

BUSINESS ASSURANCE

Internal Audit Progress Report to Audit Committee:

2021/22 Quarter 2

(including the 2021/22 Quarter 3 Internal Audit Plan)

28th October 2021



HILLINGDON
LONDON

www.hillingdon.gov.uk

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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

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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.

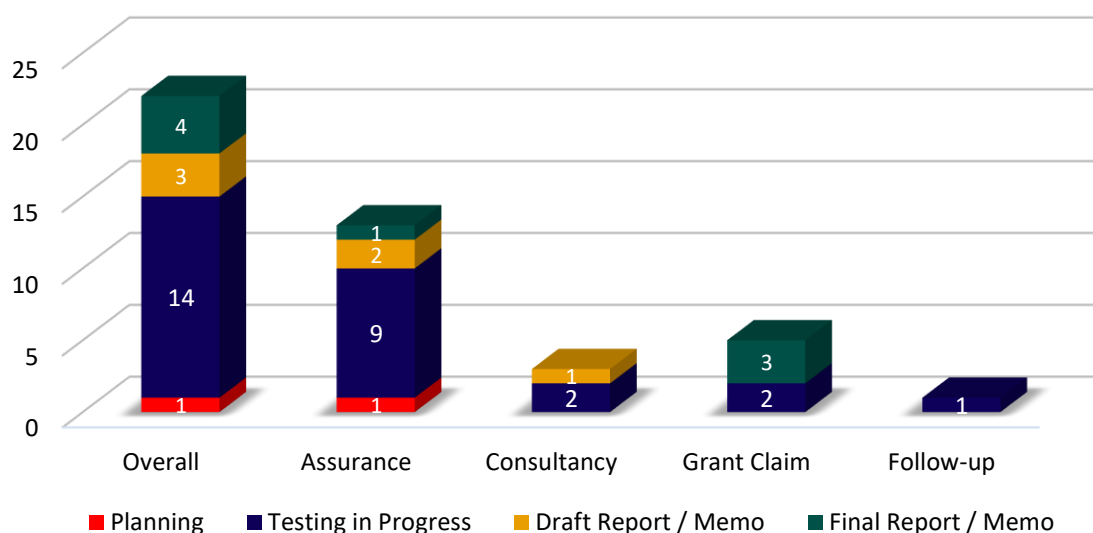
1.2 The Purpose of the Internal Audit Progress Report to Audit Committee

- 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 2 (1st July to 30th September 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 2. It also highlights to CMT, the Audit Committee and other IA stakeholders the revisions to the Quarter 2 (Q2) IA plan since its approval (refer to **Appendix B**).
- 1.2.2 A key feature of this report is the inclusion of the Quarter 3 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 Q3 period (1st October to 31st December 2021).

2. Executive Summary

- 2.1 Since the Q2 IA Progress Report to CMT and the Audit Committee dated 19th July 2021, **1 assurance review** and **3 grant claims** have concluded. **2 assurance reviews** and **1 consultancy review** are at draft report/ memo stage. **9 assurance reviews**, **2 consultancy reviews** and **2 grant claims** are at advanced testing stage and **1 assurance review** is at planning stage. The teams progress against this year's programme of IA work for 2021/22, is depicted in Chart 1 below:

Chart 1 ~ 2021/22 IA Work Undertaken to Date



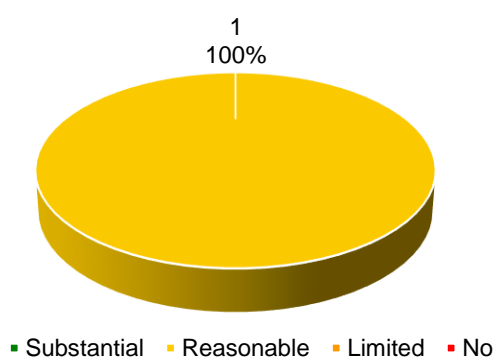
- 2.2 Our work on the 2021/22 Q2 IA Plan commenced on 1st July 2021 and the initial planning stage is mostly complete and testing is well underway on almost all Q2 pieces of IA work. Progress against the Q2 IA Plan has been steady but slower than planned, this is mainly due to the summer holiday period which saw a lot of council staff (including IA colleagues) take annual leave following the lifting of Covid-19 restrictions. Nevertheless, **11** IA assurance reviews, **3** consultancy reviews and **2** grant claims are at an advanced testing/ fieldwork stage and we anticipate being back on track during Q3.
- 2.3 The assurance review finalised this quarter is **Business Continuity Planning** which received a **REASONABLE** assurance opinion. This result is in line with our expectations and the risk-based approach which we deploy. **Positive action has been proposed by management** to address all the **MEDIUM** risk recommendations raised within the review and these recommendations will be followed-up by IA in due course.
- 2.4 This quarter IA has undertaken a variety of consultancy and grant claim work across the Council including **Civica Casework - Enforcement, General Ledger, Safety at Ports Grant, Bus Service Operators Grant and Supporting Families Grant - Q2**. IA is also carrying out an **External Quality Assessment (EQA) for the London Borough (LB) of Camden and the LB of Islington** (who are a shared IA service). This is also helping us prepare for our own EQA due next year.
- 2.5 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 established the status of **34** 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.
- 2.6 Following IA undertaking its initial planning stage, **2 assurance reviews have been deferred** at Management's request (and in agreement with the HIA). **1 assurance review and 1 consultancy review have been added** to the Q2 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 below.

