

BUSINESS ASSURANCE

Internal Audit Progress Report to Audit Committee:

2020/21 Quarters 1 & 2

(including the 2020/21 Quarter 3 Internal Audit Plan)

1st October 2020



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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 the 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

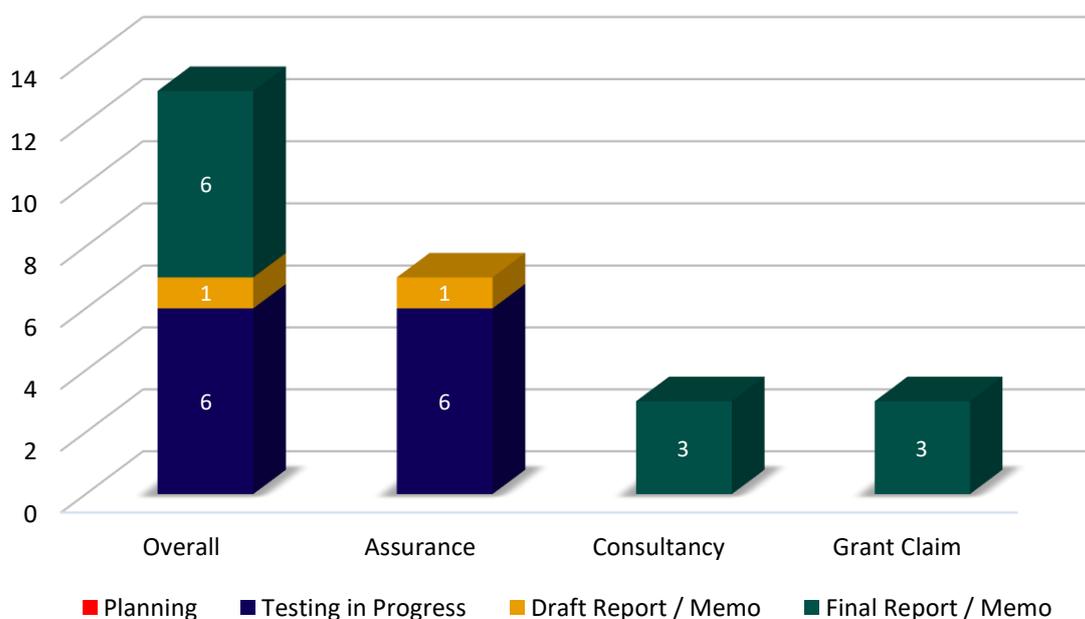
- 1.2.1 This progress report presents the Council's Corporate Management Team (CMT) and Audit Committee with summary information on all IA work for Quarters 1 and 2 (1st April to 30th September 2020). Normally each quarter would be reported individually, however Covid-19 interrupted the Audit Committee timetable, therefore this report amalgamates two reporting periods and contains details about IA work undertaken in both quarters.
- 1.2.2 The IA Progress Report provides an opportunity for the Council's Head of Internal Audit & Risk Assurance (HIA) to highlight any significant issues which have arisen from IA work conducted during this reporting period. A key feature of this report is the inclusion of the Quarter 3 IA plan (refer to **Appendix B**). 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 2020).

