

BUSINESS ASSURANCE

Internal Audit Progress Report to Audit Committee:

2021/22 Quarter 3

(including the 2021/22 Quarter 4 Internal Audit Plan)

21st January 2022



HILLINGDON
LONDON

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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.

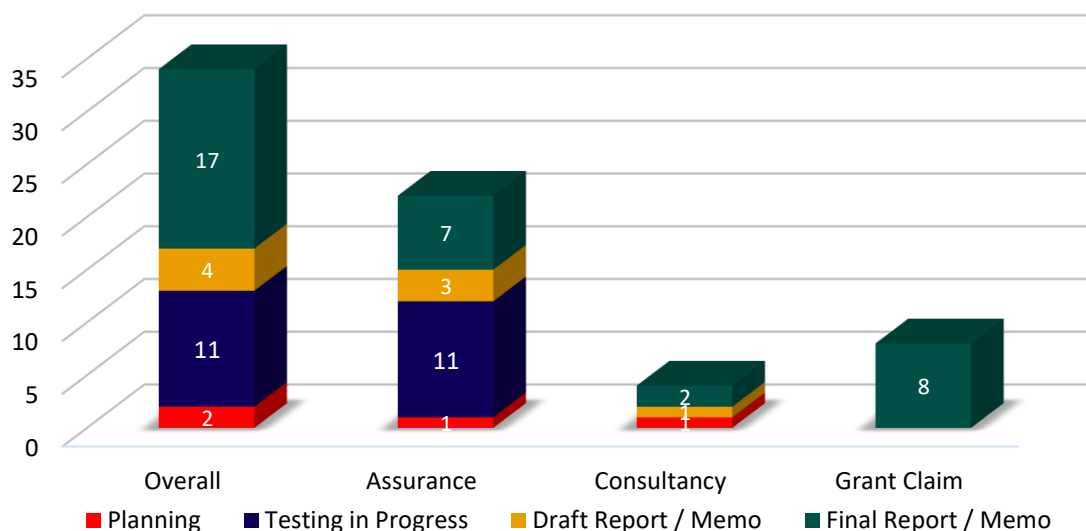
1.2 The Purpose of the Internal Audit Progress Report to Audit Committee

- 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 3 (1st October to 31st December 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 3. It also highlights to CMT, the Audit Committee and other IA stakeholders the revisions to the Quarter 3 (Q3) IA plan since its approval (refer to **Appendix B**).
- 1.2.2 A key feature of this report is the inclusion of the Quarter 4 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 Q4 period (1st January to 31st March 2022).

2. Executive Summary

- 2.1 Since the Q2 IA Progress Report to CMT and the Audit Committee dated 28th October 2021, **6 assurance** reviews, **2 consultancy** reviews and **4 grant claims** have concluded and **3 assurance** reviews and **1 consultancy** review are at draft report/memo stage. In addition, **11 assurance** reviews are at advanced testing stage and **1 assurance** review and **1 consultancy** review are 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 IA's work on the 2021/22 Q3 IA Plan commenced on 1st October 2021 and the initial planning stage is mostly complete and testing is well underway on almost all Q3 pieces of IA work. Despite further challenges caused by Covid-19 and a vacancy within the IA team, the IA work in Q3 has progressed well with **12** pieces of IA work being finalised this quarter.
- 2.3 Key assurance review finalised in this quarter include **Transport Contract Management** which received a **LIMITED** 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 **HIGH** and **MEDIUM** risk recommendations raised within the review and these recommendations will be followed-up by IA in due course. This quarter IA has also completed a variety of consultancy and grant claim work across the Council. 2 consultancy reviews, **Civica Casework – Enforcement** and **General Ledger** and 4 grant claims, **Supporting Families Grant**, **Disabled Facilities Capital Grant**, **Housing Benefit Subsidy Grant** and the **Green Homes Grant** were all completed in Q3.
- 2.4 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 **26** outstanding **HIGH** and **MEDIUM** risk recommendations. Further details of the work undertaken in this area can be found in section 3.4 and at **Appendix D** of this report.
- 2.5 Following IA undertaking its initial planning stage, **2 assurance reviews** have been **deferred** due to resourcing issues (and in agreement with the HIA). In addition, **1 assurance review** and **1 grant claim** have been **added** to the Q3 IA plan (refer to **Appendix B**).
- 2.6 This quarter has seen several significant changes and announcements affecting the **IA team structure**, which include:
- Following a recent recruitment exercise, the Principal Internal Auditor (PIA) was promoted to an IA Manager position, continuing our strategy of growing our own. The campaign to find the replacement PIA is currently underway with interviews expected soon;
 - In November 2021, the HIA accepted the Director of Internal Audit position at the Isle of Man Government and consequently will be leaving the Council in early February 2022 after eight years at Hillingdon. The recruitment process for the replacement HIA is well progressed with an appointment expected to be announced shortly; and
 - In December 2021 one of the IA Team's Senior Internal Auditors accepted a job with the professional services firm BDO and has now left the Council. The recruitment exercise for their replacement is underway, with interviews expected to be conducted in the middle of February.
- 2.7 The Deputy Director of Exchequer Services & Business Assurance (DDESBA) is working closely with the current HIA to ensure these changes are managed as effectively as possible. The solution may well involve interim arrangements while these vacancies are being permanently filled, which may include utilising temporary cover to provide support during this period of transition to help ensure timely completion of the IA plan.
- 2.8 Further details of all IA activity carried out in this period are summarised in section 3 of this report below.