3. Analysis of Internal Audit Activity

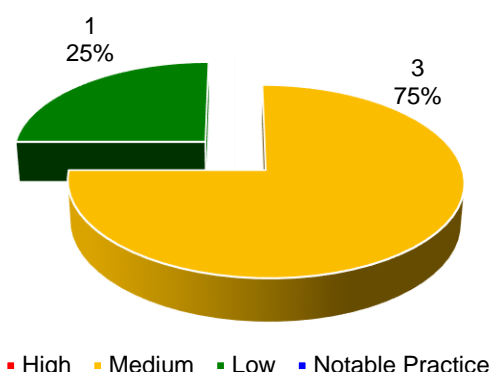
3.1 Assurance Work in Quarter 2

- 3.1.1 During this quarter, **1** assurance review has been completed to final report stage with an additional **2** assurance reviews at draft report stage. A further **9** assurance reviews are at advanced testing stage and the remaining **1** assurance review is at planning stage (where the draft Terms of Reference has been issued but is awaiting management agreement).
- 3.1.2 In Q2 the **Business Continuity Planning** review was awarded a **REASONABLE** assurance opinion where **3 MEDIUM** risk recommendations were raised (refer to **Appendix A**). The IA team found that the business continuity process was working effectively but that some basic framework improvements were required. Documents such as the business continuity strategy and policy were identified as needing updating. Further, we found the process for tracking Business Continuity Plans should be refined. Positive management action has been proposed by management to address all the **MEDIUM** risk recommendations raised.
- 3.1.3 All IA assurance reviewed carried out in the financial year to date are individually listed at **Appendix A**, detailing the assurance levels achieved as well as providing an analysis of recommendations made (in accordance with the assurance level definitions and recommendations risk categories outlined at **Appendix E**). Assurance opinions provided and the associated IA recommendations raised are further summarised in **Chart 2** and **Chart 3** overleaf:

**Chart 2 ~ IA Assurance
Opinions**



**Chart 3 ~ IA Assurance
Opinions**



■ Substantial ■ Reasonable ■ Limited ■ No ■ High ■ Medium ■ Low ■ Notable Practice

3.2 Consultancy Work in Quarter 2

- 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 in Q2 with **3** consultancy reviews at an advanced testing stage. The **EQA for the LB of Camden and LB of Islington** was originally due to start in November but was brought forward to September following a request by the HIA of the shared IA service. The review is a comprehensive assessment of this IA shared service and has proved to be quite insightful and a useful benchmark in comparison to our own IA processes.

3.3 Grant Claim Verification Work in Quarter 2

- 3.3.1 During this quarter IA has assisted the Council in certifying **3** grant claims. As detailed at **Appendix A**, IA continues to carry out verification work on the **Supporting Families (SF) Grant** as well as completing work on the **Safety at Ports Grant** and the **Bus Service Operators Grant**.
- 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 work IA issued 3 memos in July, August and September 2021. The total number of families claimed for in Q2 was **128**. 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 (including schools) **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 recommendation 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 **Table 1** overleaf highlights that there are **34 IA recommendations for LBH and schools that have not been actioned within the agreed timescales** in Q2 (where an extension has not been agreed). The table also lists the numbers of **HIGH** and **MEDIUM** risk IA recommendations that have passed their implementation date set by management and details their current status.

Table 1 ~ 2021/22 Follow-Up Work Undertaken in Q2

| | HIGH risk IA recommendations | | MEDIUM risk IA recommendations | |
|--|-------------------------------------|----------------|---------------------------------------|----------------|
| | LBH | Schools | LBH | Schools |
| 1. No. of recommendations that have been marked as implemented on TeamCentral | 1 | 3 | 5 | 2 |
| 2. *No. of recommendations with new implementation date agreed by HIA and CMT | - | - | - | - |
| 3. **No. of recommendations whose status IA are currently verifying | 3 | 2 | 18 | - |
| TOTAL (1+2+3) no. of recommendations that have passed their implementation date | 4 | 5 | 23 | 2 |

* 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

3.4.4 **Table 1** above shows **IA has verified 34 recommendations in total** whose implementation date has passed (as at 30th September 2021); **9 HIGH** and **25 MEDIUM** risk recommendations. Out of those, **4 HIGH** and **7 MEDIUM** risk recommendations have been marked as implemented. In addition, there are **5 HIGH** and **18 MEDIUM** risk recommendations which IA is currently verifying the status of in liaison with the relevant Action Owner/ Corporate Director (refer to **Appendix D** for further details on the status of these 23 recommendations). IA are working with action owners to establish the status of each outstanding recommendation where updates have not been provided on TeamCentral.

3.4.5 As requested by the Audit Committee, **Table 2** below contains a further breakdown of the number of recommendations whose status IA are currently verifying **by Directorate**.

Table 2 ~ No. of recommendations whose status IA are currently verifying by Directorate

| | HIGH risk IA recommendations | MEDIUM risk IA recommendations |
|--|-------------------------------------|---------------------------------------|
| Finance | - | - |
| Social Care & Health | - | 2 |
| Planning, Env., Education & Community Services | [†] 5 | 13 |
| Infrastructure, Transport & Building Services | - | - |
| Corporate Services & Transformation | - | 3 |

[†]2/5 of the recommendations are for schools

3.4.6 **Table 2** shows that the highest number of outstanding recommendations are in the Planning, Environment, Education & Community Services Directorate, where **5 HIGH** and **13 MEDIUM** risk recommendations have not been implemented in the original timescale agreed by management. Of these, **2 out of 5** of the **HIGH** risk recommendations have been raised at schools which are the responsibility of the aforementioned Directorate. IA has liaised with each action owner to follow-up progress, refer to **Appendix D** for further information.

