

BUSINESS ASSURANCE

Internal Audit Progress Report to Audit Committee:

2021/22 Quarter 4

(including the 2022/23 Quarter 1 Internal Audit Plan)

6th April 2022



HILLINGDON
LONDON

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Contents

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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

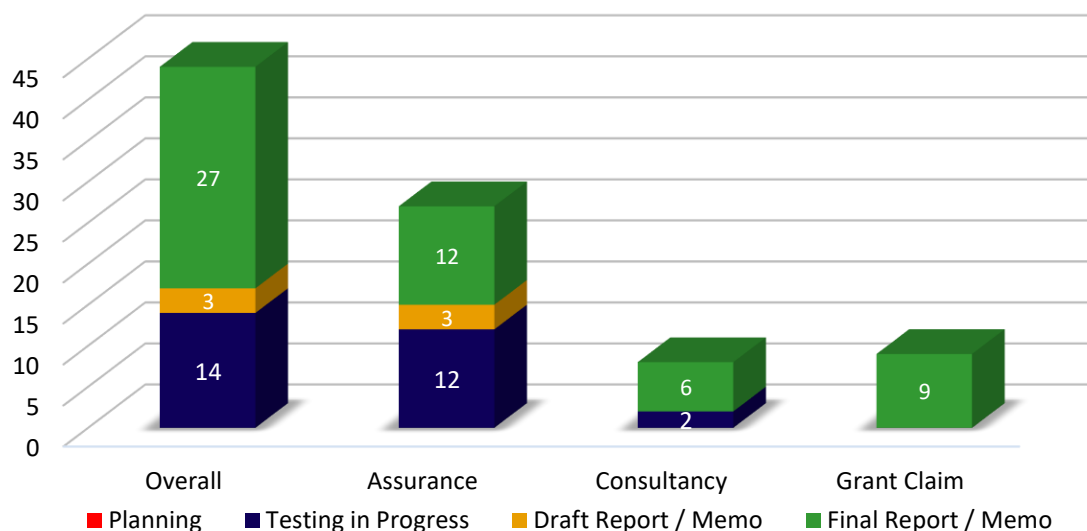
1.2.1 This progress report presents the Council's Corporate Management Team (CMT) and Audit Committee with summary information on all IA work for Quarter 4 (1st January to 31st March 2022). In addition, it provides an opportunity for the Council's Head of Internal Audit (HIA), to highlight any significant issues which have arisen from IA work in Quarter 4. It also highlights to CMT, the Audit Committee and other IA stakeholders the revisions to the Quarter 4 (Q4) IA plan since its approval (refer to **Appendix B**).

1.2.2 A key feature of this report is the inclusion of the 2022/23 Quarter 1 (Q1) IA plan (refer to **Appendix C**). This has been produced throughout Q4 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 Q1 period (1st April to 30th June 2022).

2. Executive Summary

2.1 Since the Q3 IA Progress Report to CMT and the Audit Committee dated 21st January 2022, **5 assurance** reviews, **4 consultancy** reviews and **1 grant claim** have concluded, and **3 assurance** reviews are at draft report stage. In addition, **7 assurance** reviews and **2 consultancy** reviews are at advanced testing stage, and the remaining **5 assurance** reviews are at testing 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 Q4 IA Plan commenced in early January 2022 with the planning stage of all audits now complete and testing well underway on almost all remaining Q4 pieces of IA work. Despite further challenges caused by Covid-19, vacancies, and staff movements within the IA team, the IA work in Q4 has continued with **10** pieces of IA work being finalised this quarter.
- 2.3 Key assurance reviews finalised in this quarter include **Section 106 & Community Infrastructure Levy (CIL)**, **Birth Registration Service**, and a **Thematic Review of Safeguarding in Schools**. These three reviews received a **LIMITED** assurance opinion. **Positive action has been proposed by management** to address all the **HIGH** and **MEDIUM** risk recommendations raised within these reviews, with any subsequent recommendations followed-up by IA in due course. Further details of these reviews are included in section 3.1 below.
- 2.4 Following IA undertaking its previous round of planning, **2 assurance reviews** have been **deferred** (in agreement with the HIA). One due to a service request to broaden the scope of the review, and the second following work undertaken (and progress made) by the authority in this area. One of these deferred reviews will be picked up in Q1 2022/23, and the other will be monitored and re-programmed in due course. In addition, **2 consultancy reviews** were **added** to the Q4 IA plan (refer to **Appendix B**).
- 2.5 Further details of all IA activity carried out in this period are summarised in section 3 below.

