

Contact Officer: Helen Taylor  
Telephone: 01895 556132

## **REASONS FOR REPORT**

The Code of Practice for Internal Audit in Local Government requires the Head of Audit to provide a written report to those charged with governance timed to support the Annual Governance Statement. It must

- Include an opinion on the overall adequacy and effectiveness of the organisation's control environment
- Disclose any qualifications to that opinion
- Present a summary of the audit work from which the opinion is derived
- Draw attention to issues relevant to the Annual Governance Statement
- Comment on compliance with standards and the results of the internal audit quality assurance programme

## **OPTIONS OPEN TO THE COMMITTEE**

The Committee is requested to review the audit opinion and the evidence on which it is based.

## **BACKING DOCUMENTS**

The code of Practice for Internal Audit in Local Government in the United Kingdom

Previous audit committee reports

## **INFORMATION**

### **1. Opinion**

1.1. Based on the work undertaken during the year Internal Audit can provide **satisfactory** assurance that the systems of internal control within the Council were operating adequately and effectively. Overall there were nine limited assurance opinions, including four schools and four audits received No Assurance.

### **2. System Weaknesses identified in year**

2.1. During the year four audits were issued with no assurance reports. The areas and the current status of the findings are detailed below.

**Hillingdon Grid for Learning, (HGfL) and HGfL Security** – Problems were identified in this area in May 2009. The Directors of Education and Children's Services and of Finance and Resources have ensured that the problems identified were dealt with at a high level. Issues in both reports have now been substantially resolved.

The weaknesses were identified before the Annual Governance Statement (AGS) for 2008-9 was signed and, consequently a control issue was added to the AGS. The resolution of this issue is also noted in the AGS for 2009-10.

**Northwood School** – Issues identified at this school have been resolved in-year. The school was federated with Queensmead and ECS have put considerable effort into resolving the issues. The school has also been subject to Financial Management in Schools Standards (FMSiS) review and has achieved the standard. We are satisfied that considerable progress has been made and the risk is now very low. The four outstanding recommendations are due to be completed by September 2010.

**Utilities Contracts, Water** – This audit was one of the last to be completed in-year. There is no strategy in place to monitor or reduce usage. The issue will be addressed in 2010-11 and has been included as an issue in the AGS.

### 3. Summary of Work

3.1. An update and executive summary of the 2009-10 audits completed since March 2010 is included at Appendix 1. The overall position of the annual audit plan is in Appendix 2. The latest position on outstanding issues from the 2008-9 and 2007-8 plans is in Appendices 3 and 4.

3.2. The original plan for 2009-10 included 122 audits where there was an expected opinion or compliance view. The audit committee have been informed of any deletions from the original plan and the reasons for removal. At the same time, contingency items have been added as the need arose. As a result the overall total number of audits in the plan was 118.

### 4. Comparison of actual and planned work

4.1. Staffing was affected by the resignation of two members of staff in-year. Recruitment lag and other changes amounted to approximately 90 days of full time equivalent lost time.

4.2. The resultant total of planned audits in year was 118. The number of planned and completed audits at year-end was 99 with 11 draft and 8 work in progress. A breakdown of the changes, by directorate, is given in table 1 below. To avoid confusion and provide consistency, the figures in each directorate reflect the audits that were planned in that area for 2009-10. Where a team moved between directorates in year it has not been moved for the purposes of these figures.

**Table 1**

Area	Planned	Deleted	Added	Total	Finalised	Draft	WIP	Total
Council-wide	9	0	0	9	8	1	0	9
DCE/F&R	28	10	2	20	16	4	0	20
ECP	9	1	0	8	7	1	0	8
PCS	7	2	0	5	5	0	0	5
ASCHH	14	3	2	13	8	3	2	13
ECS non school	13	4	0	9	7	1	1	9
ECS school	29	2	1	28	28	0	0	28
IT	13	3	1	11	7	3	1	11

Area	Planned	Deleted	Added	Total	Finalised	Draft	WIP	Total
Anti fraud probity	0	0	1	1	1	0	0	1
Investigations			14	14	12	0	2	14
<b>Totals</b>	<b>122</b>	<b>25</b>	<b>21</b>	<b>118</b>	<b>99</b>	<b>13</b>	<b>6</b>	<b>118</b>

4.3. A comparison with previous years' performance is included in the tables below. The tables show comparisons with the adjusted plan in all years. There has been a steady overall improvement in the output of the team.

**Table 2 - Adjusted plan - Fully completed audits**

Adjusted Plan	Percentage of plan		
	2009-10	2008-09	2007-08
Planned and complete	84	83	73
Planned and Work In Progress at year-end	16	17	27
Planned and not complete	0	0	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table 3 – Adjusted plan - Fully completed or draft issued**

Work Planned	Percentage of plan		
	2009-10	2008-09	2007-08
Planned and complete or draft issued	95	92	86
Planned and Work In Progress at year-end	5	8	14
Planned and not complete	0	0	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

4.4. Every three years school have to have a certificate stating that they meet the Financial Management in Schools Standard (FMSiS) set by the DCFS – now the Department for Education (DfE). Hillingdon schools may be assessed by a recognised external assessor or by the Internal Audit team. This year 23 of the 27 schools requiring certification requested an assessment from Internal Audit. All were assessed as having met the FMSiS standard, as did the four that were externally assessed.

4.5. Fourteen investigations were carried out into fraud or irregularities and these have been reported to the committee in updates throughout the year. Largely they have fallen into four categories:

- No issue at the conclusion of the investigation.
- Issues to be addressed by management action
- Disciplinary issues
- Prosecutions

4.6. During the year one prosecution case started in 2008-9 reached court and the staff member was convicted. One case started in 2009-10 reached court in May 2010 and again there was a successful conviction.

4.7. Anti Fraud work was slightly higher than the budgeted 160 days for the year at 171 days. Most of this was accounted for in the investigations, which took 71 days, compared to the 60 budget. Two large investigations account for most of the days, both of which are ongoing.