3.5 Other Internal Audit Work in Quarter 2

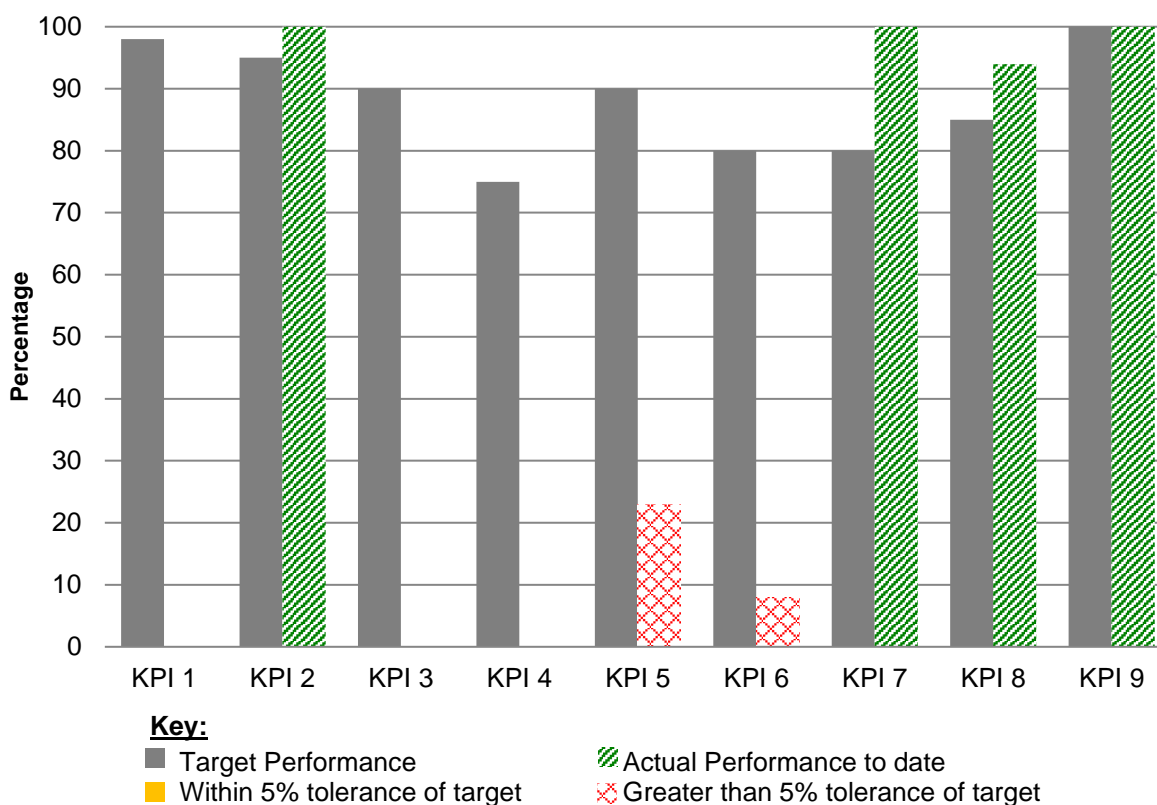
- 3.5.1 We continue to undertake a quarterly approach to IA planning to ensure emerging risks and new areas of concern are captured, particularly following the global pandemic and the risk this still places on the Authority. During Q2 we continued to undertake risk-based planning meetings alongside risk register reviews due to the synergies between these two functions.
- 3.5.2 The detailed operational IA plan for Q3 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 IA Key Performance Indicators

- 4.1.1 The KPIs measure the quality, efficiency and effectiveness of the IA service and 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 E**) are meaningful and provide challenge to the service. Cumulative performance for 2021/22 to date period is summarised below:

Chart 4 ~ 2021/22 IA Key Performance Indicators



- 4.1.2 KPI's 1, 3 and 4 refer to **HIGH** and **MEDIUM** risk recommendations which have not yet been raised and/ or implemented in this reporting year to date, therefore no performance data is available. As more IA work is completed during the course of the year these statistics will be updated.

- 4.1.3 The following KPIs are below our performance target. They are:

- KPI 5** shows that 3 assurance reviews (out of 13) have reached draft report stage by the 31st March 2022 deadline which accounts for **23%** of work undertaken so far in Q1 and Q2 compared to the **90% target**; and

- **KPI 6** shows that 1 assurance review (out of 13) have reached final report stage by the 31st March 2022 which accounts for **8%** of work undertaken so far in Q1 and Q2 compared to the **80% target**.

4.1.4 **Appendix A** shows a large portion of IA work is underway and progressing well but that completing work to draft and final report stage has been relatively slow. The completion of IA work has been significantly affected by staff holidays. However, the slow performance against KPIs 5 and 6 was expected because it is relatively early in the audit year. The HIA remains confident that IA KPI performance will improve now that across the council we have seen a return to business as usual.