3. Analysis of Internal Audit Activity

3.1 Assurance Work in Quarter 4

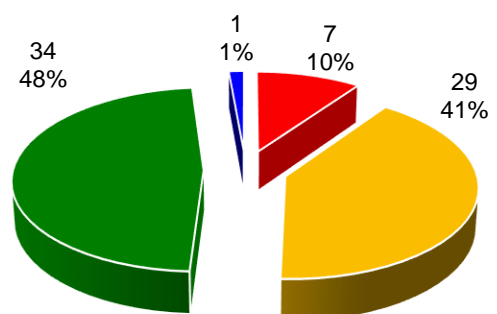
- 3.1.1 During this quarter, **5** assurance reviews have been completed to final report stage with an additional **3** assurance reviews at draft report. A further **7** assurance reviews are at advanced testing/ completion stage with the remaining **5** Q4 assurance reviews at testing stage.
- 3.1.2 In Q4, as highlighted in 2.3 above, **3** assurance reviews received **LIMITED** assurance opinions:
- **Section 106 & CIL** where **5 MEDIUM** and **3 LOW** risk recommendations were raised. The audit review was unable to verify that all appropriate legal and planning compliance fees were paid by the developer in a timely manner due to incomplete management information. There was no single central register for recording all S106 agreements from 2015. Furthermore, there was no overview of current developments with pending, active, or outstanding obligations where trigger points are not proactively identified when they have been reached. Positive management action has been proposed by management to address all the **MEDIUM** and **LOW** risk recommendations raised.
 - **Birth Registration Service** where **4 MEDIUM** and **2 LOW** risk recommendations were raised. The audit review identified enhancements that were possible within the service's booking system. At the time of the audit review, the system was unable to generate robust performance information, with this having to be manually collated. Positive management action has been proposed by management to address all the **MEDIUM** and **LOW** risk recommendations raised.
 - **Thematic Review of Safeguarding in Schools** where **5 HIGH** and **3 LOW** risk recommendations were raised. The IA team found that although 2/4 schools had robust safeguarding arrangements, this review identified some potentially high-risk issues at other schools which affected the level of assurance IA could provide. In 2/4 of the schools there were instances where DBS checks were completed after their commencement date in post and in 1/4 schools there were instances where identity and qualification checks were verified after their commencement date in post. Positive management action has been proposed by management to address all the **HIGH** risk recommendations raised.

- 3.1.3 Other assurance reviews finalised this quarter include the review of the **ICT Service Desk** which was awarded a **REASONABLE** assurance opinion. The review of **Home to Assess** was awarded a **SUBSTANTIAL** assurance opinion. Again, for both reviews, positive action has been proposed by management to address all the **MEDIUM** and **LOW** 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** overleaf:

Chart 2 ~ Q4 IA Assurance Opinions



Chart 3 ~ Q4 IA Assurance Recommendations



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

3.2 Consultancy Work in Quarter 4

- 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 Q4 with **4 consultancy** reviews finalised in Q4: **External Quality Assessment for LB Camden & LB Islington, Occupational Therapy - Contract Management, Mayors Charity Accounts 2021/22, and Stores Stock Check 2021/22**. Two pieces of consultancy work were added to the IA workplan throughout Q4 as detailed in **Appendix B**.

3.3 Grant Claim Verification Work in Quarter 4

- 3.3.1 During this quarter IA has assisted the Council in certifying **1** grant claim. As detailed at **Appendix A** the planned quarterly verification work on the **Supporting Families (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 January, February, and March 2022. The total number of families claimed for in Q4 was **70**.