2. Executive Summary

- 2.1 As highlighted within the Business Assurance Annual IA Plan 2020/21 (presented to the Audit Committee on the 1st October 2020), when the country went into lockdown in March 2020 because of the Coronavirus pandemic, all IA work at Hillingdon was paused as part of the Council's '**Respond**' phase. Following this, most of the IA staff were redeployed for 3 months to support a range of critical front line Council services. IA work then resumed towards the end of June 2020 and initially focused on the '**Recovery**' phase and the return to 'business as usual'. Consequently, very little IA work was conducted during Quarter 1 and most of Quarter 2 has been focussed on completing residual 2019/20 work (for the statutory HIA audit opinion), along with 2020/21 IA planning.
- 2.2 Since the last IA Progress Report to CMT and the Audit Committee dated 2nd January 2020, **7 assurance reviews** are in progress, **3 grant claims** have been certified and **3 consultancy reviews** have concluded (excluding residual 2019/20 work). As discussed in para 2.1, progress with the 2020/21 IA Plan has been significantly delayed due to the pandemic. However, we have also been recalibrating our audit universe by performing an **Audit Needs Analysis (ANA)**, which involved:
- Scoring and profiling each service in the Council via a risk assessment;
 - Identifying service areas that have not been subject to an IA review in the last 3 years;
 - Highlighting any new functions that have been created, or significant process changes that have occurred within the last 6 months; and
 - Liaising with CMT, the Audit Committee Chairman, senior managers, External Audit and the Chartered Institute of Internal Auditors to identify high risk areas post Covid-19.

- 2.3 The ANA has identified a clear business need to increase the level of assurance coverage provided by IA. The revised IA Plan and change in approach has meant that a different skills mix is required to ensure timely delivery of IA work to the required high quality standards. Specifically, this means an increased level of complex assurance work being carried out and significantly less consultancy reviews. Consequently, during Quarter 2, most IA staff were in consultation on a proposed restructure.
- 2.4 Despite changes to the IA work programme caused by Covid-19 and the restructure, the IA team has been working conscientiously to make progress with the 2020/21 programme of IA work, as depicted in Chart 1 below:

Chart 1 - 2020/21 IA Work Undertaken to Date



- 2.5 Under normal circumstances, the Audit Committee would review and approve the quarterly operational IA Plan prior to delivery. However, all non-critical Committee meetings were suspended between March and July 2020 due to Covid-19 and therefore IA's programme of work was agreed with senior managers, CMT and discussed with the Independent Chairman of the Audit Committee. We recognise that this is not in line with the normal process for approving the operational IA Plan before it is executed. However, we applied our professional discretion against the backdrop of extraordinary, unprecedented and unique challenges that the Coronavirus presented us with.

3. Analysis of Internal Audit Activity

3.1 Assurance Work in Quarters 1 & 2

- 3.1.1 During Quarter 2, **6** assurance reviews are at advanced testing stage and **1** is at draft report stage. All IA assurance reviews in progress in the financial year to date are listed at Appendix A. Areas under IA review during this period include Covid-19, Housing, Green Spaces and Estates.

3.2 Consultancy Work in Quarters 1 & 2

- 3.2.1 The IA team continues to undertake some consultancy work across the Council, although this work is limited as our primary focus is the delivery of assurance work. The consultancy coverage includes IA staff attending working groups or project groups, whilst ensuring they are clear about whether they are attending in an assurance or advisory capacity. This type of approach to IA work 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 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 the list of consultancy work carried out in Quarter 2 with **2** consultancy reviews (**Xychro Solutions Limited** and **Benefits Performance Indicators**) finalised. IA also completed advisory work in assisting Exchequer Services and the Counter Fraud Team with the development and assessment of a risk register (**Business Energy and Industrial Strategy** [BEIS] – Fraud Risk Assessment).

3.3 Grant Claim Verification Work in Quarters 1 & 2

3.3.1 During this period, IA has assisted the Council in certifying **3** grant claims. As detailed at **Appendix A**, IA continues to carry out verification work on the **Troubled Families (TFs) Grant, Housing Benefit (HB) Subsidy Grant** and the **Bus Subsidy Grant**. During the Coronavirus pandemic it was agreed with the Ministry of Housing, Communities and Local Government that no **TFs Grant Claims** would be submitted by Councils for Quarter 1. The planned quarterly verification work on the TFs Grant was progressed in Quarter 2 (refer to **Appendix A** for further details). IA tested a sample of TFs that have been identified as being 'turned around' by the Council's TFs Team. At the conclusion of our work we issued IA memos in July, August and September 2020.

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; and

Module 3 – Workbooks:

Testing calculations and verifying evidence for an initial sample of 60 cases (HRA, Non HRA and Private Tenants).