5. Forward Look

- 5.1 Looking ahead to Q3, we will look to recruit an **Internal Audit Manager**, to replace our colleague who left the council recently. The successful candidate will play a key role in assisting the HIA and other IA Manager with delivery of the IA Team objectives.
- 5.2 The **IA Strategy** is due to be updated and presented to CMT and Audit Committee in the New Year. As a result, the HIA will commence consultation with key stakeholders (including CMT, the Audit Committee, the Leader and his Cabinet, senior managers, external audit, etc) during Q3 to ensure their input to the draft strategy. This will reflect the key strategic objectives faced by the council including the post pandemic assurance work and the move to greater automation of processes across the organisation.
- 5.3 IA would like to take this opportunity to formally thank all staff throughout the Council with whom it had contact during Q2. 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

28th October 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 September 2021 | Assurance Level | Risk Rating | | | | CFQ Received? |
|---|-------------------------------------|---|-----------------|-------------|-----|-----|----|---------------|
| | | | | H | M | L | NP | |
| 21-A9 | Business Continuity Planning | Final report issued on 3 rd Sept 2021 | Reasonable | 0 | 3 | 1 | 0 | ✓ |
| 21-A2 | Planned Works & Contract Management | Draft report issued on 27 th Sept 2021 | | | | | | |
| 21-A5 | Expenditure Approval Process | Draft report issued on 27 th Sept 2021 | | | | | | |
| 21-A3 | ICT Service Desk | Testing in progress | | | | | | |
| 21-A6 | Transport Contract Management | Testing in progress | | | | | | |
| 21-A7 | Fostering Service | Testing in progress | | | | | | |
| 21-A11 | Crematorium | Testing in progress | | | | | | |
| 21-A13 | Allotments | Testing in progress | | | | | | |
| 21-A14 | Birth Registration Service | Testing in progress | | | | | | |
| 21-A16 | Procurement – Contract Compliance | Testing in progress | | | | | | |
| 21-A17 | Road Naming and Numbering | Testing in progress | | | | | | |
| 21-A18 | ¹ S106 and CIL | Testing in progress | | | | | | |
| 21-A12 | Absence Management | Planning | | | | | | |
| 21-A10 | Social Care Charges | Internal Audit review deferred at Management's request – refer to Appendix B | | | | | | |
| 21-A15 | Parking | Internal Audit review deferred at Management's request – refer to Appendix B | | | | | | |
| Total Number of IA Recommendations Raised | | | | 0 | 3 | 1 | 0 | |
| Total % of IA Recommendations Raised | | | | 0% | 75% | 25% | 0% | |

¹New IA Assurance Review Section 106 (S106) and Community Infrastructure Levy (CIL) – refer to **Appendix B**

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 September 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 September 2021 | CFQ Received? |
|---------|---|--|---------------|
| 21-C1 | Civica Casework - Enforcement | Draft memo in progress | - |
| 21-C2 | General Ledger | Testing in progress | - |
| 21-C3 | ² External Quality Assessment for LB Camden & LB Islington | Testing in progress | - |

²New IA Consultancy Review – refer to **Appendix B**

2021/22 IA Grant Claim Verification Reviews:

| IA Ref. | IA Review Area | Status as at 30 th September 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 | Certified and memo issued on 12 th August 2021 |
| 21-GC6 | Bus Service Operators Grant | Certified and memo issued on 30 th September 2021 |
| 21-GC3 | Supporting Families Grant - Quarter 2 | Certified, memos issued on 30 th Jul, 27 th Aug and 24 th Sept 2021 |
| 21-GC4 | Housing Benefit Subsidy Grant | Testing in progress |
| 21-GC5 | Disabled Facilities Capital Grant | Testing in progress |

APPENDIX B**REVISIONS TO THE 2021/22 INTERNAL AUDIT PLAN ~ QUARTER 2****AMENDMENTS to the 2021/22 Operational IA Plan for Quarter 2:**

| IA Ref. | Planned IA Review Area | Review Type | IA Risk Rating | Review Sponsor | Scope / Rationale |
|---------|--|-------------|----------------|---|--|
| 21-A18 | Section 106 (S106) and Community Infrastructure Levy (CIL) | Assurance | HIGH | Dan Kennedy Corporate Director Planning, Environment, Education & Community Services | This assurance review was added to the IA Plan in Q2 following discussions with the Leader of the Council and the Chief Executive. The S106 and CIL service is undergoing significant change and IA have been assigned to review the effectiveness of new controls and IT systems to deliver a more efficient service. |
| 21-C3 | External Quality Assessment for LB Camden & LB Islington | Consultancy | N/A | Paul Whaymand Corporate Director of Finance | This consultancy project, planned by the London Audit Group, reviews the IA process for the London Boroughs of Camden and Islington against the International Professional Practices Framework (IPPF). This review was originally due to start in Q3 but was brought forward following a request by the audit sponsor. |

IA work DEFERRED from the 2021/22 Operational IA Plan for Quarter 2:

| IA Ref. | Planned IA Review Area | Review Type | IA Risk Rating | Review Sponsor | Scope / Rationale |
|---------|------------------------|-------------|----------------|---|---|
| 21-A10 | Social Care Charges | Assurance | HIGH | Tony Zaman Corporate Director, Social Care & Health | This review has been deferred due to a wider piece of work which will look at demand and packages of care. In Q2, Social Care have reported an increase in demand, projected demand and subsequent budget pressures post lockdown. This is exacerbated by the demand and support needs of those fleeing Afghanistan. Before an IA review can begin, work is underway to assess the current baseline with ongoing monitoring of trends which have been modelled over the MTFF cycle. |
| 21-A15 | Parking | Assurance | MEDIUM | Perry Scott Corporate Director, Infrastructure, Transport & Building Services | The Council's Parking Team are undergoing significant changes. They have recently completed a BID review, are undergoing a recruitment campaign and are changing their ways of working. IA has agreed to carry out this review in 2022/23 when the new structure, process and procedures have had time to be established and embedded. |