3. Analysis of Internal Audit Activity

3.1 Assurance Work in Quarter 3

- 3.1.1 During this quarter, **6** assurance reviews have been completed to final report stage with an additional **3** assurance reviews at draft report stage. A further **12** assurance reviews are at advanced testing stage and the remaining **1** Q3 assurance review is at planning stage (where the draft Terms of Reference has been issued but is awaiting management agreement).

- 3.1.2 In Q3 the **Transport Contract Management** review was awarded a **LIMITED** assurance opinion where 1 **HIGH** and 1 **MEDIUM** risk recommendations were raised (as detailed at **Appendix A**). The IA team found that the Service Level Agreement (SLA) was unsigned, sections of the SLA were unclear and KPIs were not Specific, Measurable, Attainable, Relevant and Time-Bound. Positive management action has been proposed by management to address all the **HIGH** and **MEDIUM** risk recommendations raised.
- 3.1.3 Other assurance reviews finalised this quarter are **Planned Works & Contract Management, Fostering Service, Expenditure Approval Process, Road Naming and Numbering** and **Procurement – Contract Compliance** which were all awarded **REASONABLE** assurance opinions respectively. These assurance results are in line with our expectations and the risk-based approach which we deploy. Positive action has been proposed by management to address all of the **HIGH** and **MEDIUM** risk recommendations raised within the reviews and these recommendations (and the underlying risks) will be followed-up by IA in due course.
- 3.1.4 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**).
- 3.1.5 Assurance opinions provided, and the associated IA recommendations raised are further summarised in **Chart 2** and **Chart 3** below:

Chart 2 ~ Q3 IA Assurance Opinions

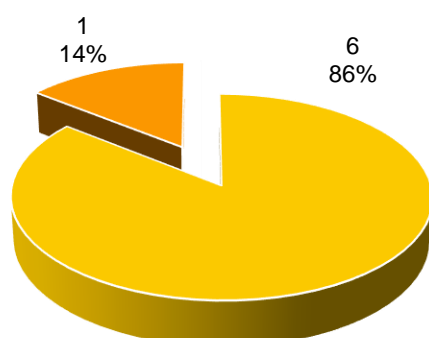
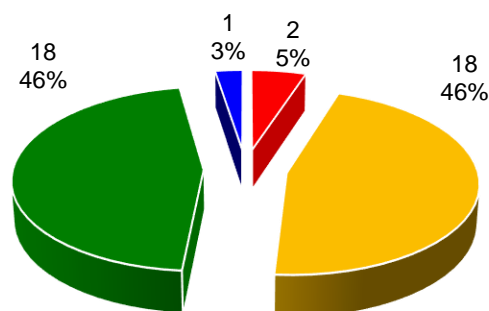


Chart 3 ~ Q3 IA Assurance Recommendations



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

3.2 Consultancy Work in Quarter 3

- 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 Q3 with 2 consultancy reviews **Civica Casework – Enforcement** and **General Ledger** finalised in Q3. We have conducted an External Quality Assessment (EQA) of the Shared IA Service at the **LB of Camden and LB of Islington**. This review was a comprehensive assessment of their IA shared service and has proved to be quite insightful and a useful benchmark in comparison to our own IA processes. The EQA has been resource intensive but our final report will be issued soon.

3.3 Grant Claim Verification Work in Quarter 3

- 3.3.1 During this quarter IA has assisted the Council in certifying 4 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 **Disabled Facilities Capital Grant (DFG)**, **Housing Benefit (HB) Subsidy Grant** and the **Green Homes Grant**. The Green Homes Grant is a new grant claim which was added to the Q3 IA plan (refer to **Appendix B**).

- 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 October, November and December 2021. The total number of families claimed for in Q3 was **110**.
- 3.3.3 The **DFG** provides a framework for local authorities to provide mandatory grants for housing adaptations for disabled people to enable them to live independently in their own homes. Our DFG certification work confirmed the expenditure incurred was in compliance with the grant conditions. As a result of our testing, we are pleased to state that the grant claim to the Ministry for Housing, Communities and Local Government (MHCLG) was signed off by the HIA, prior to the 31st October 2021 deadline, with an unqualified opinion.
- 3.3.4 This quarter IA assisted the Council's External Auditors (Ernst & Young), with a review of the Council's **HB Subsidy Grant Claim**. This verification work has included:
- Module 2 - Up Rating:
- Testing to help ensure the Council's Revenues and Benefits software is using the correct housing benefit parameters to calculate benefit entitlement; and
- Module 3 – Workbooks:
- Testing calculations and verifying evidence for an initial sample of 60 cases (HRA, Non HRA and Private Tenants).
- 3.3.5 The **HB Subsidy Grant Claim audit** saves considerable taxpayers' money by way of a reduced External Audit fee in relation to this grant claim. As well as helping the Council's finances, this type of approach also demonstrates good collaborative working between External Audit and IA, as well as an effective and efficient use of audit resources. Following the work carried out by the IA Team and the Benefits Team within Exchequer Services, the HB Subsidy Grant Claim is now fully complete and ready to be subject to review by External Audit.
- 3.3.6 In July 2020, the Chancellor announced £2bn of support through the **Green Homes Grant** to save households money, cut carbon and create green jobs. Each local authority is awarded a portion of the grant, which must be used to raise the energy efficiency rating of low income and low Energy Performance Certificate (EPC) rated households. In Q3 the HIA and the CEO were required to verify and certify the current status of the Grant mid-project in accordance with its conditions. During testing, we found the conditions have been complied with and the grant was certified.