3.3.3 The **HB Subsidy Grant Claim audit** 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. Following the work carried out by the Benefits Team in Exchequer Services and the IA team, the HB Subsidy Grant Claim is complete and ready to be audited by External Audit. However due to External Audit's resourcing issues linked to the pandemic, it is understood that the HB Subsidy Grant Claim will now be audited in December or January, rather than November as originally planned.

3.3.4 The **Local Authority Bus Subsidy Grant** for 2019/20 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 IA's opinion that, in all significant respects, the conditions attached to Local Authority Bus Subsidy Ring-Fenced (Revenue) Grant Determination 2019/20 have been complied with.

3.4 Follow-up of Previous Internal Audit Recommendations

3.4.1 In March 2020, as the Council entered a Covid-19 lockdown, IA agreed to temporarily suspend **TeamCentral notifications** so that senior managers and risk owners could focus on planning for lockdown (which was naturally the corporate priority at the time). Once the organisation had successfully passed the '**Recovery**' phase and services had returned to something more resembling business as usual (end of Quarter 2), the TeamCentral notifications went live again, requesting risk owners to provide updates on their IA recommendations, or explain where this is not possible.

- 3.4.2 As a result of IA's redeployment, the completion of the IA recommendation **Follow-up reviews** has not progressed as it normally would and instead this work will be picked up in Quarters 3 and 4. **Appendix B** contains a list of follow-up reviews that we plan to conduct, based on IA's continued objective to monitor all **HIGH** and **MEDIUM** risk IA recommendations raised, through to the point where the recommendation has either been implemented or management has proposed a satisfactory alternative risk response.
- 3.4.3 In addition to this, in response to the desire for greater assurance in this area of IA activity, moving forward IA will actively follow-up on all **HIGH** risk recommendations **within 2 weeks** after their implementation date and **MEDIUM** risks **within 4 weeks** after their implementation date. This a major positive change, rather than waiting for six months for assurance in this respect as has previously been the case.
- 3.4.4 TeamCentral was implemented in 2014 and since then IA recommendation owners have been given the authority to revise the implementation date for the recommendation they are responsible for. Currently where an implementation date is changed on TeamCentral by the risk owner, IA would be made aware via an automated message. Until this year the process had been working effectively with risk owners accountable for their recommendations and the recommendations generally being actioned in the agreed timescales.
- 3.4.5 However, this year we have seen a significant number of IA recommendations where the implementation date has been revised/extended several times by risk owners and consequently in the meantime these risks remain a threat to Council objectives. In addition, we have seen a number of cases this year where IA recommendations have passed the implementation date set by management with no action taken i.e. we had one case where 7 IA recommendations that were over 5 months past their implementation date with no update provided by the relevant senior manager on TeamCentral.
- 3.4.6 As a result, IA is amending this process so that the functionality to revise implementation dates is removed for risk owners and instead all requests for implementation extensions will go to the HIA for consideration. The HIA will then, in consultation with the relevant CMT Director, agree the most appropriate course of action. This discussion will take into consideration the Covid-19 related service pressures on each manager to ensure that IA continues to be balanced and proportional in its collaborative approach with management.
- 3.4.7 In future a summary of recommendations will be included in the progress reports to CMT and the Audit Committee. Specifically, the Quarter 3 IA Progress Report will include, for the first time, a table listing the numbers of **HIGH** and **MEDIUM** risk IA recommendations that have passed their implementation date and detail their current status. We will also **highlight the number of recommendations that have not been actioned in the agreed timescales** (where an extension has not been agreed) and provide the management explanation for that and the risk the Council is consequently still exposed to.
- 3.4.8 This revised approach will provide **greater accountability** to senior managers to manage their risk in the timescale that they have agreed. It will also provide **greater transparency** to CMT and the Audit Committee over the timely implementation of IA recommendations.