APPENDIX C**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2021/22 ~ QUARTER 3****IA work scheduled to commence in the 1st October to 31st December 2021 period:**

| IA Ref. | Planned Audit Area | Audit Type | Risk Assessment | Review Sponsor | Rationale |
|---------|--|------------|-----------------|--|---|
| 21-A19 | Council Tax Hardship Discretionary Scheme | Assurance | HIGH | Paul Whaymand Corporate Director of Finance | During the pandemic the Government introduced the Council Tax Discretionary Scheme which is administered for new and existing Council Tax Reduction claimants. The scheme offers claimants an additional discount against their council tax liability, helping to mitigate the impact for some of LBH's financially vulnerable. This audit will review provide assurance over the efficiency, effectiveness and robustness of controls surrounding the application and processing of discounts under this scheme. |
| 21-A20 | Thematic Review of Safeguarding in Schools | Assurance | HIGH | Dan Kennedy Corporate Director Planning, Environment, Education & Community Services | Section 175 of the Education Act 2002 sets out the requirement for schools to make arrangements to safeguard and promote the welfare of children. This thematic audit will review a sample of maintained schools to provide assurance over safeguarding arrangements. |
| 21-A21 | IT Application Review: ContrOCC | Assurance | MEDIUM | Perry Scott Corporate Director, Infrastructure, Transport & Building Services | ContrOCC is an IT application designed to integrate with case management systems, such as Liquidlogic and Oracle. It is used to help improve the accuracy of Social Care payments and charges by reducing data duplication and improve efficiency of administration. This audit will review the efficiency, effectiveness and robustness of controls surrounding the application and business processes, user access, administration and business continuity measures. |
| 21-A22 | Application of Additional Responsibility Allowances (ARAs) and Additional Payments | Assurance | MEDIUM | Mike Talbot Corporate Director, Corporate Services & Transformation | An ARA is an allowance payable to an employee when they perform duties outside the scope of their post over an extended period. During the pandemic there was an increase in the utilisation of ARAs to enable services to meet the changing and additional requirements of services. This audit will provide assurance over the application of ARAs in accordance with the Staff Handbook and equal pay requirements. |

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2021/22 ~ QUARTER 3****IA work scheduled to commence in the 1st October to 31st December 2021 period:**

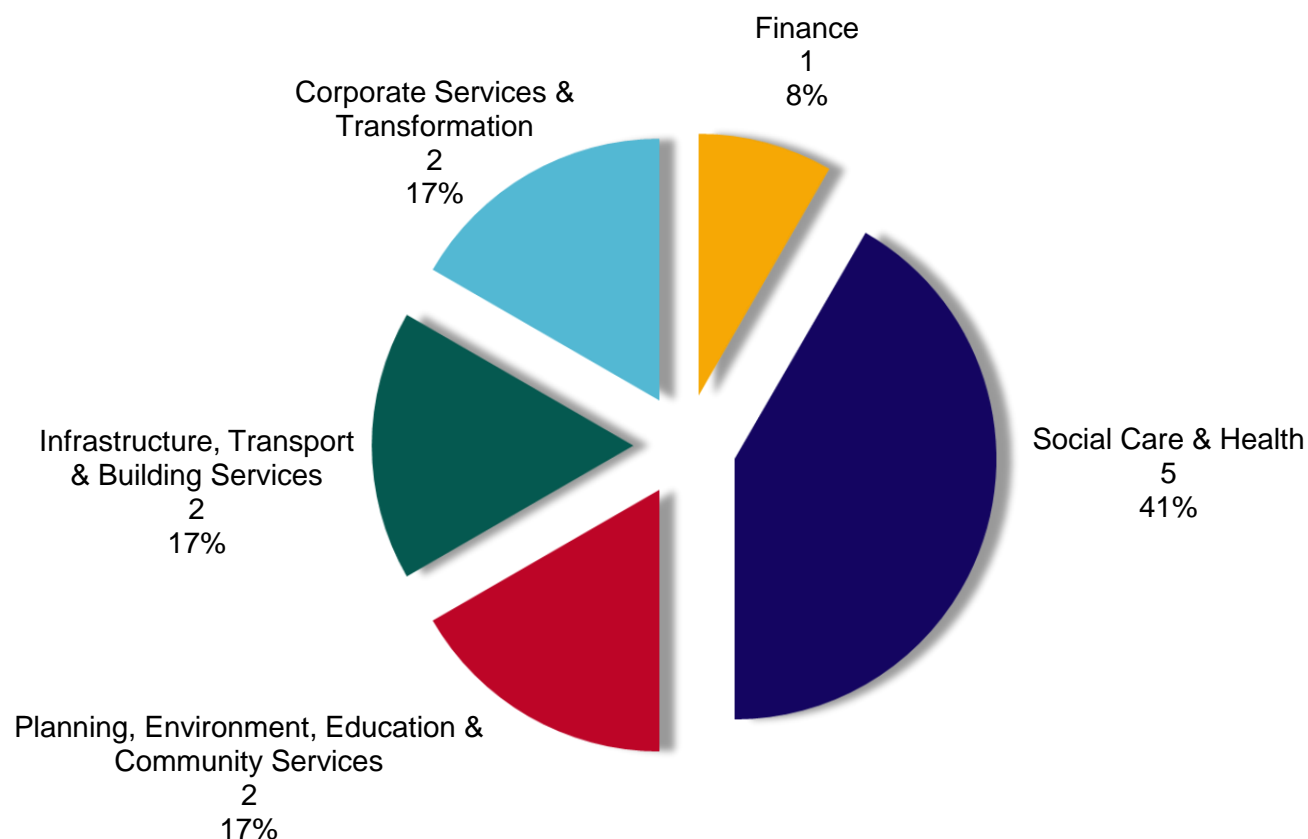
| IA Ref. | Planned Audit Area | Audit Type | Risk Assessment | Review Sponsor | Rationale |
|---------|---------------------------|------------|-----------------|---|---|
| 21-A23 | Chronology on Protocol | Assurance | MEDIUM | Tony Zaman Corporate Director, Social Care & Health | Protocol is the case management and recording system for Children's Social Care. Chronologies provide a key link in the chain of understanding needs/ risks of service users. They set out key events in sequential date order and give a summary timeline of a child's circumstances or patterns of behaviour that may assist any assessment and highlight gaps. This review will provide assurance over the consistency of application, completion and quality of chronologies, ensuring all significant events are included. |
| 21-A24 | Transport Funded Projects | Assurance | MEDIUM | Perry Scott Corporate Director, Infrastructure, Transport & Building Services | Transport for London offers financial support to London's local authorities for schemes to improve their transport networks in line with the Mayor's Transport Strategy objectives. Funding can be utilised for a range of town centre improvements and initiatives such as improving road safety. This review will seek to provide assurance on how funded projects and town centre improvement projects are delivered to ensure both value for money and achievement of desired outcomes. |
| 21-A25 | Hatton Grove | Assurance | MEDIUM | Tony Zaman Corporate Director, Social Care & Health | Hatton Grove is a care home for up to 20 adults. People living at the home have a range of needs including learning and physical disabilities. This review will provide assurance that financial and risk management arrangements are efficient, staffing and utilisation of beds are operating effectively. |
| 21-A26 | Planning Enforcement | Assurance | MEDIUM | Dan Kennedy Corporate Director Planning, Environment, Education & Community Services | Planning Enforcement investigates possible breaches of planning control, as defined in the Town and Country Planning Act 1990 and aims to resolve these using the most appropriate means or action. A breach of planning is when any work is done without the requisite planning permission or does not meet the conditions as per the planning permission. This review will seek to provide assurance over established controls surrounding the enforcement of informal and formal action. |

