

BUSINESS ASSURANCE

Internal Audit Progress Report to Audit Committee:

2021/22 Quarter 1

(including the 2021/22 Quarter 2 Internal Audit Plan)

19th July 2021



HILLINGDON
LONDON

www.hillingdon.gov.uk

Contents

The Internal Audit key contact in connection with this report is:

Muir Laurie FCCA, CMIIA
Deputy Director of Exchequer
Services & Business Assurance
t: 01895 556132
e: mlaurie@hillingdon.gov.uk

Sarah Hydrie CMIIA, CIA
Head of Internal Audit & Risk
Assurance
t: 01895 277907
e: shydrie@hillingdon.gov.uk

1. Introduction	3
2. Executive Summary	3
3. Analysis of IA Activity	4
4. Analysis of IA Performance	6
5. Forward Look	6
<u>Appendix A</u> – Detailed IA Work Undertaken	7
<u>Appendix B</u> – Revisions to 2021/22 Quarter 1 IA Plan	9
<u>Appendix C</u> – 2021/22 Quarter 2 IA Plan	10
<u>Appendix D</u> – Outstanding Recommendations with Revised Implementation Dates	14
<u>Appendix E</u> – IA Key Performance Indicators	17
<u>Appendix F</u> – IA Assurance Level Definitions and IA Recommendation Risk Ratings	18

1. Introduction

1.1 The Role of Internal Audit (IA)

- 1.1.1 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 (Amendment) Regulations 2021 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 Quarter 1 (1st April to 30th June 2021). In addition, it 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 in Quarter 1. It also highlights to CMT, the Audit Committee and other IA stakeholders the revisions to the Quarter 1 (Q1) IA plan since its approval (refer to **Appendix B**).
- 1.2.2 A key feature of this report is the inclusion of the Quarter 2 IA plan (refer to **Appendix C**). This has been produced over the last few weeks following our assessment of the key risks in consultation with senior managers. It sets out the planned programme of IA coverage due to commence in the Q2 period (1st July to 30th September 2021).

2. Executive Summary

- 2.1 Since the last IA Progress Report to CMT and the Audit Committee dated 1st April 2021, **1 grant claim** has been certified, **5 assurance reviews**, **2 consultancy reviews** and **1 grant claim** are at advanced testing stage, **1 assurance review** is in the planning phase and **17 pieces of 2020/21 work have been finalised**. As highlighted at **Appendix A** the vast majority of the work finalised in Q1 has been in relation to the finalisation of the 2020/21 IA plan, which is broadly in line with our expectations.
- 2.2 Our work on the 2021/22 Q1 IA Plan commenced on 1st April 2021 and the initial planning stage is mostly complete and testing is well underway on almost all Q1 pieces of IA work. As stated above, progress against the Q1 IA Plan has been relatively slow, with only **1** grant claim finalised. Nevertheless, **5** IA assurance reviews, **1** consultancy review and **1** grant claim are at an advanced testing/ fieldwork stage.
- 2.3 We continue to perform our follow-up verification work aimed at providing enhanced assurance to CMT and the Audit Committee that IA recommendations have been fully embedded. This quarter, the IA team has spent an increased amount of time establishing the status of **64** outstanding **HIGH** and **MEDIUM** risk recommendations. We continue to support management with the closure and volume of outstanding IA recommendations, thereby reducing the Council's risk exposure. Further details of the work undertaken in this area can be found in section 3.4 and at **Appendix D** of this report.
- 2.4 Following IA undertaking its initial planning stage, **1 assurance review has been deferred** at Management's request (and in agreement with the HIA) to Q4. During Q2 there have also been **3 amendments** to the IA plan (refer to **Appendix B**). Further details of all IA work carried out in this period are summarised at section 3 of this report overleaf.