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 in isolation and instead any requests for implementation date extensions go to the HIA for consideration. The HIA will then, in consultation with the relevant CMT Corporate Director, agree the most appropriate course of action.
- 3.4.3 **Table 1** (overleaf) highlights that there are **28 IA recommendations** for LBH and schools **that have not been actioned within the agreed timescales** in Q3 (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 provides their current status.

Table 1 ~ 2021/22 Follow-Up Work Undertaken in Q3

	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	1	10	4
2. *No. of recommendations with new implementation date agreed by HIA and CMT	2	-	9	1
3. **No. of recommendations whose status IA are currently verifying	-	-	-	-
TOTAL (1+2+3) no. of recommendations that have passed their implementation date	3	1	19	5

* 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 28 recommendations in total** whose implementation date has passed (as at 31st December 2021); **4 HIGH** and **24 MEDIUM** risk recommendations. Out of those, **2 HIGH** and **14 MEDIUM** risk recommendations have been marked as implemented. In addition, there are **2 HIGH** and **10 MEDIUM** risk recommendations for which extensions have been requested by the relevant Action Owner/ Corporate Director (refer to **Appendix D** for further details on the status of these **12** recommendations).

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	-	5
Planning, Env., Education & Community Services	2	[‡] 4
Infrastructure, Transport & Building Services	-	1
Corporate Services & Transformation	-	-

[‡] 1 of 4 of the Medium risk 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 where **2 HIGH** and **4 MEDIUM** risk recommendations have not been implemented in the original timescale agreed by management. Of these, **1 out of 4** of the **MEDIUM** 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.

- 3.4.7 During 2021/22 quarters 1 to 3, IA has verified **140 outstanding recommendations (31 HIGH and 109 MEDIUM risk recommendations)**. Of these, **67% (21 HIGH and 73 MEDIUM)** risk recommendations have been implemented and the remaining **33% (10 HIGH and 36 MEDIUM)** risk recommendations have had their implementation date extended following agreement from the HIA and the appropriate Corporate Director. This work has been resource intensive for the IA Team but also very rewarding.
- 3.4.8 In advance of the 2021/22 Q4 IA Progress Report, CMT and Audit Committee will see a notable difference in the number of recommendations that are followed-up during that period. Due to recent vacancies within the IA team, we will need to temporarily shift resource from this exercise so that officers can focus on completing the final quarter of the IA plan. Once the team vacancies have been filled and staff are in post we anticipate picking up this work again in Q1 of 2022/23, but we will inform CMT and the Audit Committee if there are any delays to this.
- 3.4.9 In the meantime, we are available to support action owners with their recommendations should they need our assistance. Further, TeamCentral continues to issue automatic reminders to Managers whose recommendations are due for implementation and if no update has been provided (on the system) a weekly reminder is sent thereafter. We will also help schools with their recommendations by training them to use TeamCentral to record updates and attach evidence where actions have been marked as implemented.

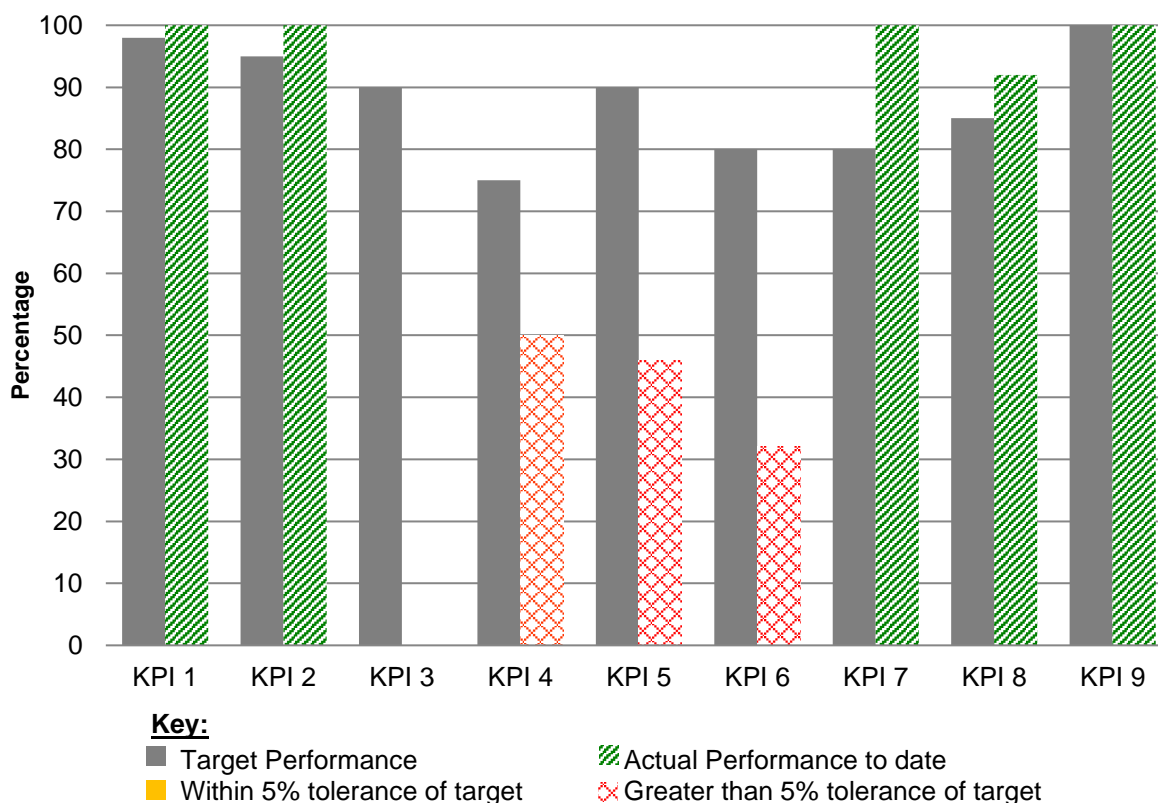
3.5 Other Internal Audit Work in Quarter 3