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 However, as agreed with Audit Committee at their meeting on the 1st February 2022, due to COVID-related pressure the Council was facing, alongside vacancies within the IA team, **the programme of IA follow ups was effectively 'paused' within Q4**. Once IA team vacancies have been filled and/ or IA resources bolstered, we anticipate recommencing this work in Q1 of 2022/23, but we will inform CMT and the Audit Committee if there are any delays to this.
- 3.4.4 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 4

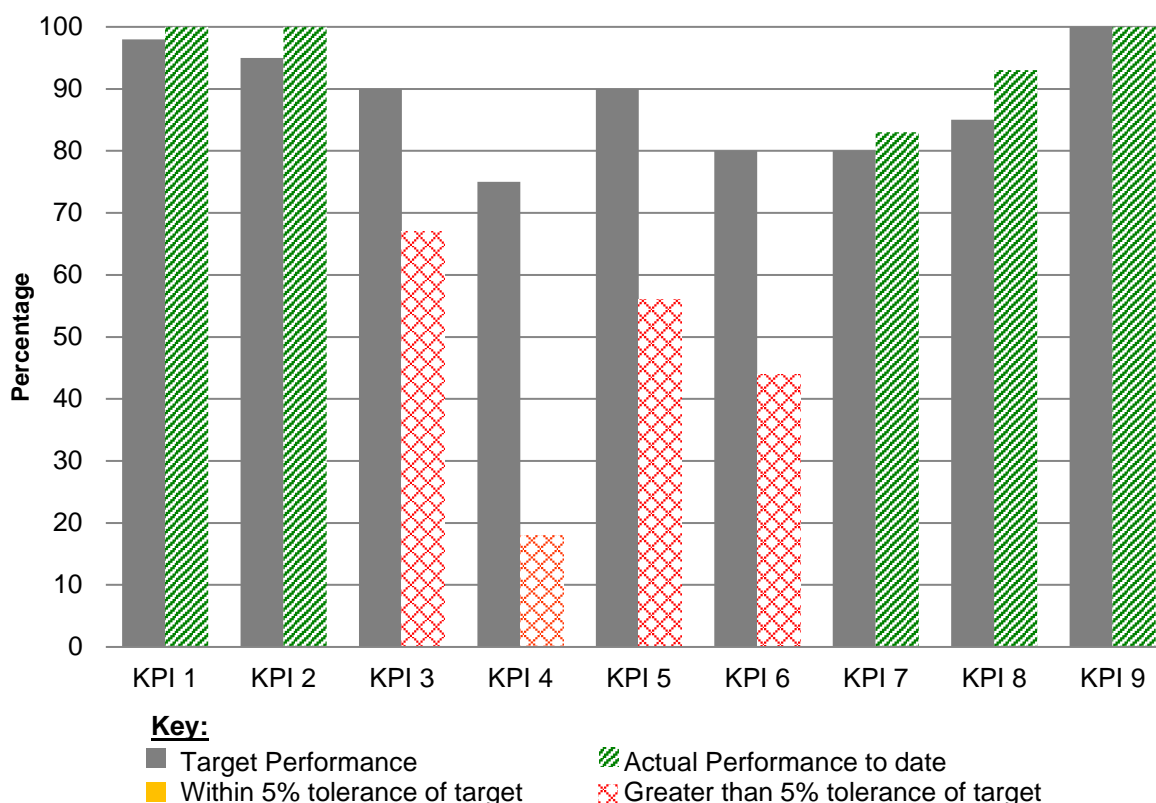
- 3.5.1 We continue to undertake a quarterly approach to IA planning to ensure emerging risks and new areas of concern are captured, particularly following the global pandemic and the risk this still places on the council. During Q4 we continued to undertake risk-based planning meetings alongside risk register reviews due to the synergies between these two functions.
- 3.5.2 The detailed operational IA plan for Q1 of 2022/23 (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 The IA plan for Q1 2022/23 includes **8** audit reviews; **7** of which are assurance reviews and **1** which is a grant claim. Due to vacancies within the IA team, we anticipate bringing in co-source support for 3 of the audits in Q1. The IA resourcing position will continue to be monitored, with potential further co-source support required throughout 2022/23.