3. Analysis of Internal Audit Activity

3.1 Assurance Work in Quarter 1

- 3.1.1 On 1st April 2021, IA formally commenced work on the 2021/22 Q1 IA plan. As is usual at this time of year, the primary focus for IA this quarter was on finalising completion of the 2020/21 IA Plan. A detailed summary of all 2020/21 IA work finalised within Q1 of 2021/22 is contained within the 2020/21 Annual IA Report and Opinion Statement, due to be presented to the Audit Committee at its planned meeting of 29th July 2021, alongside this progress report.
- 3.1.2 Planning has been completed for **5** Q1 assurance audits and they are now at an advanced testing stage. **1** assurance audit (**ICT Service Desk**) is at planning stage where the draft terms of reference is with management for review and agreement. All IA assurance work is individually listed at **Appendix A**. The assurance level definitions and recommendation risk categories are outlined at **Appendix F**.

3.2 Consultancy Work in Quarter 1

- 3.2.1 The IA team continues to undertake some consultancy work across the Council. Attached at **Appendix A** is the list of consultancy work carried out this quarter with **2** consultancy reviews (**Civica Casework – Enforcement** and **General Ledger**) at an advanced testing stage.

3.3 Grant Claim Verification Work in Quarter 1

- 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 **Supporting Families (SF) Grant** (which is the new name for the Troubled Families Grant). IA is currently undertaking testing for the **Safety at Ports Grant** (refer to **Appendix A**).
- 3.3.2 As detailed at **Appendix A** the planned quarterly verification work on the SF Grant has progressed well this quarter. IA has tested a sample of SF cases that had been identified as being 'turned around' by the Council's SF Team. At the conclusion of the IA work we issued 3 memos in April, May and June 2021. The total number of families claimed for in Q1 was **109**. IA continues to work with the SF Co-ordinator to discuss their strategy for the SF programme.

3.4 Follow-Up of Previous Internal Audit Recommendations

- 3.4.1 Following the Audit Committee's request in November 2020 for greater assurance in this area of IA activity, it was agreed that 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.
- 3.4.2 Further to this, IA has removed the functionality for risk owners to revise implementation dates and instead any requests for implementation date 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.
- 3.4.3 In previous years, recommendations raised for schools were not subject to monitoring on TeamCentral but were reported to the Council's School Improvement Team for their risk profile purposes. Following the completion of the 2020/21 IA plan we noted that both thematic reviews in schools received **LIMITED** assurance opinions (**Purchasing & Payments in Schools** as well as **Governance & Financial Management in Schools**) and that the implementation of previous IA recommendations were not being actioned. Due to the risk exposure this poses for schools and the Council, IA has begun to review the progress of schools **HIGH** and **MEDIUM** risk recommendations as part of its IA follow-up work.

3.4.4 **Table 1** below highlights that **64 IA recommendations for LBH and schools that have not been actioned within the agreed timescales** in Q1 (where an extension has not been agreed). It also lists the numbers of **HIGH** and **MEDIUM** risk IA recommendations that have passed their implementation date and details their current status.

Table 1 ~ 2021/22 Follow-Up Work Undertaken in Q1

	HIGH risk IA recommendations		MEDIUM risk IA recommendations	
	LBH	Schools	LBH	Schools
1. No. of recommendations that have been marked as implemented on TeamCentral	4	-	8	2
2. *No. of recommendations with new implementation date agreed by HIA and CMT	1	-	3	-
3. **No. of recommendations whose status IA are currently verifying	10	-	14	22
TOTAL (1+2+3) no. of recommendations that have passed their implementation date	15	-	25	24

* Refer to **Appendix D**

** These recommendations have passed their implementation date and IA have been liaising with the Action Owner and relevant Corporate Director to verify/confirm their status

3.4.5 **Table 1** above shows **IA has verified 64 recommendations in total** whose implementation date has passed (as at 30th June 2021); **15 HIGH** and **49 MEDIUM** risk recommendations. Out of those, **12 HIGH** and **2 MEDIUM** risk recommendations have been marked as implemented and **1 HIGH** and **3 MEDIUM** risk recommendations have a **revised implementation date** which has been agreed by the HIA and the respective CMT Corporate Director (refer to **Appendix D** for further details on the status of these 4 recommendations).