4.8. Other work in support of the assurance statement included:

- Gathering and collating information that LB Hillingdon is required to provide under the Taxes Management Act as part of an anti-fraud measures;
- Co-ordinating the National Fraud Initiative exercise and reporting savings to the Audit Commission;
- Maintaining the Fraud Hotline and email boxes and organising appropriate advertising;
- Contribution to the Annual Governance Statement (AGS) management group, to review evidence for the AGS.
- Auditing the manager assurance statements and evidence provided to support them for the AGS for 2009-10;
- Providing advice and guidance on a wide range of issues to Directorates
- A review of the audit reports produced by the internal auditors of Hillingdon Homes
- Delivering Fraud Awareness workshops to managers and setting up an e-learning fraud awareness module for staff.

## **5. Issues Relevant to Annual Governance Statement (AGS)**

5.1. The following issues require inclusion as control issues in the Annual governance statement.

- Water Utilities - strategy needs to be put in place.
- Continue to provide financial support to schools to ensure that they achieve FMSiS standards.

## **6. Performance against targets set**

6.1. At the beginning of the year the target was set to deliver 90% of the audit plan to completion stage.

6.2. Staffing in Internal Audit was affected by vacancies in year. Two members of staff left in-year, one in July and one in August 2009. They were replaced by graduate trainees but they did not start until December 2009 and January 2010

6.3. Ninety nine audits have been finalised. This represented 84% of planned audits. However, more audits were completed to draft stage and taking this into account 95% of the plan has been completed. Taking into account adjustments notified to the audit committee, all planned audits were at least work-in-progress at the year-end. It is anticipated that the remaining audits will be completed shortly.

6.4. Table 2 above gives a year on year comparison of this year's outturn with the last two for actual completions and Table 3 provides a comparison for audits completed to draft stage.

6.5. Table 4 summarises the performance on other internal audit targets. The most significant change in performance is the number of audits issued within 15 days of the conclusion of the audit. This is a direct result of the Audit Manager vacancy because supervision and quality control was shared between the Head of Audit and the other Audit Manager. The response rate to client questionnaires has declined markedly and this will be addressed going forward. However, the level of satisfaction from those responding has slightly improved. The number of final audit reports issued within 5 working days of the receipt of the management response increased by 7 % and was within the target set.

**Table 4**

<b>Other Targets</b>	<b>Target</b>	<b>2009-10</b>	<b>2008-9</b>	<b>2007-8 performance</b>
% of audit issued within 15 days of audit conclusion.	90	90	79	85
% of final reports issued within 5 days of receipt of management response	85	96	94	87
% of client satisfaction surveys returned	80	23	18	55
% with good or very good rating	90	74	93	77
% when non returns assumed to be good	90	94	n/a	n/a
% of recommendations agreed by management	95	99	98	97

## **7. Compliance with Standards**

7.1. There is an annual requirement to carry out a review of the system of internal audit. For the last three years this has been carried out by

- A self assessment
- A self assessment reviewed by a member of the audit committee
- A peer review by another Head of Audit.

Following discussions with the Chairman of the audit committee it was felt that a self assessment would be appropriate this year. This has been carried out and is being presented to the committee as a separate paper. Overall we are compliant with the standards. Issues have been reflected in an improvement plan.



**Audits Finalised since March 2010  
Summary of Audit Outcomes**

**Utilities Water**

**Assurance level:** No Assurance

To improve the control environment an action plan with timescales which is more specific to water needs to be produced taking into account the following:

- water saving solutions within the council and borough;
- implementation of Automatic Meter Reader technology ;
- replace inefficient technology and implement new water efficient solutions. Methods are suggested in the Construction Industry Research and Information Association (CIRIA) document. This is a document which outlines how to reduce water usage within office environments and contains simple to follow benchmarking techniques.

**Management Response** - Property accepts the issues raised in the report and is in the process of preparing an action plan.

**IT Disaster Recovery**

**Assurance level:** Limited

We were pleased to note that the council has the following controls in place to manage an IT Disaster:

- The network has been designed and configured with multiple resilient components;
- Uninterruptible Power Supply (UPS) units are in place, designed to protect all network and server equipment with a capacity of up to 5 hours;
- All systems are backed up on a daily basis to a Storage Area Network (SAN) and also to backup tapes; key systems are also backed up to a secondary SAN at Breakspear. This ensures in the event of a disaster event, minimal data is lost and primary data can be recovered.

Below are the areas where the control framework should be improved:

- There is no IT Disaster Recovery Plan in place;
- The number of Priority 1 systems need to be reduced and order of restoration of these services identified and recorded;
- Adequate training needs to be provided to Operational IT staff to deal with a potential IT disaster.

**Management Response** - It has not been possible to determine what the expectations of the entire authority are. We are aware of individual requirements but must rely upon the Council's Business Continuity

Planning (BCP) team to advise on priorities etc for an effective and holistic ICT DR Plan. Now that the BCP team are back to operational staffing levels they have re-engaged with Corporate ICT and we will be implementing a DR plan based upon the specifications supplied to us.

**Major Construction Contract – Current**

**Assurance level:** Limited

The following areas were reviewed and found to be operating satisfactorily:

- there are controls in place to ensure that payments are not duplicated but made only for completed jobs;
- an up to date record is maintained by the MCP Accountant of payments to contractors;

The areas requiring improvement were:

- approval and reporting on variations;
- no documented Contract Variation procedure and process map
- no minutes are taken at the monthly Cost and Financial meetings; .
- the authority given to the Head of MCP for variation needs to be more specific and restricted;

**Management Response:** The service is in the process of implementing the recommendations and has already addressed the issue of contract variations. Other issues are currently being progressed.

**Domestic Waste – Civic Amenity Sites (Domestic Waste Collection and Disposal)**

**Assurance level:** Limited

We were pleased to note that:

- There was adequate physical control to restrict access to the domestic landfill waste area unless using a HillingdonFirst Card or paying the £10 fee.
- There was appropriate signage which confirms that a £10 charge is payable by non-Hillingdon Council residents wishing to access the domestic landfill waste area.
- Staffing numbers at the site were adequate for the efficient and effective operation of the site.
- Income is banked regularly and Cash and Deposit Summaries are completed and provided to Corporate Accountancy for their control.

The key areas of concern resulting from the audit were:

- Written processes, procedures and instructions for staff were lacking.