3.5 Other Internal Audit Work

- 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 following the global Coronavirus pandemic and the risk this still places on the Authority. Over the last quarter we have undertaken our risk based planning meetings, alongside operational and corporate risk register discussions due to the synergies between these two functions.
- 3.5.2 Further, we have produced the detailed operational IA plan for Quarter 3 of 2020/21 (refer to **Appendix B**) in consultation with management. This quarterly planning cycle helps ensure that IA resources are directed in a more flexible, risk-based and targeted manner, maximising resources as well as benefiting our stakeholders.

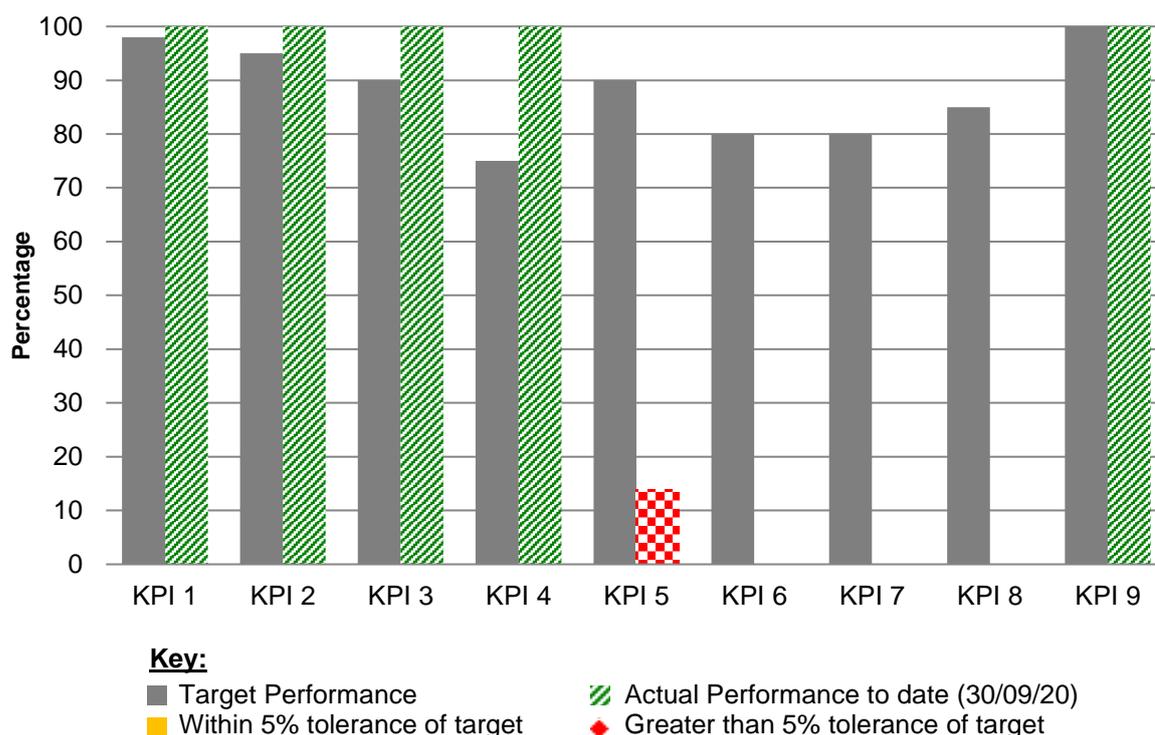
4. Analysis of Internal Audit Performance

4.1 IA Key Performance Indicators

4.1.1 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 (as detailed at [Appendix C](#)), are meaningful and provide 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.

4.1.2 Cumulative performance against the KPIs in the 1st April to 30th September 2020 period is summarised below:

Chart 2 - 2020/21 IA Key Performance Indicators



4.1.3 Performance data for **KPIs 6, 7 and 8** are not yet available as none of the 2020/21 assurance reviews have reached final report stage. **KPI 5** shows that 1 assurance review (out of 7) has reached draft report stage, this accounts for **14% of work undertaken in Q1 and Q2, which is below our 90% target**. The drop in our performance is primarily due to the lack of IA work that was undertaken in Quarter 1 due to the Coronavirus. However, this drop in team performance against the KPIs was anticipated and the HIA is confident that the IA KPIs performance will be back on track now that IA has returned to focussing on delivery of the IA Plan.