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 D**) 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 The following KPIs are below our performance target. They are:

- **KPI 3** refers to **HIGH** risk IA recommendations where management action is taken within agreed timescale. **4/6 (67%*) HIGH** risk recommendations raised in 2021/22 IA projects to date have been closed and verified by IA.
- **KPI 4** refers to **MEDIUM** risk IA recommendations where management action is taken within agreed timescale. **2/11 (18%*) MEDIUM** risk recommendations raised in 2021/22 IA projects to date have been implemented and closed by management.
- **KPI 5** shows that 15 assurance reviews (out of 27) have reached draft report stage in 2021/22 which accounts for **56%** of work undertaken so far throughout Q1-Q4 compared to the **90% target**; and
- **KPI 6** shows that 12 assurance reviews (out of 27) have reached final report stage by the 31st March 2022 which accounts for **44%** of work undertaken so far throughout Q1-Q4 compared to the **80% target**.

* These percentage implementation figures are likely to have been impacted by the effective 'pause' of IA follow up activity in Q4 (see para 3.4.3 above).

- 4.1.3 **Appendix A** shows a large portion of IA work is underway and progressing through to completion. Following the end of each financial year, a short time lag of completion of all audit work through to draft and final report stage is expected, and the team is working hard to ensure that work is concluded and finalised as soon as possible. There is no doubt that vacancies and resourcing challenges will have impacted delivery, however plans are in place to mitigate the longer-term effect of this. Further details have been included below.

5. Current Internal Audit staffing position and resourcing challenges

- 5.1 2021/22 has seen significant resourcing changes and challenges in the IA team. A summary of the current IA structure and associated vacancies is included below:
- **Head of Internal Audit and Risk Assurance** – Vacant since February 2022, however being covered on an interim basis (*current interim until end of April 2022, then planned handover to new Interim Head of Internal Audit (HofIA) throughout April.*) A recruitment campaign in Q4 2021/22 to find a new permanent HofIA was unsuccessful.
 - **2 x Internal Audit Managers** – 2 in post, although 1 leaving July 2022
 - **2 x Senior Internal Auditors** – 1 in post, 1 vacant (*plan to supplement vacancy through co-source support in the short-term*)
 - **2 x Internal Auditors** – 2 in post
 - **2 x Trainee Internal Auditors** – 2 vacant (*recruitment currently on hold*)
- 5.2 The challenge of losing IA staff to professional services firms continues, with 3 IA staff moving to one firm (BDO) in particular over the last year.
- 5.3 Given the period of transition within the IA team, along with vacant senior IA posts, it was decided to place the planned recruitment round for 2 x Trainee Auditors on hold.

6. Forward Look

- 6.1 Looking ahead to 2022/23, **recruitment and/ or bolstering IA resource through a co-source arrangement** is a high priority for the IA Team. What is essential is IA resource secured has a high level of skill and proficiency, but can also deliver change/ add value and thrive within the LBH culture. Despite a number of vacancies and staff movements in a period of significant change, the IA team is working hard to ensure that IA delivery is not impacted in a negative way.
- 6.2 Given the various challenges that COVID has presented the Council, along with it was agreed that internal audit would effectively 'pause' their programme of audit follow up work in Q4 2021/22. This was to allow officers more time and/ or focus on their respective service areas. Given the reduction in percentage of IA recommendations where management action is taken within agreed timescale, alongside the end of all COVID-related restrictions, **the recommencement of a programme of IA follows ups will be a priority going forwards.**
- 6.3 The IA team has successfully procured the upgrade to TeamMate called **TeamMate Plus (TM+)** which was due to be installed in early 2022/23. The system offers better integration with MS Office 365 and there are also additional modules which can help the IA Team with risk management and data analytics. However, due to current resourcing challenges within the IA team, **this upgrade has currently been placed on hold.**
- 5.4 IA would like to take this opportunity to formally thank all staff throughout the Council with whom it had contact during Q4. 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.