- Income from the cash operated barrier was not reconciled to the barrier “Z” rolls total.
- Receipt number references issued by the cash operated barrier are not recorded on bank paying-in slips in support of cash being banked.
- Security of cash held in the office awaiting banking is limited as there is no safe.
- The legal requirement that the site supervisor should undertake and keep up to date necessary training certificates is not being met.
- Staff may not have received the necessary refresher training.
- A formal Site health and safety risk assessment has not been performed for over ten years.

**Management Response:** Waste Services Management accepts the issues raised in the Internal Audit report and agree the recommendations as indicated. There is likely to be a delay in the implementation of some of the recommendations due to the future plans for the improvement and upgrading of the New Years Green Civic Amenity Site at Harefield.

### **Budgetary Control 2009 - 2010 (ECS and ECP)**

**Assurance level:** Satisfactory

We were pleased to note that:

- Extensive corporate budgetary control general reference information existed on Horizon which is easily accessible by staff. These were supplemented by local enhancements in some instances.
- There was compliance by budget managers with the corporate budget monitoring key requirements and expectations in the majority of cases. Appropriate and valued support is given by designated accountants.
- Adequate information was available to budget holders to highlight budget variances promptly and appropriate reporting is made.
- Virements were correctly authorised.

The key areas of concern resulting from the audit were:

- Some budgetary control information held on Horizon may need to be reviewed and updated.
- Pro-active action was found lacking in relation to overspending by the Music Service in ECS.
- Not all Heads of Service meet on a monthly basis with their Finance Team to discuss issues

### **Land Charges**

**Assurance level:** Satisfactory

We were pleased to note:

- Controls were found to be satisfactory in relation to local land searches and maintenance of the register.
- Security to protect both the electronic and manual registers was found to be adequate.

The areas for improvement resulting from the audit were:

- Fees on the Council website were incorrect
- Although income was being collected and banked promptly, there was no reconciliation between Oracle and the Ocella system to detect any discrepancies

### **Purchase Card Audit**

**Assurance level:** Satisfactory

We were pleased to note:

- Controls over issuing Purchase Cards were satisfactory
- All cardholders had signed the Agreement for Purchasing Cardholders that cover the terms and conditions of use before being given the card
- Reconciliations and authorisation of purchases and cash withdrawals were being carried out and the e-Procurement Team were adequately monitoring use of cards.
- Security of cards was also found to be adequate and when a card was reported lost or stolen, it was immediately reported to the Royal Bank of Scotland

### **Utilities Gas and Electricity**

**Assurance level:** Satisfactory

We are pleased to note:

- There is a comprehensive draft Energy and Sustainability Policy in place.
- To achieve value for money the council, following an approved tender process, awarded a contract for electricity and gas to LASER in 2009.
- TEAM, a validation bureau, were awarded a contract in November 2009 to help ensure that the council pays only for electricity and gas used and to provide continuous data on usage information.

The areas which can be improved are:

- including a timescale and financial resources requirements on the action plan;

- making the policy accessible to all staff on Horizon.

### **Asylum Accommodation**

**Assurance level:** Satisfactory

We are pleased to note:

- References had been obtained for all landlords.
- Inspections had been carried out by the Council to ensure compliance with Health & Safety.
- Copies of signed Service Level Agreements with landlords were found to be on file.
- All clients had received 2 offers of accommodation and had been set up on the Asylum Management (AM) system.
- Client User Agreements had been signed by clients and copies retained on file.
- All terminations had closure forms completed and a letter had been sent notifying the landlord.
- All income was accounted for and promptly banked.

The areas of concern resulting from the audit were:

- Delays in sending letters to clients when payments of rent have ceased.
- Gas/electricity certificates were past their renewal date.
- The arrangements for transporting cash to the Civic Centre need to be reviewed.
- The safe's insurance limit is not always adequate for the amount of cash held.

### **Performance Management**

**Assurance level:** Satisfactory

We were pleased to note:

- There is an adequate performance management framework in place that is linked to the council and community priorities.
- Roles and responsibilities of performance management were clearly defined at both a corporate level and within the respective directorates.
- There is evidence that the performance indicators are monitored on a quarterly basis.

The areas for improvement resulting from the audit were:

- Procedures for collecting, processing and reporting data within respective services should be documented;
- The data quality policy needs to be reviewed and expanded to include partnerships and their roles, responsibilities, good practices, controls and risks
- Service planning and PI data should be merged into one system to improve the efficiency and effectiveness of the performance management system;
- The Corporate Performance Team should increase the awareness at service level of various tools that would enable services to demonstrate value for money.

### **Local Strategic Partnership (LSP)**

**Assurance level:** Satisfactory

We were pleased to note:

Generally, the control environment was satisfactory and this was demonstrated by compliance to the document “Structure, Procedure and Working Protocols for the LSP” (“the Protocol”) in relation to:

- Preparation and implementation of a Stainable Community Strategy (SCS)
- Development, negotiation and delivery of a Local Area Agreement
- Partnership working to meet local needs and priorities and strategic aims and targets set out in the SCS
- Promotion of citizenship and democratic engagement
- Setting of the strategic direction/vision of the LSP
- Setting of the priorities for the development and implementation of the SCS
- Monitoring of overall achievements of the SCS
- Promoting and communicating the LSP
- Sharing the lessons and information from the thematic partnerships
- Additionally, we are of the opinion that the LSP provides value for money

The areas of concern resulting from the audit were:

- The membership of Hillingdon Partners Executive recorded on the Significant Partnerships Database was out of date.
- The Partnership Performance Management Framework and Toolkit (“the Toolkit”) had not been reviewed since the last refresh, and the Protocol had not been reviewed since it was first introduced.
- The Protocol document on Horizon was not the current version.

**Major Planning Applications 2009 – 2010**  
**Assurance level:** Satisfactory

We were pleased to note:

- Easily accessible process, procedural and strategy information held on the Council Intranet/Website.
- Compliance with established processes and procedures.
- Charges were made and income was received and banked.
- Sufficient and appropriate staffing with clearly defined roles and responsibilities.
- Adequate performance management.