- 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 council. During Q3 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 Q4 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.
- 3.5.3 As part of our **Quality Assurance and Improvement Programme** and in preparation for the **External Quality Assessment**, we carried out an independent external review of our IA assurance work. The exercise involved reviewing a random sample of 10 assurance audits from 2020/21 onwards, checking that the process had been followed correctly, that all evidence supported the findings and that the reporting process was clear and added value. The exercise provided a lot of positive feedback on our work and insight into areas which could be improved, these include:
- Clearer testing schedules;
 - Better cross-referencing between the Terms of Reference and the final report; and
 - More concise reporting.
- The feedback provided by the external review will help improve our work moving forward as we prepare for our own EQA later this year.

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 overleaf:

Chart 4 ~ 2021/22 IA Key Performance Indicators

4.1.2 **KPI 3** refers to **HIGH** 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 4** shows 1 **MEDIUM** risk recommendation (out of 2) has not been implemented within the agreed timescale. The outstanding recommendation forms part of the **Fostering Service** review which is being discussed with the action owner as part of our follow-up work (refer to **Appendix D**);
- **KPI 5** shows that 10 assurance reviews (out of 22) have reached draft report stage by the 31st March 2022 deadline which accounts for **46%** of work undertaken so far between Q1-Q3 compared to the **90% target**; and
- **KPI 6** shows that 7 assurance reviews (out of 22) have reached final report stage by the 31st March 2022 which accounts for **32%** of work undertaken so far between Q1-Q3 compared to the **80% target**.

4.1.4 **Appendix A** shows a large portion of IA work is underway and progressing well. The completion of work to draft and final report stage has improved this quarter compared to Q2 (where **KPI 5** was reported at **23%** and **KPI 6** was at **8%**). The HIA remains confident that IA KPI performance will improve as we work through the IA plan.

5. Forward Look

5.1 Looking ahead to Q4, **recruitment** is a high priority for the IA Team. We always aim to get the best candidates in each role, either internally as part of the 'growing our own' IA strategy or by external appointment. What is essential is we appoint candidates that are not only highly skilled and proficient but can also deliver change/add value and thrive within the LBH culture. Despite this period of significant change, the DDESBA Director is working closely with the HIA and two IA Managers to ensure IA delivery is not impacted in a negative way.

- 5.2 The appointment of a **new Interim CEO** presents new opportunities for the Council during a particularly challenging time. IA will seek to assist the CEO and the Leader of the Council with the strategic objectives for LBH and its residents. IA will meet with the CEO to discuss areas of risk exposure and assurances that they require to assist them in their role.
- 5.3 The country continues to live with the consequences of **Covid-19**, where restrictions and vaccination programmes are part of our daily lives. IA must continue to work in an agile way and assist stakeholders as much as possible without compromising its objectives and statutory obligations.
- 5.4 The IA team has successfully procured the upgrade to TeamMate called **TeamMate Plus (TM+)** which is being installed over the next couple of months. The system offers better integration with MS Office 365 which prepares reports directly from TM+ into MS Word that will save considerable IA staff time. There are also additional modules which can help the IA Team with risk management and data analytics.
- 5.5 This is the last Hillingdon report for the current HIA, and they would like to take this opportunity to formally thank Council officers, CMT and the Audit Committee for all the support and assistance they have given the HIA and the IA team over the years. The HIA also wishes to place on record their thanks to IA colleagues for all their hard work and commitment and to wish them all the best for the future.
- 5.6 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

21st January 2022

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 31 st December 2021	Assurance Level	Risk Rating				CFQ Received?
				H	M	L	NP	
21-A6	Transport Contract Management	Final report issued on 22 nd Nov 2021	Limited	1	1	0	0	✓
21-A9	Business Continuity Planning	Final report issued on 3 rd Sept 2021	Reasonable	0	3	1	0	✓
21-A2	Planned Works & Contract Management	Final report issued on 14 th Oct 2021	Reasonable	0	3	3	0	✓
21-A7	Fostering Service	Final report issued on 15 th Oct 2021	Reasonable	0	4	2	0	✓
21-A5	Expenditure Approval Process	Final report issued on 18 th Oct 2021	Reasonable	0	2	5	0	✓
21-A17	Road Naming and Numbering	Final report issued on 10 th Dec 2021	Reasonable	0	4	4	1	✓
21-A16	Procurement – Contract Compliance	Final report issued on 31 st Dec 2021	Reasonable	1	1	3	0	Not yet due
21-A18	S106 and CIL	Draft report issued on 3 rd Dec 2021						
21-A3	ICT Service Desk	Draft report issued on 15 th Dec 2021						
21-A14	Birth Registration Service	Draft report issued on 31 st Dec 2021						
21-A11	Crematorium	Testing in progress						
21-A12	Absence Management	Testing in progress						
21-A13	Allotments	Testing in progress						
21-A20	*Thematic Review of Safeguarding in Schools	Testing in progress						
21-A23	Chronology on Protocol	Testing in progress						
21-A24	Transport Funded Projects	Testing in progress						
21-A25	Hatton Grove	Testing in progress						