Rupert Bamberger CMIIA QIAL CIA
Interim Head of Internal Audit

6th April 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 March 2022	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-A18	S106 and CIL	Final report issued on 17 th Jan 2022	Limited	0	5	3	0	✓
21-A14	Birth Registration Service	Final report issued on 17 th Jan 2022	Limited	0	4	2	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	✓
21-A3	ICT Service Desk	Final report issued on 28 th Jan 2022	Reasonable	0	2	3	0	x
21-A20	Thematic Review of Safeguarding in Schools	Final report issued on 18 th Feb 2022	Limited	5	0	4	0	✓
21-A28	Home to Assess	Final report issued on 14 th Mar 2022	Substantial	0	0	4	0	✓
21-A26	Planning Enforcement	Draft report issued on 16 th March 2022						
21-A29	Music Service – Overseas Trip	Draft report issued on 1 st April 2022						
21-A23	Chronology on Protocol	Draft report issued on 6 th April 2022						

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 March 2022	Assurance Level	Risk Rating				CFQ Received?
				H	M	L	NP	
21-A11	Crematorium	Testing concluding/ delayed*						
21-A12	Absence Management	Testing concluding						
21-A13	Allotments	Testing concluding						
21-A24	Transport Funded Projects	Testing concluding						
21-A25	Hatton Grove	Testing concluding						
21-A27	Payroll Rent Payments	Testing concluding						
21-A21	IT Application Review: ContrOCC	Testing concluding						
21-A1	Disabled Facilities Grant	Testing in progress						
21-A31	Tenancy Management – Fixed Term Tenancies	Testing in progress						
21-A32	IT Governance	Testing in progress						
21-A34	Licensing – Animal Welfare	Testing in progress						
21-A35	Pension Fund Data Mapping	Testing in progress						
Total Number of IA Recommendations Raised				7	29	34	1	
Total % of IA Recommendations Raised				10%	41%	48%	1%	

* Internal Audit are currently working with the Bereavement Service to complete the testing for this review. The Bereavement Service has suffered staffing and resource difficulties since the audit commenced and therefore testing has been suspended to allow services for residents to take a priority. Testing will re-commence in mid-April with the assistance of the Interim Head of Green Spaces to ensure that information required for the review is provided in a timely manner. Testing will also assess the impact of the staffing issues on the Service's ability to deliver its services to residents.

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 March 2022	Recommendations					CFQ Received?
			Implemented	Partly Implemented	Not Implemented	+N/A	Total	
21-A8	Follow-up of Implemented Recommendations	Deferred	Refer to para 3.4 and 5.2					

2021/22 IA Consultancy Reviews:

IA Ref.	IA Review Area	Status as at 31 st March 2022	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	Final memo issued on 2 nd February 2022	N/A
21-C4	Occupational Therapy - Contract Management	Final memo issued on 28 th March 2022	x
21-C5	Mayors Charity Accounts 2021/22	Final memo issued on 18 th March 2022	N/A
21-C6	Stores Stock Check 2021/22	Final memo issued on 31 st March 2022	N/A
21-C7	[†] Purchasing and Payments in Hayes Park School	Testing concluding (new review added February 2022)	-
21-C8	[†] Direct Payments Transactional Testing	Testing concluding (new review added February 2022)	-

[†]New IA Consultancy Reviews – refer to **Appendix B**

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

IA Ref.	IA Review Area	Status as at 31 st March 2022
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
21-GC9	Supporting Families Grant - Quarter 4	Certified, memos issued on 28 th Jan, 24 th Feb and 23 rd March 2022

APPENDIX B**REVISIONS TO THE 2021/22 INTERNAL AUDIT PLAN ~ QUARTER 4****AMENDMENTS to the 2021/22 Operational IA Plan for Quarter 4:**

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
21-C7	Purchasing and Payments in Hayes Park School	Consultancy	MEDIUM	Tony Zaman Interim Chief Executive, Corporate Director, Social Care & Health	Joint Internal Audit and Counter Fraud consultancy reviews.
21-C8	Direct Payments Transactional Testing	Consultancy	MEDIUM	Tony Zaman Interim Chief Executive, Corporate Director, Social Care & Health	Joint Internal Audit and Counter Fraud consultancy reviews.