The areas of concern resulting from the audit were:

- Adequacy and review of process and procedural information.
- No supporting evidence of the Planning Application Fee calculation and no evidence of any associated internal checking.
- OCELLA Computer System user passwords are not required to be changed when first issued, manual locking of personal computer screens by users is not applied and user access rights recorded by the OCELLA Computer System do not reflect what users can do in practice.
- Income reconciliations between the OCELLA and ORACLE computer systems not carried out.

**Axxia System – Legal Services 09/10**  
**Assurance level:** Satisfactory

The following processes were in place:

- detailed management information was available to enable Legal Services management to establish resources being used and stages of cases.
- the case management feature of the Axxia system has been effectively exploited to reduce administration workloads and create a history log of a case's progression.
- the System Administrators oversee the system's usage and are in control of managing entries on Axxia made by Lawyers. They are readily available at all time to make amendments and respond to client enquiries.

- all new staff who joined Legal Services received training on the Axxia system and then support was available on an ongoing basis from the System Administrators.

The control environment needs to be improved in the following areas:

- formalising written procedures for the use of the Axxia system.
- complete and timely recording of case notes and details of time spent on cases therefore impacting on the integrity of the data.
- password protected access to the Axxia system.

### **Carefirst Creditors**

**Assurance level:** Satisfactory

The following areas were reviewed and found to be operating satisfactorily.

- Satisfactory documented procedures and process maps
- Access to the carefirst system is restricted by ID & password and has a good inbuilt audit trail.
- Satisfactory segregation of duties in place
- There are satisfactory controls in place to ensure that invoices are accurate and correctly paid.
- There is adequate documentary evidence to support transactions.

The areas of concern resulting from the audit were:

- Arrangements for delegations during staff absence were not clear.

It should be noted by the audit committee that the CareFirst system was permanently closed on 31<sup>st</sup> March 2010 when its successor Integrated Adults System (IAS) became live. The area of concern raised has been addressed by the IAS system.

### **Breakspear Crematorium**

**Assurance Level:** Satisfactory

We were pleased to note:

- The system in place to record bookings and receive payments was efficient and effective.
- All income and expenditure was properly accounted for and adequately controlled.
- The crematorium is secure, using gates, alarms and CCTV.

- We are pleased to report that the crematorium complies with environmental legislation and is achieving above the required standards in regard to emission levels.

The areas of concern resulting from the audit were:

- Policies and procedures were not up to date.
- Copies of staff's required qualifications were not held on file.
- An up to date inventory was not available.
- The Council's Standing Order Policy was not followed correctly in respect of obtaining 2 written quotes for orders between £3,000 and £10,000.

### **Hillingdon First Card**

**Assurance level:** Satisfactory

We were pleased to note:

- The controls around preventing duplicate cards being sent out to residents were all in place.
- The HillingdonFirst Card is being fully utilised and costs are being monitored against budget and reported to the HIP Steering Group.

The areas of concern resulting from the audit were:

- Applicants eligibility for a Hillingdon First Card is not verified
- There is no statement informing applicants that the data they supply may be used for the prevention and detection of fraud.
- Cards are not cancelled promptly when residents notify us when they are leaving borough
- 2<sup>nd</sup> Replacement cards are not being charged for.

### **Home Care in House Provision**

**Assurance Level:** Satisfactory

We were pleased to note:

- Policies and procedures were available to all staff and carers receive a handbook which includes the standards to be expected and a code of practice.
- Carers were provided with weekly rotas and visits are monitored using the Ezi Tracker system.

- All fees to be charged for 2009/10 were set and approved by Cabinet in February 2009 and all users were invoiced correctly.
- Staff had up to date CRB checks and had received mandatory training.

The areas of concern resulting from the audit were:

- There is no formal Domiciliary Care Strategy in place.
- Assessments were not always carried out within 28 days of receiving the referrals.
- The Substantive Team are not always recording the Annual Review dates on the Protocol system.
- When data was transferred from CareFirst to Protocol some dates changed to a default date and are therefore not providing an accurate record.

### **Debt Recovery Processes**

**Assurance level:** Satisfactory

It is pleasing to report that:

- The Debtors area has been given priority by the BID Finance Project Team and the review is in progress.
- The controls over use of external solicitors are in place
- The Council Tax debts referred to external solicitors for legal action have achieved satisfactory outcome.

The areas of concern resulting from the audit were:

- The decision to move to in-house Legal services was not accompanied by a revision in protocols. Consequently there is a lack of clarity regarding the roles and responsibilities of each party within the debt recovery processes, which has led to misunderstandings.
- Terms and conditions of agreements, with the firms of external solicitors used by Council Tax, were not formalised.
- Insufficient easily accessible information about the true cost of recovering debt, which makes evaluation of value for money difficult.
- Lack of proper liaison between Sundry Debtors team and client departments to monitor and identify bad debts for write off at the earliest opportunity, because it is uneconomic to collect them.



## **Parking Management Schemes**

**Assurance level:** Full

We were pleased to note:

- In each Parking Management Scheme, full consultation with residents was carried out and all feedback was recorded on the individual Parking Management Scheme file.
- The design, publication and implementation of schemes complied with legislative requirements.
- Reviews were carried out to ensure the schemes were achieving their objectives.

No major control weaknesses were noted. A minor improvement was suggested.

## **Building Control**

**Assurance Level:** Full

We are pleased to note:

- Policies and procedures have incorporated the legislation set out in the Building Act 1984 and Building Regulations 2000. All Building Notices' and Full Plans' applications were on official forms, had been registered promptly and had the correct fee paid.
- All reports of Dangerous Structures had been visited by a Building Control Officer within 2 hours and the necessary action taken.
- Building Control are accredited for ISO9000 and the audit last year confirmed that quality assurance standards were being met.

The areas of concern resulting from the audit were:

- Not all inspection reports were authorised by a Principal Building Control Officer or the Building Control Manager.
- The use of the electronic signature is not restricted to those officers unable to authorise inspection reports.

## **Asylum Finance**

**Assurance Level:** Full

We are pleased to note:

- UKBA procedures for claiming grant money are held by the Asylum Information Officer and the Principal Accountant. Procedures also exist for the Information Officer's responsibilities.
- The Asylum and Finance Teams follow the guidance and deadlines provided by UKBA.
- Monthly meetings are held between the Asylum and Central Finance Teams to discuss the claims made and any issues arising.
- Any queries from UKBA are dealt with on a timely basis.