3.4.6 In addition, there are **10 HIGH** and **36 MEDIUM** risk recommendations which IA is currently verifying the status of in liaison with the relevant Action Owner/ Corporate Director. **This is an improvement on the previous status report**; updates on the progress of all outstanding IA recommendations will continue to be reported on a regular basis.

3.5 Other Internal Audit Work in Quarter 1

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 pandemic and the risk this still places on the Authority. During Q1 we continued to undertake risk-based planning meetings alongside risk register reviews due to the synergies between these two functions.

3.5.2 The detailed operational IA plan for Q2 of 2021/22 (refer to **Appendix C**) has been produced in consultation with management. The quarterly planning cycle helps ensure that IA resources are directed in a flexible, risk-based and targeted manner.

4. Analysis of Internal Audit Performance

4.1 The IA Key Performance Indicators (KPIs) measure the quality, efficiency and effectiveness of the IA service. They assist IA and the Council in helping measure how successful IA has been in achieving its strategic and operational objectives. In line with best practice, for the 2021/22 year IA will report quarterly to CMT and the Audit Committee on the 9 KPIs agreed with the Audit Committee at the meeting held on 20th April 2021.

- 4.2 As at 30th June 2021, 5 2021/22 IA assurance reviews in advanced testing/fieldwork stage, therefore it would not be of sufficient value at this stage to report on 2021/22 performance against the IA KPIs. The analysis of overall IA performance for the 2020/21 period is reported in full within the 2020/21 Annual IA Report and Opinion Statement due to be presented to the Audit Committee on 29th July 2021, alongside this progress report.

5. Forward Look

- 5.1 Looking ahead to Q2, IA will continue to **support the Council and maintained schools with the implementation of outstanding recommendations**. IA has checked the status and progress of all 64 outstanding recommendations. The direction of travel with this work has been positive, which we aim to maintain. This will support the HIA with the monitoring, tracking, and reporting of recommendations to CMT and the Audit Committee.
- 5.2 As part of our **Quality Assurance and Improvement Programme (QAIP)** we are reviewing our IA process for performing assurance reviews at schools and will continue to review our ways of working to identify further areas for improvement and look for opportunities to introduce better processes.
- 5.3 During Q2 we will be looking to **recruit an Internal Auditor** on an extended secondment to help provide maternity cover across the Internal Audit & Risk Assurance service. The successful candidate will assist the IA team with follow-up of recommendations, risk management and governance work. The calibre of Council staff and the development opportunities that the role provides means we are optimistic that a high quality officer will be appointed soon.
- 5.4 IA would like to take this opportunity to formally thank all staff throughout the Council with whom it had contact during Q1. 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

19th July 2021

APPENDIX A**DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2021/22****Key:**

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

2021/22 IA Assurance Reviews:

IA Ref.	IA Review Area	Status as at 30 th June 2021	Assurance Level	Risk Rating				CFQ Received?
				H	M	L	NP	
21-A2	Planned Works & Contract Management	Testing in progress						
21-A5	Expenditure Approval Process	Testing in progress						
21-A6	Transport Contract Management	Testing in progress						
21-A7	Fostering Service	Testing in progress						
21-A9	Business Continuity Planning	Testing in progress						
21-A3	ICT Service Desk	Planning						
21-A1	<i>Disabled Facilities Grant</i>	<i>Internal Audit review deferred at Management's request – refer to <u>Appendix B</u></i>						
21-A4	<i>Information Security</i>	<i>Internal Audit review amended – refer to <u>Appendix B</u></i>						
Total Number of IA Recommendations Raised				-	-	-	-	
Total % of IA Recommendations Raised				-	-	-	-	

APPENDIX A (cont'd)**DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2021/22****2021/22 IA Follow-Up Reviews:**

IA Ref.	IA Follow-Up Review Area	Status as at 30 th June 2021	Recommendations					CFQ Received?
			Implemented	Partly Implemented	Not Implemented	+N/A	Total	
21-A8	Follow-up of Implemented Recommendations	Testing in progress	Refer to para 3.4					

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

2021/22 IA Consultancy Reviews:

IA Ref.	IA Review Area	Status as at 30 th June 2021	CFQ Received?
21-C1	Civica Casework - Enforcement	Testing in progress	-
21-C2	General Ledger	Testing in progress	-

2021/22 IA Grant Claim Verification Reviews:

IA Ref.	IA Review Area	Status as at 30 th June 2021
21-GC1	Supporting Families Grant - Quarter 1	Certified, memos issued on 29 th Apr, 28 th May and 25 th Jun 2021
21-GC2	Safety at Ports Grant	Testing in progress

APPENDIX B**REVISIONS TO THE 2021/22 INTERNAL AUDIT PLAN ~ QUARTER 1****AMENDMENTS to the 2021/22 Operational IA Plan for Quarter 1:**

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
21-A4	Information Security (IS)	Assurance	HIGH	Perry Scott Corporate Director, Infrastructure, Transport & Building Services	Aspects of the scope for this review were covered in the 2020/21 Cyber Incident Management follow-up (which was completed on 14 th May 2021) and IS will also feature in the IT Governance audit which has been planned for Q4 2021/22.
21-A8 <i>(reassigned)</i>	Review of the Effectiveness of Internal Audit	Assurance*	MEDIUM	Paul Whaymand Corporate Director of Finance	This assurance* review was originally in the 2021/22 Q1 IA plan. At the April 2021 Audit Committee meeting, the Chairman of the Audit Committee suggested to the IA team to record this work as a 'project' rather than assurance, which we have actioned and the IA plan has been updated accordingly.
21-A9	Business Continuity Planning	Assurance	MEDIUM	Perry Scott Corporate Director, Infrastructure, Transport & Building Services	Following the Coronavirus pandemic, the Corporate Director requested assurance over the Council's business continuity arrangements to verify they are robust and a lessons learnt exercise to be carried out to help improve the process.

IA work DEFERRED from the 2021/22 Operational IA Plan for Quarter 1:

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
21-A1	Disabled Facilities Grant (DFG)	Assurance	HIGH	Perry Scott Corporate Director, Infrastructure, Transport & Building Services	The DFG service has undergone a restructure recently, where a new management team has been introduced and recruitment is underway. Systems and processes have been reviewed and new ways of working are being implemented. Deferring this review to Q4 2021/22 will add more value once new arrangements are in place and the team are fully resourced.

APPENDIX C**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2021/22 ~ QUARTER 2****IA work scheduled to commence in the 1st July to 30th September 2021 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
21-A10	Social Care Charges	Assurance	HIGH	Tony Zaman Corporate Director, Social Care & Health	The Council provides a range of services (under the Care Act 2014 and other national guidance and legislation) for vulnerable people but is reliant on income from charges to help pay for them. Without this income service levels could not be maintained. There is also an obligation to ensure all charges are applied fairly and transparently and those that are unable to pay do not lose their provision of care/support. The audit will seek to provide assurance that there is appropriate documentation held in support of all individuals assessed as having care and support needs.
21-A11	Crematorium	Assurance	HIGH	Dan Kennedy Corporate Director Planning, Environment, Education & Community Services	The Council's crematorium is an area that generates a significant amount of income. The facility is also used by Harrow Council, as it does not have its own facility. This IA review will provide assurance over management's arrangements for governance and internal controls in relation to crematorium management arrangements.
21-A12	Absence Management	Assurance	MEDIUM	Mike Talbot Corporate Director, Corporate Services & Transformation	A new Absence Management policy was launched in April 2020, which introduced the Bradford score as a way of calculating absence triggers. This audit will provide assurance that the new policy is being consistently and effectively applied across the Council.
21-A13	Allotments	Assurance	MEDIUM	Dan Kennedy Corporate Director Planning, Environment, Education & Community Services	The Council owns 35 allotment sites across the borough. The majority are managed directly by the Council and 7 are self-managed by allotment associations on behalf of the Council. This IA review will provide an objective, independent opinion on the adequacy and effectiveness of controls in place around management and facilitation of allotments.
21-A14	Registration Service	Assurance	MEDIUM	Mike Talbot Corporate Director, Corporate Services & Transformation	During the Covid-19 pandemic the Registration Service were required to prioritise the recording of deaths, resulting in a backlog of birth registrations. This review has been requested to provide assurance that the Registration Service is managed in an efficient manner and is performing against national KPIs.