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

IA Ref.	IA Review Area	Status as at 31 st December 2021	Assurance Level	Risk Rating				CFQ Received?
				H	M	L	NP	
21-A26	Planning Enforcement	Testing in progress						
21-A27	Payroll Rent Payments	Testing in progress						
21-A28	Home to Assess	Testing in progress						
21-A29	**Music Service – Overseas Trip	Testing in progress						
21-A21	IT Application Review: ContrOCC	Planning						
Total Number of IA Recommendations Raised				2	18	18	1	
Total % of IA Recommendations Raised				5%	46%	46%	3%	

*Total number of schools in IA sample is 4

New IA Assurance Review 'Music Service – Overseas Trip' – 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 31 st December 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 31 st December 2021	CFQ Received?
21-C1	Civica Casework - Enforcement	Final memo issued on 22 nd October 2021	✓
21-C2	General Ledger	Final memo issued on 23 rd December 2021	✓
21-C3	External Quality Assessment for LB Camden & LB Islington	Draft report issued on 20 th December 2021	-
21-C4	Occupational Therapy - Contract Management	Planning	-

2021/22 IA Grant Claim Verification Reviews:

IA Ref.	IA Review Area	Status as at 31 st December 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-GC5	Disabled Facilities Capital Grant	Certified and memo issued on 26 th October 2021
21-GC7	Supporting Families Grant - Quarter 3	Certified, memos issued on 29 th Oct, 26 th Nov and 17 th Dec 2021
21-GC4	Housing Benefit Subsidy Grant	Certified and memo issued on 10 th December 2021
21-GC8	[†] Green Homes Grant	Certified and memo issued on 15 th December 2021

[†]New IA Grant Claim 'Green Homes Grant' – refer to **Appendix B**

APPENDIX B**REVISIONS TO THE 2021/22 INTERNAL AUDIT PLAN ~ QUARTER 3****AMENDMENTS to the 2021/22 Operational IA Plan for Quarter 3:**

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
21-A29	Music Service – Overseas Trip	Assurance	MEDIUM	Dan Kennedy Corporate Director Planning, Environment, Education & Community Services	The Hillingdon Music Service plans an annual overseas trip for its Year 4 students as part of their musical training. This trip was delayed due to the pandemic but will be start up again this year. The Head of Service would like IA to provide assurance over risks relating to payments, data protection and contingency planning (should further Covid-19 restrictions be introduced).
21-GC8	Green Homes Grant	Grant Claim	-	Perry Scott Corporate Director, Infrastructure, Transport & Building Services	In July 2020, the Chancellor announced £2bn of support through the Green Homes Grant to save households money, cut carbon and create green jobs. LBH was awarded a portion of the grant £3.86m, which must be used to raise the energy efficiency rating of low income and low EPC rated households. In Q3 the HIA and the CEO were required to verify and certify the status of this work mid-project, in accordance with the grant determination conditions.

IA work DEFERRED from the 2021/22 Operational IA Plan for Quarter 3:

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
21-A19	Council Tax Reduction & Hardship Discretionary Scheme	Assurance	HIGH	Paul Whaymand Corporate Director of Finance	The Head of Service and Deputy Director have requested this audit be deferred to 2022/23 Q1 as the 2021/22 Q4 period is very busy for their Service. The Council Tax team are still dealing with government grant claims (with new grants being announced recently) as require their teams to focus on this as a priority to support the boroughs residents and local businesses. The requested for deferral has been agreed with the HIA.
21-A22	Application of Additional Responsibility Allowances and Additional Payments	Assurance	MEDIUM	Mike Talbot Corporate Director, Corporate Services & Transformation	This is a complex area which requires an experienced auditor to complete. This review will be deferred until the IA team recruitment campaign is completed and staffing is at full capacity.

APPENDIX C**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2021/22 ~ QUARTER 4****IA work scheduled to commence in the 1st January to 31st March 2022 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
21-A1	Disabled Facilities Grant (DFG)	Assurance	HIGH	Perry Scott Corporate Director, Infrastructure, Transport & Building Services	Under the Housing Grants, Construction and Regeneration Act 1996 and the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002, a DFG can be used towards the cost of providing adaptations and facilities to enable a disabled person to continue to live in their property. This review was deferred from 2021/22 Q1, IA will look at the efficiency, economy and effectiveness of the DFG service and the timeliness of works.
21-A30	Dedicated Schools Grant (DSG) – Pupil Places Planning including Special Education Needs (SEN)	Assurance	HIGH	Dan Kennedy Corporate Director Planning, Environment, Education & Community Services	The pressure on the DSG Budget has a cumulative deficit of £25.4m at the end of 2020/21 and budgeted in-year budget gap of £7.3m gap for 2021/22. A Deficit Recovery Plan has been drafted and submitted to the Department for Education and subsequent Safety Valve meetings have taken place to balance the DSG within 5 years. A number of workstreams are being implemented which will produce savings over the next 5 financial years including pupil places and SEN. This review will seek to provide assurance that controls are in place to successfully implement, monitor and deliver workstreams involving pupil place planning (including SEN) and that these are on track to deliver their intended outcomes.
21-A31	Tenancy Management – Fixed Term Tenancies	Assurance	HIGH	Dan Kennedy Corporate Director Planning, Environment, Education & Community Services	LBH is facing increasing demand for temporary accommodation and tenancies, partly attributed to residents retaining larger properties and partly due to the Covid-19 pandemic. In response, a benchmarking exercise was undertaken which focused on the increase in downsizing incentives and reducing tenancies. This review will aim to provide assurance over the controls and governance of fixed term tenancies to identify if these are being utilised effectively in accordance with the Council's Tenancy Policy, identify improvements in the application of fixed term tenancies and inform potential changes to the Council's Tenancy Policy.