The only area of concern resulting from the audit was:

- Only the Information Officer and Principal Accountant currently have the required skills and knowledge to carry out their necessary tasks.

### **Lottery Funding Accounting Arrangements**

**Assurance Level:** Full

We are pleased to report that no issues or concerns resulted from our review and we are satisfied that financial transactions are properly authorised, coded to the correct cost centre, account and respective job codes, and that the claims have been authorised.

### **Schools' Audits**

The table below summarises the school audits finalised in the period.

<b>2009-10</b>	<b>Assurance Level</b>
<b>Schools - Primary</b>	
Hillingdon	Satisfactory
<b>Schools - Secondary</b>	
Uxbridge High	Satisfactory
Vyners	Satisfactory
Ruislip High	Satisfactory

### **Follow Up Audits**

We continue to make progress in following up and clearing action points from previous audits. Audits recently followed up showed that implementation rates had significantly increased to 82%. Details are given in the table below.

## Audits Followed up in the Period

AUDIT TITLE	DATE ISSUED	HIGH	MEDIUM	LOW	IMPLEMENTED - HIGH	IMPLEMENTED MEDIUM	IMPLEMENTED - LOW	NOT IMPLEMENTED - HIGH	NOT IMPLEMENTED - MEDIUM	NOT IMPLEMENTED - LOW
London Tender Portal (Due North)	Oct-09	2	4		2	3			1	
Student Awards	Jan-10	1	2	1	1	2	1			
Ombudsman Complaints	Jan-10		1	1		1	1			
Adult Eduaction	Jul-09	5	6	10	5	6	10			
Overtime Payments	Feb-10	1	3		1	3				
Member Services	Jun-09	1	2	1	1	2	1			
General Ledger	Jun-09		2	1		1			1	1
Parking Services	Apr-07		1			1				
Community Safety	Oct-09		1			1				
Commercial Properties	Sep-08		2						2	
Pension Administration	May-09		1						1	
Hillingdon Grid for Learning	Dec-09	4	4	0	4	2	0		2	
Supporting People Grant	Jun-09		1	2	0	1	2			
Domestic Refuse & Waste Disposal	Jul-08	2	2	2	2	2	2			
Music Service	Nov-09	1		1	1		1			
Network Security	Oct-08		2			1			1	
3rd party Service Management	Jan-09		1	4		1	4			
Northgate Revenue & Benefit review	Mar-09		1	2			2		1	
Oracle Upgrade	Jan-09		3	1		3	1			
Web Security	Nov-09		3	2		1	2	2		
Email Security & Management	Jan-09		3	2					3	2
Private Sector Leasing	May-08	1	1	1				1	1	1
Exor	Oct-08		1			1				
Use of Shared Oyster Cards	Sep-09	5	2					5	2	
Hillingdon Grid for Learning Security	Dec-09	4	8	1	4	8	1			
Council Tax	Nov-08		1			1				
Payroll	Aug-09	2			1			1		
Ocella	Apr-09		6			2			4	

## Appendix 1

AUDIT TITLE	DATE ISSUED				IMPLEMENTED - HIGH	IMPLEMENTED MEDIUM	IMPLEMENTED - LOW		NOT IMPLEMENTED HIGH	NOT IMPLEMENTED MEDIUM	NOT IMPLEMENTED LOW
		HIGH	MEDIUM	LOW							
Guru Nanak Secondary	Dec-09	2	5	2	2	5	2				
Colham Manor Primary	Oct-09	4	7	1	4	7	1				
Field End Junior	Dec-09	2	5	1	2	5	1				
Abbotsfield	Sep-09	5	7	6	5	7	6				
Barnhill	Oct-09	7	6	4	7	5	2		1	2	
Bishop Ramsey	Oct-09	1	3	1	1	3	1				
		<b>50</b>	<b>97</b>	<b>47</b>	<b>43</b>	<b>75</b>	<b>41</b>		<b>9</b>	<b>20</b>	<b>6</b>
	<b>% Implemented by Risk</b>				<b>86%</b>	<b>77%</b>	<b>87%</b>				
	<b>Overall % Implemented</b>								<b>82%</b>		
	<b>Overall % Not Implemented</b>								<b>18%</b>		
									<b>100%</b>		

Details of audits followed up but where issues remain outstanding are in the table below:

### Audits with Issues Outstanding

Audit Title	No. of Outstanding Recommendations	Revised Target Date
London Tender Portal	1	Jun 2010
General Ledger	2	Sep 2010
Commercial Properties	2	Dec 2010
Pensions Administration	1	Jul 2010
Hillingdon Grid for Learning	2	Sep 2010
Network Security	1	Mar 2011
Northgate Revenues & Benefits Review	1	Jun 2010
Oyster Cards	7	Jul 2010
Web Security	2	Aug 2010
Email Security & Management	5	Aug 2010
Private Sector Leasing	3	Sep 2010
Payroll	1	Sep 2010
Ocella	4	Sep 2010

Barnhill	3	Sep 2010
----------	---	----------

**Advice Guidance and Consultancy**

Management continue to request ad hoc advice from us on operational issues within their service area and we have representatives on a number of project teams; the Social Care Transformation Board, the Adult Social Care Information Systems Modernisation Programme Board and the Hillingdon Homes Project Team.

Work continues on producing further advisory newsletters for schools.

**Anti-Fraud Work**

Our routine work on anti-fraud includes probity checks, presenting fraud awareness sessions to managers and co-ordinating the National Fraud Initiative continues.

A consolidated report on Hillingdon's Counter Fraud Measures in 2009-10 is being presented as a separate document to the Audit Committee.

An allegation was received that refuse collectors were taking bribes. Enquiries identified that the refuse was being collected by a private firm with no connections to the council.

Another bribery allegation was received regarding a Civil Enforcement Officer working for our Parking Enforcement contractor. The allegation was proven and the contractor dismissed the employee.

Any confidential investigations are reported in Part 2.