4.2 London Audit Group Benchmarking Survey

4.2.1 The London Audit Group (LAG) is a working group whose members include HIAs across London's 33 local authorities. In September 2020, the LAG conducted a benchmarking survey which focused on IA teams in a post Covid-19 environment. 17 Councils responded (including LBH) and the results can be found in [Appendix E](#).

4.2.2 A summary of the key results are highlighted below:

- **94% have changed their IA Plan** - this is mainly due to the common practice of using an Annual IA Plan, whereas IA at LBH produces quarterly operational IA plans therefore allowing LBH planning to be more responsive to emerging risks;

- **95% have added new audit areas including Covid Related Grants** - our ANA and Audit Universe have been updated to include this area and a number of other key risks including Cyber Security, Governance, Recovery Programme and Housing. Our quarterly planning meetings include challenging senior managers and Corporate Directors on Covid-19 related work and what controls and assurances they have in place, before deciding on the areas that IA should be focussed on; and
- **95% of IA teams have returned to IA work but are working remotely** – 100% of the LBH IA team have returned to the Civic Centre. As per statutory requirements our building, workspace and staff have been risk assessed and everything is in place to work from the Civic safely. Remote working options are available and team members have been splitting their time between working offsite and from the office to ensure social distancing within the office. Further, laptops for Business Assurance are due to be upgraded in Quarter 3 which will make remote working simpler more efficient when working off site, if/where required.

5. Forward Look

- 5.1 Looking ahead to Quarter 3, the **Coronavirus pandemic** continues to have a major impact globally and as a result Council services have had to adapt or in some cases radically change the way they operate. The consequences of this are significant changes to the Council's control environment including working to new processes and policies that are no longer practical or relevant. It is against this backdrop that IA revisited its **Audit Needs Analysis** which informed the Quarter 3 IA Plan attached at **Appendix B**.
- 5.2 The **IA restructure** is currently nearing completion with recruitment ongoing that will be completed in Quarter 3. IA at LBH is in a relatively unique position, in that the Council is investing additional resource into the IA team against a backdrop of significant budget pressures across the organisation. As a result, we are confident that the new IA structure with a stronger skills-mix of staff will allow the IA team to deliver the more complex IA assurance work required in a timely manner, as well the more robust process for follow up of previous IA recommendations.
- 5.3 IA would like to take this opportunity to formally thank all staff throughout the Council with whom it had contact during Quarters 1 and 2, particularly during these challenging times. There are no other matters that the HIA needs to bring to the attention of the Council's CMT or Audit Committee at this time.

Sarah Hydrie CMIIA, CIA
Head of Internal Audit & Risk Assurance

1st October 2020

APPENDIX A**DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2020/21**

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

2020/21 IA Assurance Reviews:

IA Ref.	IA Review Area	Status as at 30 th September 2020	Assurance Level	Risk Rating				CFQ Received?
				H	M	L	NP	
20-A1	Starting and Terminating a Tenancy	Draft report issued on 15 th Sept 2020						
20-A2	Tree Inspections	Testing in progress						
20-A3	Cemeteries – Bereavement Service and Ground Maintenance	Testing in progress						
20-A5	Property Acquisitions	Testing in progress						
20-A6	Estates – Lease Management	Testing in progress						
20-A7	Remote Working	Testing in progress						
20-A8	Covid-19 Equality Duty	Testing in progress						
Total Number of IA Recommendations Raised								
Total % of IA Recommendations Raised								

APPENDIX A (cont'd)**DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2020/21****2020/21 IA Follow-Up Reviews:**