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2021/22 ~ QUARTER 1****IA work scheduled to commence in the 1st July to 30th September 2021 period:**

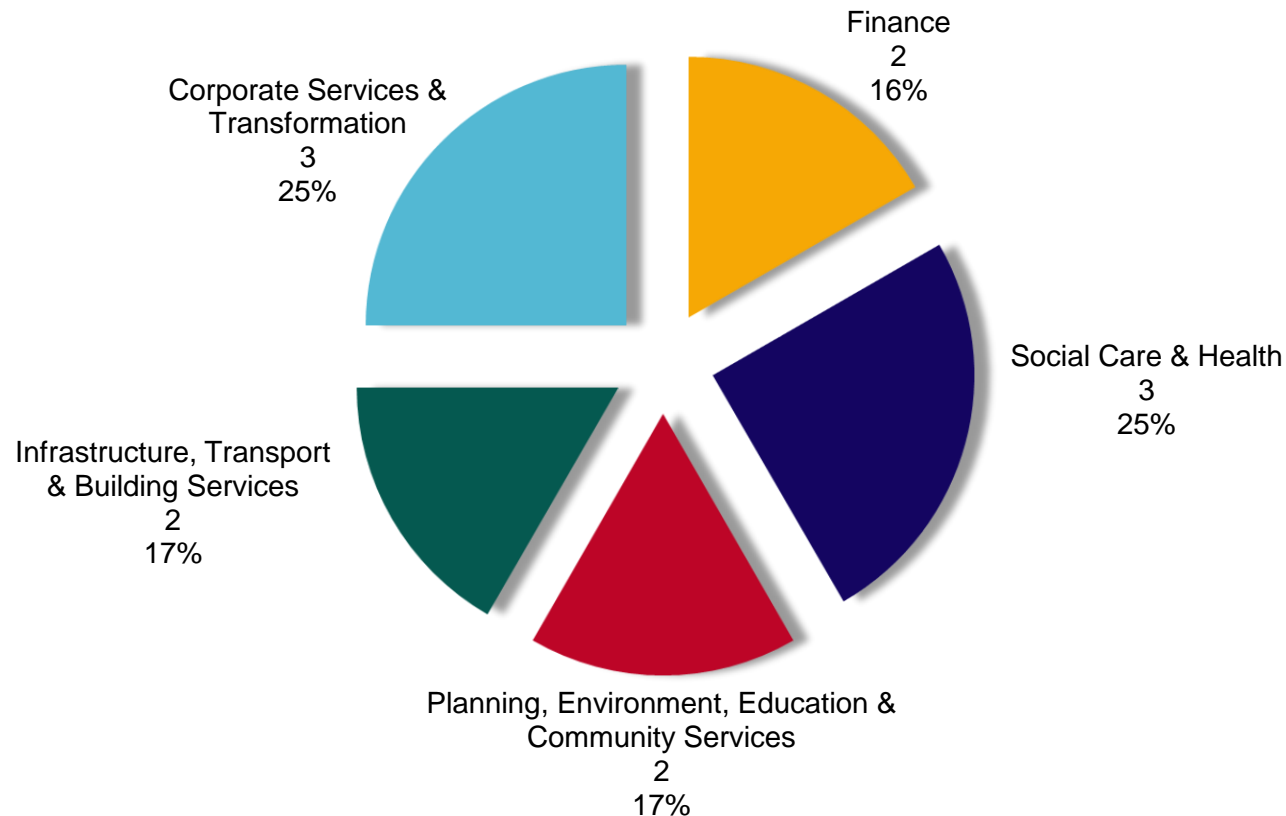
IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
21-A15	Parking	Assurance	MEDIUM	Perry Scott Corporate Director, Infrastructure, Transport & Building Services	The Parking Service oversees the management of on and off-road parking across the borough while balancing the needs of residents, businesses, employees, shoppers, visitors and commuters. In order to reliver the parking services the Council works in partnership with APCOA. Following a recent BID review and a restructure of Parking Services, this audit will review the processes in place and seek to provide assurance with regard to the efficiency, effectiveness and robustness of established controls.
21-A16	Procurement – Contract Compliance Management	Assurance	MEDIUM	Paul Whaymand Corporate Director of Finance	The Council spends millions of pounds on procured goods and services. It is important that the Authority manages its contracts effectively to ensure both value for money and achievement of desired outcomes. This IA review will provide assurance over contract management arrangements and compliance across a selection of contracts in place.
21-A17	Road Naming and Numbering	Assurance	MEDIUM	Mike Talbot Corporate Director, Corporate Services & Transformation	The Road Naming and Numbering Service brings in approx. £60k a year for the Council and is legislated by Geoplace (who control address data on how this function is managed). This review, which has not been audited before, will provide assurance that the Registration Service is managed in an efficient manner and is performing against set standards.
21-GC3	Supporting Families Grant - Quarter 2	Grant Claim	N/A	Tony Zaman Corporate Director, Social Care & Health	Supporting Families Grant continues to be a Central Government scheme under the MHCLG, with the stated objective of helping vulnerable families turn their lives around. The Council receives a payment by results from the MHCLG for each family they support under the scheme. As per the grant conditions, IA will undertake verification work to confirm compliance.