Internal Audit Plan 2009-10 Progress							
Audit Title	Status	Date Finalised	Assurance Level	Date of last Follow up	Number of outstanding recommendations		
					H	M	L
<b>CROSS CUTTING CORPORATE ISSUES</b>							
Budgetary control	Finalised	02/03/10	Satisfactory		0	6	2
Hillingdon First Card	Finalised	4/05/10	Satisfactory		2	1	1
Taxes Management Act	Finalised	17/12/09	Not Applicable				
NFI	Completed	31/03/10	Not Applicable				
Anti Fraud Promotion	Completed	31/03/10	Not Applicable				
Anti Fraud Proactive Detection	Completed	31/03/10	Not Applicable				
Fraud/Irregularity Investigations	completed	31/3/10	Not Applicable				
Corporate Working Parties	Completed	31/3/10	Not Applicable				
Annual Governance Statement - Audit	Finalised	7/5/09	Not Applicable				
Annual Governance Statement - Input	Completed	31/3/10	Not Applicable				
Consultancy Advice and Information (Ad hoc)	Completed	31/3/10	Not Applicable				
Oyster Cards - Corporate Usage	Finalised	26/4/10	Satisfactory		0	0	0
Purchase Cards - Corporate Usage	Finalised	29/03/10	Satisfactory		0	3	0
Local Strategic Partnership	Finalised	08/04/10	Satisfactory		0	2	6
Performance Management	Finalised	29/03/10	Satisfactory		0	2	2
Mobile Phone use and control	Finalised	26/4/10	Satisfactory		0	0	0
Flexi Leave - Monitoring, Approval and Control	Draft Issued						
<b>DEPUTY CHIEF EXECUTIVE/FINANCE &amp; RESOURCES</b>							

Internal Audit Plan 2009-10 Progress							
Audit Title	Status	Date Finalised	Assurance Level	Date of last Follow up	Number of outstanding recommendations		
Chrysalis	Finalised	11/02/10	Satisfactory		2	2	1
HR Payroll changes and trigger dates	Draft						
Payroll	Draft						
Teachers Payroll - Starters, Leavers, Changes	Finalised	7/8/09	Limited		4	3	0
Council Tax - Scanning and Indexing Project	Deleted						
<b>Corporate Property</b>							
Facilities Management Contract	Deleted						
Estate and Valuation Service	Draft						
Utilities Contracts Gas & Electricity	Finalised	26/03/10	Satisfactory		0	1	1
Utilities Contracts Electricity – Deleted & combined with Gas	Deleted	Not applicable					
Utilities Contracts Water	Finalised	16/04/10	No Assurance		1	0	0
<b>Legal</b>							
LEXEL - General Management of Legal Services	Deleted.						
Ombudsman Complaints	Finalised	14/01/10	Full	26/05/2010	0	0	0
Freedom of Information /Data Protection	Draft Issued						
Complaints Against Members	Finalised	23/11/09	Full		0	0	2
AXXIA System	Finalised	16/04/10	Satisfactory		0	2	5
Debt Recovery Processes	Finalised	10/5/10	Satisfactory		0	6	2
<b>Major Construction Projects</b>							
Contracts - Pre Tender	Finalised	30/10/09	Satisfactory		2	3	2
Contracts - Current	Finalised	25/05/10	Limited		8	2	1
Contracts - Final Accounts	Deleted						
<b>Procurement</b>							
Due North System	Finalised	13/10/09	Satisfactory	12/03/2010	1	0	
Contract Register and Rationalisation	Finalised	3/6/10	Satisfactory		0	2	0
Compliance with Tender Strategy	Deleted						

Internal Audit Plan 2009-10 Progress							
Audit Title	Status	Date Finalised	Assurance Level	Date of last Follow up	Number of outstanding recommendations		
<b>Personnel</b>							
Establishment Control	Deleted						
Agency & Interim Assignment Approvals	Deleted						
Employability Status - Permanent and Temporary Eligibility	Deleted						
Payment of Sick Pay (compliance with policy)	Finalised	5/10/09	Full		0	0	0
Overtime Payments	Finalised	11/01/10	Satisfactory	13/05/10	0	0	0
On-line sickness reporting	Deleted						
<b>ENVIRONMENT &amp; CONSUMER PROTECTION</b>							
Business Continuity	Deleted						
Grounds Maintenance Contracts - Parks and Open spaces	Finalised	23/02/10	Satisfactory		0	4	0
Trees Maintenance	Finalised	6/1/10	Satisfactory		0	0	3
Highways Reactive Maintenance	Draft						
Highways Planned Maintenance	Finalised	26/01/10	Satisfactory		0	4	0
Parking Management Schemes - Authorisation and Control of	Finalised	4/5/10	Full		0	1	0
Breakspear Crematorium	Finalised	06/05/10	Satisfactory		2	6	0
Trading Standards	Finalised	16/11/09	Satisfactory		0	1	2
Domestic Waste Collection & Disposal	Finalised	3/6/10	Limited		3	4	3
<b>PLANNING AND COMMUNITY SERVICES</b>							
Major Applications	Finalised	15/04/10	Satisfactory		4	3	3
Building Control	Finalised	16/4/10	Full		0	1	0
Land Charges	Finalised	22/3/10	Satisfactory		0	2	0
Fusion Contract (Hillingdon Athletic Stadium)	Deleted						