IA Ref.	IA Follow-Up Review Area	Status as at 30 th September 2020	Recommendations					CFQ Received?
			Implemented	Partly Implemented	Not Implemented	+N/A	Total	
Refer to section 3.4 for further information on this area								

+ IA follow-up work has concluded this recommendation is no longer applicable

2020/21 IA Consultancy Reviews:

IA Ref.	IA Review Area	Status as at 30 th September 2020	CFQ Received?
20-C2	Business Energy and Industrial Strategy – Fraud Risk Assessment	Advisory work concluded in Q1	N/A
20-C1	Xychro Solutions Limited	Memo issued on 19 th August 2020	✓
20-C3	Benefits Performance Indicators	Memo issued on 23 rd September 2020	✓

2020/21 IA Grant Claim Verification Reviews:

IA Ref.	IA Review Area	Status as at 30 th September 2020
20-GC2	Troubled Families Grant - Quarter 2	Certified, memos issued on 29 th Jul, 26 th Aug and 24 th Sep 2020
20-GC1	2019/20 Housing Benefit Subsidy Grant	Certified and memo issued on 21 st August 2020
20-GC3	Bus Service Operators Grant	Certified and memo issued on 1 st October 2020

APPENDIX B**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2020/21 ~ QUARTER 3****IA work scheduled to commence in the 1st October to 31st December 2020 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
20-A4	Homelessness	Assurance	HIGH	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	The Rough Sleeping Strategy sets out central government's vision for halving rough sleepers by 2022 and ending it by 2027. This became an important part of central governments initiative to combat homelessness during the Covid-19 pandemic. Assurance is being sought over this high priority work and managements preparedness for the prevention of homelessness through the Hillingdon Homelessness Prevention Strategy 2017-2022.
20-A9	IT Governance	Assurance	HIGH	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	IT is under increasing pressure to deliver systems and support Council services, with requests increasing year-on-year. Using our Cumulative Audit Knowledge and Experience, we are aware that not all requests for help and support are coming via the correct channels. This can make it difficult for the IT team to manage, prioritise and deliver work without the risk of losing control over the entire governance process. This review will seek to provide assurance over the governance process and suggest improvements if weaknesses are identified.
20-A10	Multi-Agency Response to Risk	Assurance	HIGH	Tony Zaman Corporate Director, Social Care	The Council relies on multiple agencies to support us with the safeguarding and protection of our vulnerable children and young people. This audit will independently and objectively verify the methodology, quality, contribution to strategy meetings and intervention of our partners.
20-A11	Music Service	Assurance	HIGH	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	Following a series of payment retrieval issues, IA have identified an issue within Music Service where payments are not being collected or chased in accordance with the Council's financial processes and regulations. This IA review aims to confirm whether these issues are valid and make recommendations to improve the process so it complies with the Council's procedures.

APPENDIX B (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2020/21 ~ QUARTER 3****IA work scheduled to commence in the 1st October to 31st December 2020 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
20-A12	Educational Health & Care Plans and Local Offer	Assurance	HIGH	Tony Zaman Corporate Director, Social Care	The Councils SEND and Inclusion Service went through significant transformation in 2019/20 and new priorities have been established for 2020/21. The purpose of this audit is to provide assurance to management that procedures and controls within the system are effective. Further, following the recent Audit Needs Analysis that IA performed recently we identified that this area has not been reviewed for some time.
20-A13	Reunification	Assurance	HIGH	Tony Zaman Corporate Director, Social Care	There was a case last year where a Looked After Child (LAC) qualified for reunification; however, the process was not managed properly. Several issues were highlighted and assurance is required that these have been addressed appropriately to ensure no further risk is posed to any other LAC or young people Leaving Care (LC).
20-A14	Flooding – Lessons Learned	Assurance	HIGH	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	A recent flooding incident in the borough, forced several families to leave their homes and take up temporary accommodation. A recovery piece of work was conducted but the actions have not been completed. The Council therefore runs the risk of not being able to provide efficient assistance and support to families in the future should a similar incident occur. This review will focus on roles and responsibilities, actions identified and their implementation status, flood plans, chain of command and multi-agency/ team support.
20-A15	Thematic Review of Purchasing and Payments in Schools	Assurance	HIGH	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	IA was informed by the Corporate Director of Finance that maintained schools have chosen not to purchase the Council's procurement service. This is not an area of specialism for some schools and therefore there is a financial and reputational risk that schools could enter into contracts or make purchases that they are not experienced or qualified to partake in. IA will seek assurance through a sample of maintained schools to verify that they have the training, skills and experience they need to manage purchases and payments.