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2021/22 ~ QUARTER 2****IA work scheduled to commence in the 1st July to 30th September 2021 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
21-GC4	Housing Benefit Subsidy Grant	Grant Claim	N/A	Paul Whaymand Corporate Director of Finance	Local authorities are responsible for administering housing benefit claim subsidy from the DWP in accordance with section 140 of the Social Security Admin Act 1992 and the Income-related Benefits (Subsidy to Authorities) Order 1998, SI 562 as amended. Ernst & Young (EY), as the Council's appointed External Auditor, is required to certify the Council's claim. It has been agreed that IA will carry out the initial verification testing to reduce EY's testing and associated EY fees.
21-GC5	Disabled Facilities Capital Grant	Grant Claim	N/A	Perry Scott Corporate Director, Infrastructure, Transport & Building Services	Disabled Facilities Capital Grants (DFGs) are provided by the Council to help meet the cost of adapting a property for the needs of a disabled person. IA is required to undertake verification work for the DFG claim due for submission by 30 th September 2021.
21-GC6	Bus Service Operators Grant	Grant Claim	N/A	Tony Zaman Corporate Director, Social Care & Health	The Local Authority Bus Service Operators Grant (BSOG) 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. IA will be required to review and confirm the Council has complied with the conditions attached to Local Authority BSOG Ring-Fenced (Revenue) Grant Determination 2018/19.

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2021/22 ~ QUARTER 2 (cont'd)**

IA work scheduled to commence in the 1st July to 30th September 2021 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 D**OUTSTANDING RECOMMENDATIONS WITH REVISED IMPLEMENTATION DATES** (ref para 3.4.5)**2019/20 Payment Process in New Years Green Lane****Action Owner: Helen Revell****Corporate Director: Perry Scott**

Original Impl. Date	Revised Impl. Date	Risk and Risk Rating	Reason for Extension and Current Status
30/06/2020 (2 extensions)	31/12/2021	If adequate systems are not in place to receive and record payments, track income and identify overdue payments in a timely manner, there is a risk that Council services may be exploited leading to financial and operational consequences for the Council. MEDIUM	Due to the global Coronavirus pandemic this recommendation could not be implemented as other work took priority. The Capita system has recently been upgraded and at the present time New Years Green Lane is not using Capita so there will need to be a new project to look at integrating the weighbridge and the Capita system so that payment from the weighbridge is automatically sent to the card reader for payment. This will involve ICT, the weighbridge supplier, and Operational Finance. Management is working with all stakeholders to implement the system by December 2021.