Internal Audit Plan 2009-10 Progress							
Audit Title	Status	Date Finalised	Assurance Level	Date of last Follow up	Number of outstanding recommendations		
Adult Education	Deleted						
Community Safety	Finalised	29/10/09	Satisfactory	15/10/09	0	0	0
Lottery Funded Projects (Probity)	Finalised	11/5/10	Full		0	0	0
<b>CHILDREN'S SERVICES</b>							
Nursery Education - Private Provision	In Progress						
Pupil Transport	Deleted						
School Meals Service - Central LEA Contract	Combined						
School Meals Service - Individual school contracts	Draft						
Student Awards	Finalised	29/1/10	Satisfactory	26/4/10	0	0	0
Diabetes Management in Schools	Finalised	22/6/09	Not Applicable		0	0	0
Asylum Accommodation	Finalised	23/04/10	Satisfactory		2	8	2
Asylum Finance	Finalised	23/04/10	Full			2	1
Placement Team	Deleted		Not Applicable				
Target Youth Support	Deleted		Not Applicable				
<b>Schools - Primary</b>							
Belmore Primary	Finalised	16/11/09	Satisfactory		2	8	3
Charville Primary	Finalised	12/11/09	Satisfactory		3	4	2
Colham Manor Primary	Finalised	01/10/09	Limited	04/05/2010	0	0	0
Cranford Park Primary	Finalised	05/11/09	Satisfactory		1	3	3
Field End Junior	Finalised	2/12/09	Satisfactory	04/05/2010	0	0	0
Harlyn Primary	Finalised	23/04/10	Satisfactory		2	5	0
Hayes Park Primary	Finalised	11/02/10	Satisfactory		1	2	0
Hillingdon Primary	Finalised	17/03/10	Satisfactory		0	5	3
Hillside Junior	Finalised	03/03/10	Satisfactory		2	4	3
Pinkwell Primary	Finalised	21/05/10	Satisfactory		4	5	2
William Byrd Primary	Finalised	30/4/10	Satisfactory		2	1	2
Wood End Primary	Finalised	11/2/10	Satisfactory		1	7	4
<b>Schools - Secondary</b>							

Internal Audit Plan 2009-10 Progress							
Audit Title	Status	Date Finalised	Assurance Level	Date of last Follow up	Number of outstanding recommendations		
Abbotsfield	Finalised	11/09/09	Limited	04/05/2010	0	0	0
Barnhill Community High	Finalised	09/10/09	Limited	04/05/2010	0	1	2
Bishop Ramsey	Finalised	15/10/09	Satisfactory	04/05/2010	0	0	0
Bishopshalt	Finalised	2/02/10	Satisfactory		3	7	5
The Douay Martyrs	Finalised	20/11/09	Satisfactory		3	3	3
Guru Nanak Secondary	Finalised	4/12/09	Satisfactory	04/05/2010	0	0	0
Harlington Community	Finalised	2/2/10	Satisfactory		0	6	3
Haydon	Finalised	2/2/10	Limited		7	4	0
Mellow Lane	Finalised	27/11/09	Satisfactory		2	5	3
Northwood	Finalised	06/07/09	No Assurance	June 2010	1	3	0
Queensmead	Finalised	17/12/09	Full		0	0	5
Rosedale College	Finalised	11/2/10	Satisfactory		1	2	0
Swakeleys	Deleted	N/A					
Uxbridge High	Finalised	08/03/10	Satisfactory		0	2	3
Vyners	Finalised	12/03/10	Satisfactory		2	7	5
Ruislip High Secondary School	Finalised	25/03/10	Satisfactory		4	5	2
Wood End Park	Finalised	11/2/10	Satisfactory		1	7	4
<b>Other School Related</b>							
Primary Sickness Scheme	Finalised	29/01/10	Satisfactory		3	6	1
FMSiS Certification	Completed		Not Applicable				
Hillingdon Grid for Learning	Finalised	2/12/09	No Assurance	May 2010	0	1	0
Schools Private Funds	Finalised	12/2/10	Satisfactory		1	0	0
<b>ASCHH</b>							
<b>Finance systems</b>							
Protocol Creditors (ASCHH)	Deleted		Not Applicable				
Carefirst Creditors (Part year Adult Services)	Finalised	16/04/10	Satisfactory		0	1	1
Carefirst Debtors	Finalised	12/2/10	Satisfactory		1	2	1
Protocol Debtors	Deleted		Not Applicable				

Internal Audit Plan 2009-10 Progress							
Audit Title	Status	Date Finalised	Assurance Level	Date of last Follow up	Number of outstanding recommendations		
Supporting People Grant Certification	Finalised.	5/6/09	Full	May 2010	0	0	0
<b>Housing</b>							
Council HRA	Draft						
Finders Fee	Finalised	29/10/09	Satisfactory	Feb 2010	0	1	0
Private Sector Leasing	Drafting						
Temporary Accommodation (formerly B&B)	In Progress						
Hillingdon Homes Contract Arrangements	Deleted	-	Not Applicable				
Housing Benefit Subsidy	Finalised	28/10/09	Full		0	2	0
<b>Older People's Care</b>							
Homecare In-House Provision	Finalised	13/05/10	Satisfactory		3	4	2
<b>Learning Disabilities</b>							
Sec 75 Agreement (Funding of LD Services)	Drafting						
<b>Mental Health Service</b>							
Mental Health Service	Drafting						
<b>Contingency</b>							
Payroll Transformation	Finalised		Not Applicable				
Children's Fund Payments to CU	Finalised	Sep 10	Not Applicable				
Investigation 15	Finalised	1/9/09	Not Applicable				
Investigation 17	ongoing						
Investigation 18	Finalised	30/6/09	Not Applicable				
Investigation 19	Finalised	11/12/09	Not Applicable				
Investigation 20	Finalised	27/8/09	Not Applicable				
Investigation 21	Finalised	16/12/09	Not Applicable				
Investigation 22	Finalised	22/10/09					
Investigation 23	Finalised	1/3/10	Not Applicable				
Investigation 24	Finalised	31/3/10	Not Applicable				
Investigation 25	Finalised	31/3/10	Not Applicable				
Investigation 26	Finalised	1/3/10	Not Applicable				

Internal Audit Plan 2009-10 Progress							
Audit Title	Status	Date Finalised	Assurance Level	Date of last Follow up	Number of outstanding recommendations		
Investigation 27	Ongoing						
Investigation 28	Ongoing						
Purchase Cards Probity Checks	Finalised	26/8/09	Not Applicable				
Members Allowances/Expenses	Finalised	6/11/09	Full		0	0	0
Transforming Social Care (Project team participation)	ongoing						
Cherry Lane Primary	Draft						
Housing Benefit – Testing for External Audit	Finalised	2/6/10	Full		0	0	0
<b>ICT Contracted Days</b>							
IT Risk Management	In progress						
Restructuring of ICT	Finalised	29/07/10	Satisfactory		0	4	1
IT Disaster Recovery	Finalised	14/04/10	Limited		1	3	0
CRM Application	Finalised	24/12/09	Limited		0	4	1
Environmental Services Application	Finalised	25/08/09	Limited		1	7	2
HR & Payroll System	Finalised	18/01/10	Satisfactory		0	2	1
Oracle Financials	Draft						
Desk Top Technologies	Deleted		Not Applicable				
Data Matching	Finalised		Not Applicable				
Audit Needs Assessment	Deleted		Not Applicable				
E-Payments Project	Deleted		Not Applicable				
Remote Access	Finalised	29/07/09	Satisfactory		0	3	0
Telephone Systems	Finalised	21/10/09	Full		0	0	3
Hillingdon Grid for Learning - Security	Finalised	2/12/09	No Assurance	May 2010	0	0	0