APPENDIX B (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2020/21 ~ QUARTER 3****IA work scheduled to commence in the 1st October to 31st December 2020 period:**

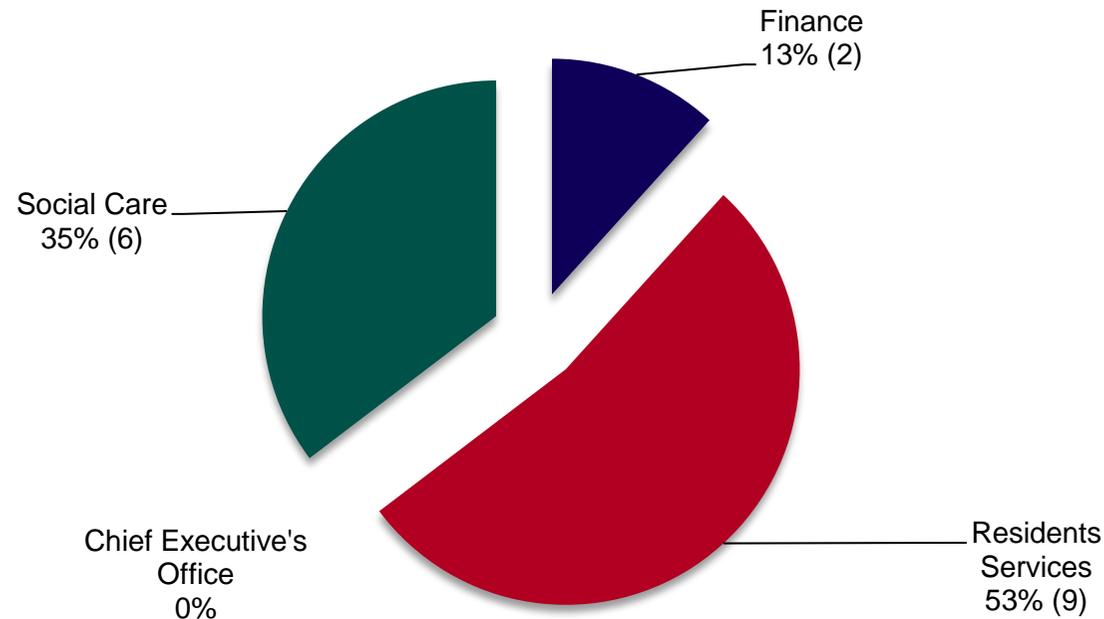
IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
20-A16	Treasury Management	Assurance	MEDIUM	Paul Whaymand Corporate Director of Finance	Following the Audit Needs Analysis that IA have performed recently, we identified that this area has not been reviewed for several years. Further, this area was impacted by the Coronavirus and controls were adjusted to continue to deliver high priority services during lockdown.
20-A21	Children and Young People's Service (CYPS) Pathway Plans	Assurance	MEDIUM	Tony Zaman Corporate Director, Social Care	The Children's Act 1989, the Children and Social Work Act 2017 and the Children (Leaving Care) Act 2000 mandate Councils to exercise their duties with regards to a young person's best interests. The Council should sufficiently plan for care leavers in both semi-independent provisions and post 18 independent accommodation. This IA review will provide assurance over the process and quality of Pathway Plans.
20-A22	Former Tenant Arrears	Assurance	MEDIUM	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	The write-off process for former tenants who have rent arrears has been reviewed recently by Exchequer Services. Some queries have been raised regarding data quality and internal controls. IA will review the control framework environment and give assurance over the process.
20-A17	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 where management have self-certified that the recommendation has been implemented via the TeamCentral system.
20-A18	Early Years Centres Follow-Up	Assurance (Follow-Up)	MEDIUM	Tony Zaman Corporate Director, Social Care	Following the 2018/19 IA assurance review of Early Years Centres which received a NO assurance opinion we will check that the 3 HIGH and 5 MEDIUM risk recommendations marked as Implemented by management have been verified.
20-A19	Payment Process in New Years Green Lane Follow-Up	Assurance (Follow-Up)	MEDIUM	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	Following the 2019/20 IA assurance review of the Payment Process in New Years Green Lane which received a LIMITED assurance opinion we will check that the 4 HIGH and 7 MEDIUM risk recommendations marked as Implemented by management have been verified.