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2021/22 ~ QUARTER 4****IA work scheduled to commence in the 1st January to 31st March 2022 period:**

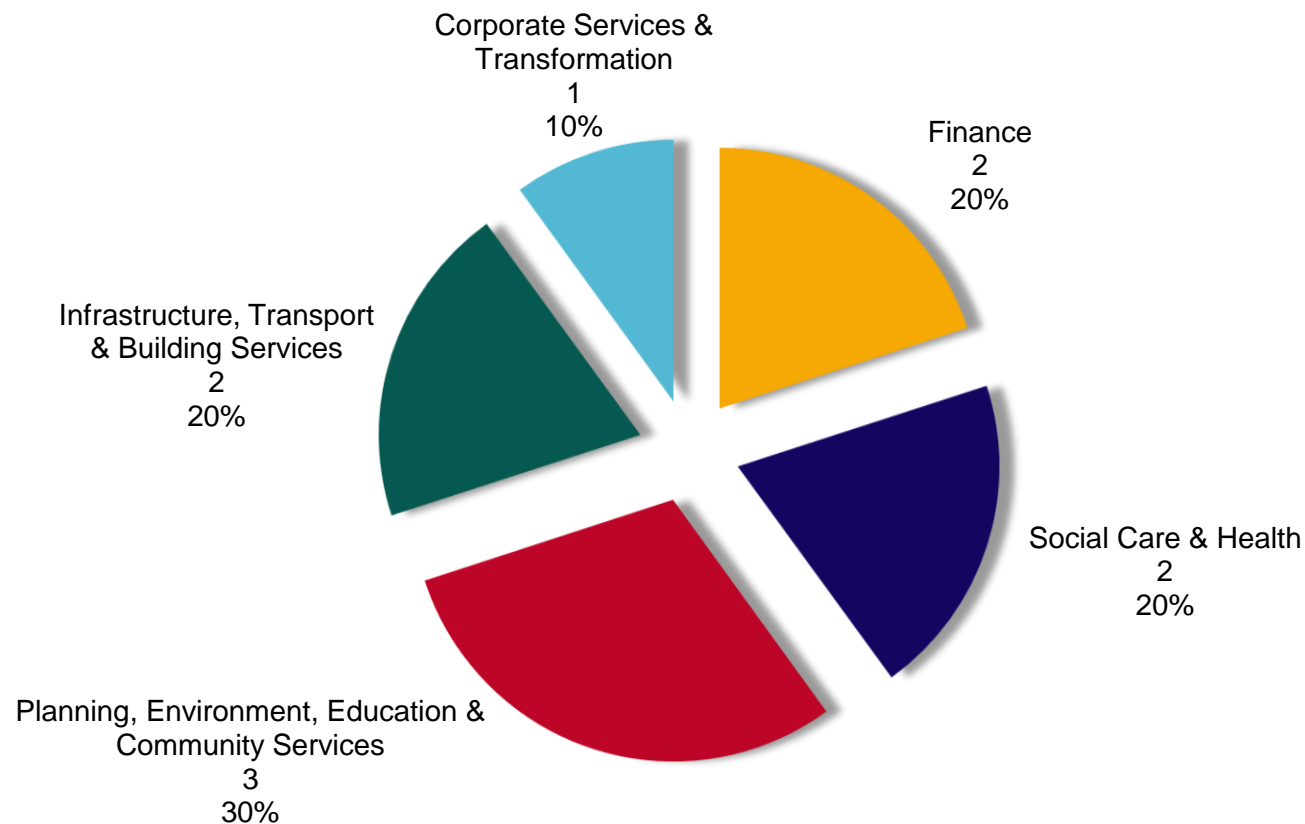
IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
21-A32	IT Governance	Assurance	HIGH	Perry Scott Corporate Director, Infrastructure, Transport & Building Services	ICT is under increasing pressure to deliver systems and support Council services, with requests increasing year-on-year. This can make it difficult for the ICT team to manage, prioritise and deliver work without the risk of losing control over the entire governance process. In response, ICT has implemented a new IT Strategy. This review was deferred from 2020/21 Q3 and will seek to provide assurance over the governance process, that revised processes detailed in the IT Strategy have been embedded and suggest improvements if weaknesses are identified.
21-A33	Stronger Families Hub	Assurance	MEDIUM	Tony Zaman Interim Chief Executive, Corporate Director, Social Care & Health	The Stronger Families Hub (launched in August 2021) is a 24/7 front door service which ensures local families have fast access to a wide range of support. Stronger Families is a locality based Early Help and Prevention Service supporting children at the earliest possible stage by working closely with partners across Hillingdon. This review will seek to provide assurance that this early help model is embedded, efficient and effectively responding to need.
21-A34	Licencing – Animal Welfare	Assurance	MEDIUM	Dan Kennedy Corporate Director Planning, Environment, Education & Community Services	Licences are required to keep certain animals and also for businesses that deal with animals. The Council has a statutory duty to work with the community to help them prevent the spread of disease and protect animal welfare. Due to the increasing number of licenses, this review will seek to provide assurance over the efficiency of procedures (including complaints), resources, investigations and compliance with legislation frameworks.
21-A35	Pension Fund Data Mapping	Assurance	MEDIUM	Paul Whaymand Corporate Director of Finance	The Council has recently procured a model with the aim of mapping data flows for the Council's pension fund. This will help provide an understanding of the type of data that feeds into the Fund, where it is stored and with whom it is shared. Using this model will assist the Council in improving the quality, availability and security of data in the administration of the Fund. This review will seek to provide assurance that controls mapping, monitoring and governing the flow of data into and out of the pension fund are appropriate and the data quality is of a high standard.