APPENDIX D (cont'd)**2019/20 Administration of DSG in Nurseries****Action Owner: Claire Fry****Corporate Director: Tony Zaman**

Original Impl. Date	Revised Impl. Date	Risk and Risk Rating	Reason for Extension and Current Status
31/05/2020 (1 extension)	31/08/2021	If parental consent is not obtained and retained, there is a risk that the Council may be in breach of Data Protection rules, leading to financial and reputational damage to the Council. MEDIUM	Due to the global Coronavirus pandemic this recommendation could not be implemented as staff were redeployed to support critical services. The Hillingdon Code of Practice states that parents need to complete a Parent Agreement form before accessing free childcare. The Parent Agreement form has been amended so that the declaration that parents sign says that they must ensure that they make providers aware if any information on the form needs to be updated. Given the number of children in receipt of funded places it is not practical to receive and audit forms for every child, therefore sampling of parent Agreement forms is being conducted as part of the Audit of providers that commenced in June 2021. The Audit process for settings will include the review of Parent Agreement forms.
30/06/2020 (1 extension)	31/08/2021	Without appropriate arrangements in place to monitor compliance of Providers, there is a risk that DSG funds may be incorrectly or fraudulently awarded leading to legal, financial, operational and reputational consequences for the Council. MEDIUM	Reason for extension as previous recommendation. An audit process for settings has been developed and the first round of audits commenced on the 4 th June 2021 and will conclude mid-August. Once the audits are complete, the process will be reviewed and any changes or revisions implemented, prior to the next round of audits starting in September 2021. Audits will be completed termly as part of an annual review cycle, sampling a cross-section of providers registered with the scheme.

APPENDIX D (cont'd)**2020/21 Estates – Lease Management****Action Owner: Michael Naughton****Corporate Director: Perry Scott**

Original Impl. Date	Revised Impl. Date	Risk and Risk Rating	Reason for Extension and Current Status
30/04/2021	30/07/2021	<p>If adequate systems are not in place to record and maintain accurate lease information, there is a risk that the Council's lease records will be incomplete, inaccurate or out of date, leading to the Local Authority being in breach of its obligations as a Leaseholder or Lessee, resulting in legal, operational and financial consequences for the Council.</p> <p>HIGH</p>	<p>We are recruiting to the vacant Data Management Officer post and this person will be doing the exercise to complete reviewing the lease data held on other databases and then uploading onto Keystone, followed by providing training to the Property staff that will be using the system.</p> <p>The recruitment exercise has taken longer than anticipated but we are positive that an officer will be in post shortly.</p>

APPENDIX E**INTERNAL AUDIT KEY PERFORMANCE INDICATORS**

KPI Ref.	Performance Measure	Target Performance	Actual Performance	RAG Status
KPI 1	2021/22 HIGH risk IA recommendations where positive management action is proposed	98%	-	-
KPI 2	2021/22 MEDIUM risk IA recommendations where positive management action is proposed	95%	-	-
KPI 3	2021/22 HIGH risk IA recommendations where management action is taken within agreed timescale	90%	-	-
KPI 4	2021/22 MEDIUM risk IA recommendations where management action is taken within agreed timescale	75%	-	-
KPI 5	Percentage of annual (Q1 to Q4) IA Plan delivered to draft report stage by 31 st March	90%	-	-
KPI 6	Percentage of annual (Q1 to Q4) IA Plan delivered to final report stage by 31 st March	80%	-	-
KPI 7	Percentage of draft reports issued as a final report within 15 working days of completion of fieldwork (this being the final day of fieldwork, exit meeting and receipt of all outstanding information)	80%	-	-
KPI 8	Client Satisfaction Rating (from CFQs)	85%	-	-
KPI 9	IA work fully compliant with the UK PSIAS and IIA Code of Ethics	100%	-	-

Key for above:

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

Key for 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 F**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 needs 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 F (cont'd)**INTERNAL AUDIT RECOMMENDATION RISK RATINGS AND DEFINITIONS**

RISK	DEFINITION
<p style="text-align: center;">HIGH ●</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>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>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>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>