IA work DEFERRED from the 2021/22 Operational IA Plan for Quarter 4:

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
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 Council have a recovery action plan in place which has now been agreed by the DfE. A dedicated officer is co-ordinating activities with monitoring and oversight of its work streams. Therefore, the service has highlighted that greater value would be gained by deferring this IA review and instead IA providing assurance through verification regarding the completion of the future recovery action plan workstream.
21-A33	Stronger Families Hub	Assurance	MEDIUM	Julie Kelly Executive Director, Children and Young People Services	The Deputy Director has agreed for this audit be deferred to 2022/23 Q1 in order to extend the scope all of the Stronger Families early help model to increase the value of this review. The deferral was suggested and agreed with the HIA in light of the short-term resourcing challenges faced by the IA team.

APPENDIX C**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2022/23 ~ QUARTER 1****IA work scheduled to commence in the 1st April to 30th June 2022 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
22-A1	Capital Programme	Assurance	HIGH	Perry Scott Corporate Director, Place	<p>Hillingdon's existing property and infrastructure assets require significant investment in order to continue to deliver services to residents. The main aim of the Capital Programme Funded Projects workstream is to maximise the council's property and land assets and provide an overview of asset development being undertaken to council properties as part of the Capital programme. These projects consist of the Council's housing development programme, sites developed in the Housing Zone and the Schools expansion, development and maintenance programmes.</p> <p>This review will assess the effectiveness and management of Capital Programme funded projects and how these projects are delivered, to include:</p> <ul style="list-style-type: none"> • The effectiveness of project management of construction or refurbishment • The ongoing review of Asset Management Data and system; • The delivery within the agreed budget and timeframe that was set and approved by Cabinet; and <p>Ensure that there is clear and effective performance management of contractors.</p>
22-A2	Direct Payments	Assurance	HIGH	Paul Whaymand Corporate Director, Finance	<p>Direct Payments are inherently high risk as they involve paying funds to individuals in order to address their own care and support needs. The review will provide assurance regarding the overall management of the scheme and examine costs compared to commissioned services.</p>
22-A3	Domestic Violence Homelessness Process	Assurance	HIGH	Perry Scott Corporate Director, Place	<p>Housing are experiencing a consistent increased cohort requesting assistance in relation to homelessness following instances of domestic abuse (with an of average of 1 person/family presenting each day). The review will provide assurance over the adequacy and effectiveness of the management of domestic violence cases that result in homelessness, particularly where joint working is involved, e.g. with housing associations and LBH Social Care.</p>

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2022/23 ~ QUARTER 1****IA work scheduled to commence in the 1st April to 30th June 2022 period:**