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2021/22 ~ QUARTER 3****IA work scheduled to commence in the 1st October to 31st December 2021 period:**

| IA Ref. | Planned Audit Area | Audit Type | Risk Assessment | Review Sponsor | Rationale |
|---------|--|-------------|-----------------|---|--|
| 21-A27 | Payroll Rent Payments | Assurance | MEDIUM | Mike Talbot Corporate Director, Corporate Services & Transformation | There are instances at LBH where an employee's accommodation is linked to their employment, for example, a Care Warden who has to live on site because their accommodation is linked to their job. Government guidelines state that if someone gets accommodation from their work, this does not automatically count towards the National Minimum Wage or National Living Wage. This review will seek assurance surrounding the processes and controls in place when an employee pays rent through LBH Payroll and whether the correct tax has been applied. |
| 21-A28 | Home to Assess | Assurance | MEDIUM | Tony Zaman Corporate Director, Social Care & Health | This review will focus on the effectiveness of the Home to Assess service where a patient has their care needs assessed when they are discharged from hospital and are in their own home. This review will look at the adequacy and robustness for transfers of care from hospital and seek to provide assurance that appropriate controls are in place to ensure that any delays to care are minimised. |
| 21-C4 | Occupational Therapy - Contract Management | Consultancy | LOW | Tony Zaman Corporate Director, Social Care & Health | Occupational therapy utilises aids and minor adaptations to service users' homes to develop, recover, or maintain the meaningful activities, or occupations of individuals. This consultancy review will seek to ascertain how the new structure and procedures are working in relation to contract management and are operating as expected. |
| 21-GC7 | Supporting Families Grant - Quarter 3 | 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 3 (cont'd)**

IA work scheduled to commence in the 1st October to 31st December 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)****2020/21 Multi-Agency Response to Risk****Action Owner: Antony Madden****Corporate Director: Tony Zaman**

| Original Impl. Date | Revised Impl. Date | Risk and Risk Rating | Reason for Extension and Current Status |
|---------------------|--------------------|--|--|
| 01/07/2021 | None | If referrals are not filed correctly there is a risk that the Council and its partners are not providing safeguards to the right individual and make erroneous decisions, resulting in safeguarding, legal, financial and operational consequences for the Council. MEDIUM | Managers were reminded of this expectation at the All Managers Meeting held on the 13 th May 2021 as well as service specific managers meetings. Further discussion at service meetings is required due to the continued difficulties in accessing Civica whilst practitioners are working from home. This matter has been reported to ICT and requires further development. IA are working with the risk owner to determine the revised implementation date. |