Internal Audit Plan 2008-9 Progress							
Audit Title	Status	Date Finalised	Assurance Level	Date of last Follow up	Number of outstanding recommendations		
					H	M	L
<b>COUNCIL-WIDE ISSUES</b>							
Property Databases	Finalised	07/01/09	Satisfactory	Dec 09 revised date June 10	1	2	2
Use of Shared Oyster Cards	Finalised	31/8/09	Limited	April 2010 revised date of July 2010	5	2	0
<b>FINANCE &amp; RESOURCES</b>							
Council Tax	Finalised	07/11/08	Satisfactory	Jan 2010	0	0	0
Payroll	Finalised	06/08/09	Satisfactory	Feb 10	-	3	2
General Ledger	Finalised	17/06/09	Satisfactory	March 10 revised date Sep 2010	-	1	1
Payroll Expenses Procedures	Finalised	23/12/08	Limited	Feb 10	1	0	0
Pensions Admin	Finalised	07/01/09	Satisfactory	May 10 revised date July 2010	0	1	0
Commercial Properties	Finalised	11/09/08	Satisfactory	March 2010 revised date Dec 2010	-	2	-
<b>ENVIRONMENT &amp; CONSUMER PROTECTION</b>							
Parking Services	Completed	20/09/08	Satisfactory	Feb 2010	0	0	0
Domestic Refuse Collection & disposal	Finalised	30/07/08	Satisfactory	May 2010	0	0	0
Exor System	Finalised	03/10/08	Satisfactory	June 2010	-	0	-
Business Continuity & Emergency Planning	Finalised	08/06/09	Limited	Feb 2010 revised dated June 2010	3	2	0
<b>PLANNING &amp; COMMUNITY SERVICES</b>							
S106 Planning Gain	Finalised	15/06/09	Satisfactory	Jan 10 revised date June 10	1	1	1
Adult Education	Finalised	16/07/09	Limited	June 2010	0	0	0
<b>IT Audits</b>							

Internal Audit Plan 2008-9 Progress							
Audit Title	Status	Date Finalised	Assurance Level	Date of last Follow up	Number of outstanding recommendations		
					H	M	L
Third Party Service Management (Northgate)	Finalised	19/01/09	Satisfactory	March 2010	0	0	0
Web Security	Finalised	30/11/09	satisfactory	March 2010	0	2	3
Application Security (SCUBA system)	Finalised	04/03/09	Limited	System decommissioned	0	0	0
IT physical and environmental security	Finalised	25/03/09	Satisfactory	Followed up Feb 2010	0	1	1
Helpdesk Application	Finalised	05/03/09	Satisfactory	Followed up Feb 2010	0	1	1
Housing & CT (Northgate) application review	Finalised	25/03/09	Satisfactory	March 2010	0	1	0
Ocella application review	Finalised	April 09	Limited	June 2010	0	4	0
IT Data Security and Transfer (from Contingency)	Finalised	26/03/09	Limited		0	4	3
Email Security and Management	Finalised	27/05/09	Limited	Followed up Jan 2010 revised dated August 2010	3	2	0
Oracle Financials Upgrade	Finalised	03/03/09	Satisfactory	March 2010	0	0	0

Key: Audits marked as **Finalised** have had a final report issued with an audit opinion  
Audits marked **Completed** have had audit input that did not generate an audit opinion, such as working groups, advice and guidance, anti-fraud activity and some probity audits. The audit activity was completed for 2008-09 but work may be ongoing in 2009-10.

✓ for  
Finalised/Satisfactory/Full

⇒ for in progress

⇓ for Limited

Key

Currently being followed up

Audit Title	Status	Assurance Level	Number of outstanding recommendations			Comments
			High	Med	Low	
<b>PLAN 2007-8</b>						
<b>ADULT SOCIAL CARE, HEALTH &amp; HOUSING</b>						
Private Sector Leasing	✓	✓	1	1	1	Being followed up as part of Feb 2010 audit – Revised dates to be agreed
<b>EDUCATION &amp; CHILDREN'S SERVICES</b>						
<b>Children's services</b>						
Direct payment for disabled children	✓	✓	0	0	0	Followed up June 2010
Music Service	✓	✓	0	0	0	Followed up March 2010
<b>FINANCE &amp; RESOURCES</b>						
<b>Finance</b>						
Pensions Assets	✓	✓	0	0	0	Followed up Feb 2010
<b>ICT</b>						
Asset Management/ Software and Hardware Management	✓	✓	0	1	0	Followed up Jan 2010 - Revised date June 2010
Network Security	✓	✓	0	1	0	Followed up April 2010 – Revised date March 2011
BACS Payments Application	✓	✓	0	1	0	Followed up Jan 2010 – Revised June 2010
Website Content Management System	✓	✓	1	0	0	Followed up Jan 2010 – Revised Sept

✓ for  
Finalised/Satisfactory/Full

⇒ for in progress

⇩ for Limited

Key

Currently being followed up

Audit Title	Status	Assurance Level	Number of outstanding recommendations			Comments
			High	Med	Low	
<b>PLAN 2007-8</b>						
Business Continuity Management	✓	✓	0	2	0	2010 Followed up Jan 2010 – Revised date Sept 2010
Procurement/AP	✓	✓	0	4	2	Follow up in progress
<b>ENVIRONMENT &amp; CONSUMER PROTECTION</b>						
Exor System (IT) - review of concept <b>contingency</b>	✓	✓	0	0	0	Followed up June 2010
Securicor collection	✓		3	0	0	Followed up Nov 2009 – Revised target Sept 2010