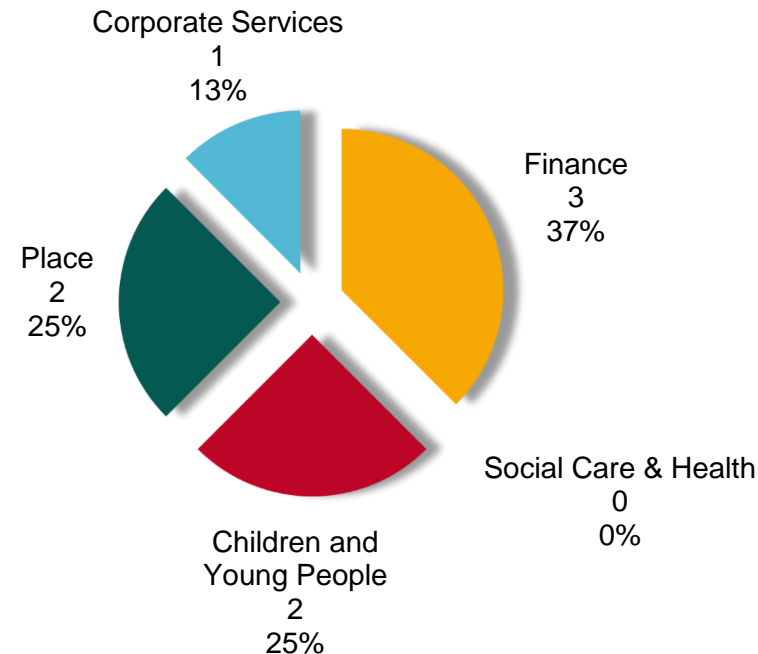
IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
22-A4	Information Security (IS)	Assurance	HIGH	Dan Kennedy Corporate Director, Central Services	<p>Following the Remote Working audit in Quarter 2 2020/21 which included some aspects of IT security, it was agreed by the Corporate Directors and senior management that it would be beneficial to stakeholders across the Council to complete a dedicated review of IS (to include aspects of disaster recovery and the backup capability of key data and systems in accordance with clearly defined business requirements).</p> <p>This review will coincide with the annual PSN compliance exercise to enable the inclusion of any recommendations that arose from the most recent Public Security Network submission and certification.</p>
22-A5	Fraud Prevention Controls in Contracts	Assurance	MEDIUM	Paul Whaymand Corporate Director, Finance	<p>This review will assess the effectiveness of fraud prevention controls across contract variations, contract management and Declarations of Interest, amongst other areas, across the Council.</p>
22-A6	Stronger Families	Assurance	MEDIUM	Julie Kelly Executive Director, Children and Young People Services	<p>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.</p> <p>This review was deferred from Q4 in order to extend the scope of the audit to all of the Stronger Families early help model to increase the value of this review. The deferral was suggested and agreed with the HIA in light of the short-term resourcing challenges faced by the IA team.</p>
22-A7	Making Tax Digital	Assurance	MEDIUM	Paul Whaymand Corporate Director, Finance	<p>Failure to comply with legislation could result in reputational damage and financial penalties. Review systems development to ensure that the making tax digital agenda is adhered to. The work will need to focus on expenditure, including petty cash and income streams which feed the annual accounts.</p>

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2022/23 ~ QUARTER 1****IA work scheduled to commence in the 1st April to 30th June 2022 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
22-GC1	Supporting Families Grant – Quarter 1	Grant Claim	N/A	Julie Kelly Executive Director, Children and Young People Services	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 2022/23 ~ QUARTER 1 (cont'd)**

IA work scheduled to commence in the 1st April to 30th June 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**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%	67%	RED
KPI 4	2021/22 MEDIUM risk IA recommendations where management action is taken within agreed timescale	75%	18%	RED
KPI 5	Percentage of annual (Q1 to Q4) IA Plan delivered to draft report stage by 31 st March	90%	+56%	RED
KPI 6	Percentage of annual (Q1 to Q4) IA Plan delivered to final report stage by 31 st March	80%	++44%	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%	83%	GREEN
KPI 8	Client Satisfaction Rating (from CFQs)	85%	93%	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 March 2022.
- + = **10% improvement** from Quarter 3 performance.
- ++ = **12% improvement** from Quarter 3 performance.

APPENDIX E**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 E (cont'd)**INTERNAL AUDIT RECOMMENDATION RISK RATINGS AND DEFINITIONS**

RISK	DEFINITION
<p style="text-align: center;">HIGH ●</p>	<p>The recommendation relates to a significant threat or opportunity that impacts the Council's corporate objectives. The action required is to mitigate a substantial risk to the Council. In particular it has an impact on the Council's reputation, statutory compliance, finances or key corporate objectives. The risk requires senior management attention.</p>
<p style="text-align: center;">MEDIUM ●</p>	<p>The recommendation relates to a potentially significant threat or opportunity that impacts on either corporate or operational objectives. The action required is to mitigate a moderate level of risk to the Council. In particular an adverse impact on the Department's reputation, adherence to Council policy, the departmental budget or service plan objectives. The risk requires management attention.</p>
<p style="text-align: center;">LOW ●</p>	<p>The recommendation relates to a minor threat or opportunity that impacts on operational objectives. The action required is to mitigate a minor risk to the Council as a whole. This may be compliance with best practice or minimal impacts on the Service's reputation, adherence to local procedures, local budget or Section objectives. The risk may be tolerable in the medium term.</p>
<p style="text-align: center;">NOTABLE PRACTICE ●</p>	<p>The activity reflects current best management practice or is an innovative response to the management of risk within the Council. The practice should be shared with others.</p>