APPENDIX D (cont'd)**2020/21 CYPS Pathway Plans****Action Owner: Tehseen Kauser****Corporate Director: Tony Zaman**

| Original Impl. Date | Revised Impl. Date | Risk and Risk Rating | Reason for Extension and Current Status |
|---------------------|--------------------|---|---|
| 30/09/2021 | None | <p>If actions identified in a young person's Pathway Plan are not SMART, monitored and reviewed there is a risk that young people will not receive the appropriate ongoing support based on their needs, resulting in an inefficient service which risks their development of independence and risk that the Council are not fulfilling their corporate parent responsibilities which adversely affects the Council.</p> <p>MEDIUM</p> | <p>The risk has been mitigated via changes to the supervision process and pathway plans. In terms of the design performance reporting to support monitoring, ICT has been maximised and we have interim measures in place, however full resolution will not be possible until Power BI is available. IA are working with the risk owner to determine the revised implementation date.</p> |

APPENDIX D (cont'd)**2020/21 Remote Working****Action Owner: Lydia Newman****Corporate Director: Mike Talbot**

| Original Impl. Date | Revised Impl. Date | Risk and Risk Rating | Reason for Extension and Current Status |
|---------------------|--------------------|---|--|
| 30/09/2021 | None | If key controls and procedures for remote working are not effectively and clearly communicated to staff, there is a risk of non-compliance and unsafe working practices, leading to injuries to staff, loss of data, or damage to ICT assets, resulting in legal, financial and reputational damage to the Council and injuries to staff. MEDIUM | The status of this recommendation has not been updated therefore IA are working with the risk owner to establish new testing criteria which will verify the implementation of this recommendation. |
| 30/09/2021 | None | If the Council does not sufficiently assess risks relating to remote working at a corporate, directorate or service/ team level, controls may fail to be implemented to reduce the inherent risks involved from a health and safety, operational, legal, or financial perspective, leading to the possibility of the risks materialising and resulting in legal, financial, operational and reputational consequences for the Council. MEDIUM | As above. |
| 30/09/2021 | None | If management information is not SMART or analysed by key stakeholders, management may not be able to take timely and appropriate actions to address any shortfalls or other emerging issues, resulting in financial, legal, operational and reputational consequences for the Council. MEDIUM | As above. |

APPENDIX D (cont'd)**2017/18 Food and Safety Regulation****Action Owner: Stephanie Waterford****Corporate Director: Dan Kennedy**

| Original Impl. Date | Revised Impl. Date | Risk and Risk Rating | Reason for Extension and Current Status |
|------------------------------|--------------------|--|--|
| 31/01/2019 (5 extensions) | 01/07/2021 | If resources are not used efficiently and effectively there is an increased likelihood that European Union (EU) requirements regarding staffing levels are breached leading to unacceptable delays during the importation of food process, resulting in reputational damage and increased likelihood for compensation claims. MEDIUM | Due to the complexities that have arisen following legislative changes to Brexit this recommendation will be updated in line with its compliance. The roadmap for legislation changes will be announced w/c 18 th October 2021, after which the recommendation will be updated and implemented accordingly. New implementation dates to follow. |
| 31/01/2019 (4 extensions) | 01/07/2021 | If statutory requirements regarding food and safety inspections are not complied with, there is a risk of contamination with potential health implications to residents. This may result in severe reputational damage to the Council and potential legal action with financial loss incurred. MEDIUM | As above. |
| 30/09/2018 (4 extensions) | 01/07/2021 | If there is no clear performance management structure in place there is a risk that employees work may not be aligned to organisational and service objectives. Further, if employee performance is not monitored, high performance and/or development needs of individuals and the services will not be identified, commended or remedied. MEDIUM | As above. |

APPENDIX D (cont'd)**2019/20 Imported Food Office****Action Owner: Stephanie Waterford****Corporate Director: Dan Kennedy**

| Original Impl. Date | Revised Impl. Date | Risk and Risk Rating | Reason for Extension and Current Status |
|-----------------------------|--------------------|--|--|
| 30/01/2020 (1 extension) | 01/07/2021 | If the Imported Food Office's processes are heavily reliant on a paper-based system, there is a risk that files could be vulnerable to damage and officers are not working efficiently, effectively or economically, impacting their ability to promptly and accurately verify imports, resulting in non-compliance with statute and incurring financial costs to the Council. MEDIUM | Due to the complexities that have arisen following legislative changes to Brexit this recommendation will be updated in line with its compliance. The roadmap for legislation changes will be announced w/c 18 th October 2021, after which the recommendation will be updated and implemented accordingly. New implementation dates to follow. |
| 30/01/2020 (1 extension) | 01/07/2021 | If roles and responsibilities have not been clearly defined or communicated, there is an increased likelihood that duties may be unfulfilled or duplicated, resulting in practices undertaken that conflict with service objectives, impacting the accurate recording and processing of imported foods and resulting in hazardous materials going undetected causing risks to the public and the environment. MEDIUM | As above. |

APPENDIX D (cont'd)**2020/21 Cemeteries - Bereavement Svc & Ground Maintenance****Action Owner: Paul Richards****Corporate Director: Dan Kennedy**

| Original Impl. Date | Revised Impl. Date | Risk and Risk Rating | Reason for Extension and Current Status |
|---------------------|--------------------|--|--|
| 30/09/2021 | None | If adequate systems are not in place to record and maintain accurate grave site and cemetery information or track and update cemetery plans, there is a risk that the Council is in breach of its obligations as a Burial Authority, resulting in legal, financial and reputational consequences for the Council. HIGH | The status of this recommendation has not been updated (the risk owner was on an extended period of leave) therefore IA are working with the risk owner to establish new testing criteria which will verify the implementation of this recommendation. |
| 30/09/2021 | None | If the Burial Administration process is heavily reliant on a paper-based system there is a risk that officers are not working efficiently, effectively or economically potentially causing inaccurate recording of burial information, leading to legal, reputational and financial consequences for the Council. HIGH | As above. |
| 30/09/2021 | None | If systems are not fit for purpose and enable officers to record and share key data efficiently there is a risk delays may be caused in the current burial process, or management do not receive important information promptly, potentially leading to financial and reputational consequences for the Council. HIGH | As above. |
| 30/09/2021 | None | If up to date policies and procedures for the burial process are not in place, easily accessible and regularly reviewed, there is a risk that inconsistent practices may be developed, leading to operational, financial and reputational consequences for the Council. MEDIUM | As above. |