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2021/22 ~ QUARTER 4****IA work scheduled to commence in the 1st January to 31st March 2022 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
21-C5	Mayor's Charity Accounts 2021/22	Consultancy	LOW	Paul Whaymand Corporate Director of Finance	The Mayor's Charity has been registered as a charitable trust in November 2015 and therefore is required to comply and operate within Charity Commission guidelines. The Council is currently preparing the accounts for the Mayor's Charity and IA has been asked to assist as part of this process. These accounts do not form part of the Council's finances so there would be no conflict in undertaking this review.
21-C6	Stores Stock Check 2021/22	Consultancy	LOW	Mike Talbot Corporate Director, Corporate Services & Transformation	IA provides independent oversight and verification of the 2020/21 year-end stock check performed at the end of March at Harlington Road Depot (HRD). This work is tentative and is dependent on national lockdown restrictions due to Covid-19. If lockdown is in place this work will be rescheduled.
21-GC9	Supporting Families Grant – Quarter 4	Grant Claim	N/A	Tony Zaman Interim Chief Executive, 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 4 (cont'd)**

IA work scheduled to commence in the 1st January to 31st March 2022 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 3.4.4)****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
30/11/2018 (5 extensions)	None Risk to be Tolerated	Where there is an insufficient IT system or solution in place to document and manage the Imported Food Service, including storage of all documentation relating to inspections conducted; there is an increased likelihood of poor data quality, impacting the backup and retention of key information and accuracy of returns. HIGH	Following the UK's exit from the European Union, the Department for Environment, Food & Rural Affairs (DEFRA) have reviewed and updated regulatory requirements and continue to refine the revised requirements. This has subsequently changed the team's processes and procedures and requiring further changes to the part-developed electronic system for storing and managing documentation within the service in accordance with current legislative requirements. As a consequence, this recommendation is to be TOLERATED , with a view for IA to conduct an assurance review in 2022/23 to determine whether new systems and controls are in place to comply with the new legislative requirements.

APPENDIX D (cont'd)**2019/20 Imported Food Office – Compliance with Regulations 669 & 884 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 (2 extensions)	None Risk to be Tolerated	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	Following the UK's exit from the European Union, DEFRA have reviewed and updated regulatory requirements and continue to refine the revised requirements. This has subsequently changed the team's processes and procedures and requiring further changes to the part-developed electronic system for storing and managing documentation within the service in accordance with current legislative requirements. As a consequence, this recommendation is to be TOLERATED , with a view for IA to conduct an assurance review in 2022/23 to determine whether new systems and controls are in place to comply with the new legislative requirements in force.
31/01/2020 (2 extensions)	None Risk to be Tolerated	If KPIs and relevant management information are 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. MEDIUM	The consignment tracking system is currently still under development due to a number of external factors causing delays (namely Brexit and Covid-19). The new RHE system will be able to record whether the team is meeting its KPI of clearances within statutory time limits, but is delayed while legislation comes into force and a new IT system is developed. As a consequence, this recommendation is to be TOLERATED , with a view for IA to conduct an assurance review in 2022/23 to determine whether new systems and controls are in place to comply with the new legislative requirements in force.

APPENDIX D (cont'd)**2019/20 Payment Process in New Year's 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
31/12/2021 (3 extensions)	18/02/2022	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	The New Year's Green Lane Site Manager has been working with the Senior Business Analyst, to meet this agenda item. The Analyst has confirmed that they are working with Info Tech Solutions to implement an integrated Chip & Pin device which will remove the manual entry of card payment amounts. This was planned to be introduced before Christmas 2021, but there were some issues around the connection method and making sure it meets the requirements of PCI DSS. These have now been resolved and will commence week of the 14 th February 2022.

APPENDIX D (cont'd)**2020/21 Music Service – Invoicing and Debt Collection****Action Owner: Paul Richards****Corporate Director: Dan Kennedy**

Original Impl. Date	Revised Impl. Date	Risk and Risk Rating	Reason for Extension and Current Status
30/11/2021	30/06/2022	<p>If charges for tuition or instrument hire are not processed prior to the commencement of a school term, there is a risk that pupils may be in receipt of lessons without having paid for them leading to a loss of income and resulting in financial, operational and reputational consequences for the Council.</p> <p>HIGH</p>	<p>This recommendation is partially completed. The Terms and Conditions for the Music Service have been updated. A new payment system is in the process of being tested, prior to going live, which is intended to fully address the risk identified.</p>

APPENDIX D (cont'd)**2020/21 Educational Care Plans and Local Offer****Action Owner: Vikram Hansrani****Corporate Director: Tony Zaman**

Original Impl. Date	Revised Impl. Date	Risk and Risk Rating	Reason for Extension and Current Status
31/12/2021	30/04/2022	If the system for administrating the EHCP process is not updated, reviewed, and monitored there is a risk that management information will be inaccurate leading to strategic, operational and financial consequences for the Council. MEDIUM	The service has introduced a new system (Liquid Logic EHM) and the existing data held in the previous system (BSL) and internal drives has been migrated. A data cleanse exercise is underway to ensure the accuracy of the data held. The new system is in the process of being tested, which once fully implemented is intended to address the risk identified.

