N/A	Tony Zaman Corporate Director of Social Care	The Director, Children's Services has requested IA to scrutinise the papers they (and other departments in the Council) are submitting for an inquest hearing. They would like IA to check that all the evidence is robust.
19-C3	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. This work was due to start in 2018/19 Quarter 4 but it is still in the development phase and has been slow to progress to the testing phase (where IA assistance has been requested). The auditor will now advise on control and security issues in 2019/20 Quarter 1.
19-GC1	Troubled Families (TF) Grant - Quarter 1	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 2019/20 ~ QUARTER 1 (cont'd)**

IA work scheduled to commence in the 1st April to 30th June 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%	75%	GREEN
KPI 5	Percentage of annual (Q1 to Q4) IA Plan delivered to draft report stage by 31 st March	90%	63%	RED
KPI 6	Percentage of annual (Q1 to Q4) IA Plan delivered to final report stage by 31 st March	80%	58%	RED
KPI 7	Percentage of draft reports issued as a final report within 15 working days	80%	64%	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>HIGH</p> <p>●</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>MEDIUM</p> <p>●</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>LOW</p> <p>●</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>NOTABLE PRACTICE</p> <p>●</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>