APPENDIX D (cont'd)**2020/21 Cemeteries - Bereavement Svc & Ground Maintenance****Action Owner: Paul Richards****Corporate Director: Dan Kennedy**

| Original Impl. Date | Revised Impl. Date | Risk and Risk Rating | Reason for Extension and Current Status |
|---------------------|--------------------|---|--|
| 30/09/2021 | None | <p>If the Council's Bereavement Service's objectives are not clearly specified, there is a risk that the Service will fail to identify and assess potential risks to achieving those objectives, leading to a failure to deliver services effectively, resulting in operational, financial and reputational consequences for the Council. If the Council's Bereavement Service's objectives are not clearly specified, there is a risk that the Service will fail to identify and assess potential risks to achieving those objectives, leading to a failure to deliver services effectively, resulting in operational, financial and reputational consequences for the Council.</p> <p>MEDIUM</p> | The status of this recommendation has not been updated (the risk owner was on an extended period of leave) therefore IA are working with the risk owner to establish new testing criteria which will verify the implementation of this recommendation. |
| 30/09/2021 | None | <p>If timely and relevant management information is not in place and regularly reviewed, there is a risk that performance issues are not identified leading to a negative effect on decision-making and impacting the achievement of the service and Council objectives, leading to operational, financial and reputational consequences for the Council.</p> <p>MEDIUM</p> | As above. |
| 01/07/2021 | None | <p>If payment structures and income generated by the Council's cemeteries office is not regularly monitored, reviewed and reconciled, there is a risk that residents will be mischarged and income will not be recorded correctly, leading to operational, financial and reputational consequences for the Council.</p> <p>MEDIUM</p> | As above. |

APPENDIX D (cont'd)**2020/21 Purchasing and Payments in Schools****Action Owner: Jenny Rigby****Corporate Director: Dan Kennedy**

| Original Impl. Date | Revised Impl. Date | Risk and Risk Rating | Reason for Extension and Current Status |
|---------------------|--------------------|--|--|
| 23/07/2021 | None | If there are no instructions or supporting documentation which guide officers on the purchasing and payment process there is a risk that financial mismanagement will occur resulting in legal, financial, operational and reputational consequences. HIGH | A verbal update was provided by the risk owner on 29 th September 2021. This recommendation is stated as Implemented, but due to lack of internet access at the school over the summer holidays they cannot update TeamCentral. IA are working with the school to obtain a written update and evidence for IA verification. |
| 23/07/2021 | None | If roles and responsibilities are not clearly defined there is a risk of staff developing inconsistent practices resulting in poor financial management increasing the risk of fraud which has legal, financial, operational and reputational consequences. HIGH | As above. |

APPENDIX D (cont'd)**2020/21 Exclusions or Education Cases for Vulnerable Young People****Action Owner: Paul Chambers****Corporate Director: Dan Kennedy**

| Original Impl. Date | Revised Impl. Date | Risk and Risk Rating | Reason for Extension and Current Status |
|---------------------|--------------------|---|--|
| 30/09/2021 | None | If uniform arrangements are not in place to monitor placements in alternative provision, there is a risk that young people will not be appropriately supported nor receive an education, resulting in safeguarding, legal, financial and reputational consequences for the Council. MEDIUM | The status of this recommendation has not been updated therefore IA are working with the risk owner to establish new testing criteria which will verify the implementation of this recommendation. |
| 30/09/2021 | None | If uniform arrangements are not in place to monitor Pupil Support Team placements in accordance with the SLA, there is a risk that young people will not be appropriately supported nor receive an education, resulting in safeguarding, legal, financial and reputational consequences for the Council. MEDIUM | As above. |
| 30/09/2021 | None | If alternative school provision providers are not actively monitoring and considering reintegration there is a risk that pupil's integration into mainstream education may be prolonged, resulting in legal, financial and reputational consequences for the Council. MEDIUM | As above. |
| 30/09/2021 | None | If there is insufficient management oversight of pupils in alternative education settings there is a risk that progress, hazards and mitigating actions could fail to be identified leading to legal, financial and operational consequences for the Council. MEDIUM | As above. |

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% | 100% | GREEN |
| 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% | 23% | RED |
| KPI 6 | Percentage of annual (Q1 to Q4) IA Plan delivered to final report stage by 31 st March | 80% | 8% | RED |
| 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% | 100% | GREEN |
| KPI 8 | Client Satisfaction Rating (from CFQs) | 85% | 94% | GREEN |
| KPI 9 | IA work fully compliant with the UK PSIAS and IIA Code of Ethics | 100% | 100% | GREEN |

Key for above:

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

Key for 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.





* = as at 30th September 2021.

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 |
|--|--|
| HIGH  | 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. |
| MEDIUM  | 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. |
| LOW  | 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. |
| NOTABLE PRACTICE  | 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. |