APPENDIX B (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2020/21 ~ QUARTER 3****IA work scheduled to commence in the 1st October to 31st December 2020 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
20-A20	Cyber Incident Management Follow-Up	Assurance (Follow-Up)	MEDIUM	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	Following the 2019/20 IA assurance review of Cyber Incident Management which received a LIMITED assurance opinion we will check that the 1 HIGH and 5 MEDIUM risk recommendations marked as Implemented by management have been verified.
20-GC4	Troubled Families (TF) Grant - Quarter 3	Grant Claim	N/A	Tony Zaman Corporate Director of Social Care	The TF programme is a Central Government scheme under the MHCLG, with the stated objective of helping troubled families turn their lives around. The Council receives a payment by results from the MHCLG 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'.
20-GC5	2019/20 Disabled Facilities Capital Grant	Grant Claim	N/A	Jean Palmer Deputy Chief Executive & Corporate Director of Residents Services	Disabled Facilities Grants (DFGs) are provided by the Council to help meet the cost of adapting a property for the needs of a disabled person. IA are required to undertake verification work for the DFG claim due for submission by 31 st October 2020.

APPENDIX B (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2020/21 ~ QUARTER 3 (cont'd)**

IA work scheduled to commence in the 1st October to 31st December 2020 period – Analysis by Corporate Director:



- The relevant Audit Sponsor (Corporate Directors, Directors, Deputy Directors, Assistant 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 Directorate (Group).

APPENDIX C**INTERNAL AUDIT KEY PERFORMANCE INDICATORS**

KPI Ref.	Performance Measure	Target Performance	Actual Performance	RAG Status
KPI 1	2020/21 HIGH risk IA recommendations where positive management action is proposed	98%	100%	GREEN
KPI 2	2020/21 MEDIUM risk IA recommendations where positive management action is proposed	95%	100%	GREEN
KPI 3	2020/21 HIGH risk IA recommendations where management action is taken within agreed timescale	90%	100%	GREEN
KPI 4	2020/21 MEDIUM risk IA recommendations where management action is taken within agreed timescale	75%	100%	GREEN
KPI 5	Percentage of annual (Q1 to Q4) IA Plan delivered to draft report stage by 31 st March	90%	14%	RED
KPI 6	Percentage of annual (Q1 to Q4) IA Plan delivered to final report stage by 31 st March	80%	N/A to date	-
KPI 7	Percentage of draft reports issued as a final report within 15 working days	80%	N/A to date	-
KPI 8	Client Satisfaction Rating (from CFQs)	85%	N/A to date	-
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 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
<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>

APPENDIX E

LONDON AUDIT GROUP BENCHMARKING SURVEY

Chart 3 below is an extract from a survey conducted by the London Audit Group (LAG). 17 respondents from London local authorities took part. The questions were focused on the IA work environment post Covid-19 and have been summarised below:

Chart 3 – LAG Survey September 2020