APPENDIX D (cont'd)**2020/21 Flooding – Lessons Learned****Action Owner: Ian Thynne****Corporate Director: Dan Kennedy**

Original Impl. Date	Revised Impl. Date	Risk and Risk Rating	Reason for Extension and Current Status
30/11/2021	31/03/2022	<p>If the Council's flood investigation reports are not published in a timely manner, there is a risk of a lack of transparency and accountability over events, actions and areas for improvement, leading to a failure to identify and mitigate potential flood risks, resulting in operational, reputational and financial consequences for the Council.</p> <p>MEDIUM</p>	<p>Officers are in the process of writing guidance and a procedure note for final sign off by the Cabinet Member for investigating and publishing a report after a flooding incident. Following ratification, this guidance will be disseminated to relevant staff and an exercise undertaken to ensure all applicable flood reports are published.</p>

APPENDIX D (cont'd)**2020/21 Information Sharing – Adult Social Care****Action Owner: Bukky Junaid****Corporate Director: Tony Zaman**

Original Impl. Date	Revised Impl. Date	Risk and Risk Rating	Reason for Extension and Current Status
30/11/2021	31/03/2022	<p>If there is no clear agreement in place clearly setting out responsibilities and processes for sharing information, there is a risk that sufficient, relevant, accurate and timely information may not be available to support the delivery of Adult Social Care services, leading to a failure to comply with its statutory obligations and potentially causing harm to individuals, resulting in legal, financial and reputational consequences for the Council.</p> <p>MEDIUM</p>	<p>The majority of this recommendation is complete. The ROPA for Adult Social Care has been completed. Information Sharing Agreements (ISA) have been submitted to CNWL, The Hillingdon Hospital (THH) and CCG for agreement. ISAs are being reviewed by the Information Governance Leads at CNWL and THH, however there is a slight delay in the CCG agreeing to the ISA as they are currently merging from 8 to 1 CCG. Agreement from the CCG is therefore awaited before the ISA can be implemented. As a result, the implementation date for this recommendation has been revised to 31st March 2022.</p>

APPENDIX D (cont'd)**2020/21 Purchasing and Payments in Schools – Harlington School****Action Owner: Elizabeth Horrigan****Corporate Director: Dan Kennedy**

Original Impl. Date	Revised Impl. Date	Risk and Risk Rating	Reason for Extension and Current Status
31/10/2021	31/03/2022	Without obtaining documented comparative quotes there is at risk of non-compliance with their own Finance policy and Council Standing Orders leading to financial mismanagement and resulting in financial, legal, operational and reputational consequences. MEDIUM	There has been no major tendering since the recommendation was raised and therefore no opportunity to demonstrate its implementation. In the meantime, the school has updated its Finance and Procurement policies and implemented a Contract Checklist. Further, the school has engaged with the LA Procurement department with regards to obtaining additional support for future tendering around our new build programme and small value contracts. The school will be tendering for goods and services in early 2022, so the implementation date has been revised to 31 st March 2022.

APPENDIX D (cont'd)**2021/22 Fostering Service****Action Owner: Deanna Neilson****Corporate Director: Tony Zaman**

Original Impl. Date	Revised Impl. Date	Risk and Risk Rating	Reason for Extension and Current Status
30/11/2021	28/02/2022	If statutory reviews of foster carers are not recorded in a timely manner or in a retrievable format on a centralised recording system, there is a risk of lack of management oversight of foster carers and placements, leading to safeguarding, legal and reputational consequences for the Council. MEDIUM	Work has been undertaken to integrate the report template into the LCS Protocol system which will enable centralised recording and reporting. The amendments for creation and upload into LCS are outstanding as a result of local authority priorities regarding SEND reporting deadlines for January.
31/10/2021	31/01/2022	If statutory foster carer visit meeting notes are not uploaded onto Protocol there is a risk that the foster carer may not be getting the support they need in order to care for the child, leading to safeguarding, legal, financial and reputational consequences for the Council. MEDIUM	The visit form is complete and is being tested this week. Provided the test is successful the form will be rolled out for use by the team w/c 31 st January 2022.
30/11/2021	28/02/2022	If the Fostering Team does not maintain an up to date register of all active foster carers there is a risk of non-compliance with statutory requirements and management may not be able to oversee the allocation of placements, leading to legal, financial and reputational consequences for the Council. MEDIUM	Work has continued on the data cleanse however it is taking longer than expected. We are meeting with the Performance Team to discuss. Completion date to be revised to 28/02/2022 pending the discussion with the Performance Team.

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%	100%	GREEN
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%	50%	RED
KPI 5	Percentage of annual (Q1 to Q4) IA Plan delivered to draft report stage by 31 st March	90%	+46%	RED
KPI 6	Percentage of annual (Q1 to Q4) IA Plan delivered to final report stage by 31 st March	80%	++32%	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%	92%	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 31st December 2021.
- + = **23% improvement** from Quarter 2 actual performance.
- ++ = **24% improvement** from Quarter 2 actual performance.

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.