



INTERNAL AUDIT PROGRESS REPORT

2022/23 QUARTER 4

17 April 2023



HILLINGDON
LONDON

www.hillingdon.gov.uk

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1. INTRODUCTION

The Role of Internal Audit

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.

The Purpose of the Internal Audit Progress Report

This progress report presents the Council's Corporate Management Team (CMT) and Audit Committee with summary information on all IA work for Quarter 4. 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.

2. SUMMARY OF INTERNAL AUDIT ACTIVITY

Assurance Work in Quarter 4

During this quarter, **fourteen** assurance reviews were completed to final report stage, including **six** awarded a **SUBSTANTIAL** assurance opinion, **six** which received **REASONABLE** assurance, **one LIMITED** assurance and **one NO** assurance. A further **five** assurance reviews were at a draft report stage. For details of the reviews and assurance levels achieved please see *Appendix A*.

Two reviews were removed from the plan at the draft report stage following discussions with the relevant audit sponsor; IT Application Review: ContrOCC and the Disabled Facilities Grant. Due to the high turnover in the Internal Audit team the fieldwork for these reviews had been undertaken earlier in the year, and the findings identified had already been superseded by changes in the service. Rather than finalising outdated information, these reviews have been incorporated into the 2023/24 annual plan. This change also enabled Internal Audit to complete the urgent Domiciliary Care Provider Consultancy review when requested.

Consultancy and Grant Claim Verification Work in Quarter 4

During this quarter, IA has completed two consultancy reviews into a Domiciliary Care Provider and the Mayors Charity Account. We have also assisted the Council in certifying the Supporting Families Grant claim. Further details can be found at *Appendix B*.

Other Internal Audit Work in Quarter 4

The new Head of Internal Audit (HIA) has undertaken a number of actions to raise awareness of the Internal Audit service across the Council's Senior Management Team (SMT), including presenting at the monthly SMT meeting alongside Counter Fraud, and attending individual Directorate SMT meetings throughout March. This increased engagement has supported the development of the 2023/24 Internal Audit Plan which is presented separately.

Since the last Audit Committee meeting the Internal Audit team have established a new follow-up process, to confirm Internal Audit recommendations raised in prior years have been implemented effectively. As the previous follow up process was put on due to Covid and staff shortages in the team, there are a large number of recommendations due to have been implemented to be followed up. A summary of the status of recommendations will be presented to the July CMT and August Audit Committee, along with the 2022/23 Annual Report.

Officers from another London Borough Internal Audit team have undertaken an independent External Quality Assessment on the Internal Audit team during February 2023. A detailed self-assessment was completed in January and passed to the inspecting officers along with a pack of evidence. We are still waiting for the final outcome of this work, and this will be reported to the CMT and Audit Committee once it is received.

Current Internal Audit staffing position and resourcing challenges

Throughout 2022/23 the IA team has seen significant resourcing challenges and a high number of vacancies, as report to the Audit Committee at previous meetings. Following the appointment of the new permanent HIA at the end of January 2023, we have also now appointed a Principal Auditor (due to start in May) and currently interviewing for a Senior Internal Auditor and an Internal Auditor. We are also developing apprenticeship roles to improve our internal development opportunities.

Although this recruitment process is going well so far, we acknowledge it will take time to get new starters embedded and have therefore reduced the number of days in the 2023/24 annual plan to reflect this. We are also intending to continue using our external partner (Mazars) throughout 2023/24 and will keep the plan in review throughout the year if we are not able to appoint into the open roles.

3. FORWARD LOOK

The Internal Audit Annual Plan for 2023/24 is presented separately. This has been developed for the full year to ensure the plan covers the key risks facing the Council and maximises the limited available resources. Following the Audit Committee the individual audits will be scoped with the relevant responsible officers, and start dates agreed. The plan will continue to be reviewed at least quarterly to ensure it is adapted if new risks emerge.

As noted above, the HIA has reviewed the team structure and is currently focusing on recruitment to ensure we have the best mix of resources to deliver a high-quality assurance service going forward. In addition, they have started to develop and implement a new Quality Assurance and Improvement Programme, including refreshing the Terms of Reference and Report templates, establishing new key performance indicators for 2023/24, and drafting new procedures and guidance documents.

The follow up process will also be extended during the next quarter to ensure all recommendations due to be implemented are followed up. A summary of the progress will be presented in the next Progress report.

IA would like to take this opportunity to formally thank all staff throughout the Council with whom IA had contact during Q4. There are no other matters that the HIA needs to bring to the attention of the CMT and Audit Committee at this time.

APPENDIX A: IA ASSURANCE REVIEWS

IA Ref.	IA Review Area	Current Status at end of Q4 2022/23	Assurance Level	Risk Rating			
				H	M	L	NP
21-A25	Hatton Grove	Final report issued: 20 Dec 2022	REASONABLE	0	2	1	0
21-A27	Service Tenancies & Payroll Rent Payments	Final report issued: 17 April 2023	NO	2	0	1	0
21-A11	Crematorium	Final report issued 22 November 2022	LIMITED	1	2	5	0
21-A12	Absence Management	Final report issued 15 November 2022	REASONABLE	0	5	1	0
21-A24	Transport Funded Projects	Final report issued 20 September 2022	REASONABLE	0	2	3	0
21-A31	Tenancy Management – Fixed Term Tenancies	Final report issued 29 March 2023	REASONABLE	0	3	2	0
21-A35	Pension Fund Data Mapping	Final report issued 26 July 2022	REASONABLE	0	1	1	0
21-A32	IT Governance	Final report issued 15 November 2022	REASONABLE	0	2	0	0
21-A34	Licensing – Animal Welfare	Final report issued 16 September 2022	REASONABLE	0	1	0	0
22-A36	Capital Programmes	Draft report issued 26 January 2023	TBC once final report issued				
22-A37	Direct Payments	Final report issued 20 October 2022	SUBSTANTIAL	0	0	1	0
22-A38	Domestic Violence Homelessness Process	Draft report issued 3 April 2023	TBC once final report issued				
22-A39	Stronger Families	Final report issued 16 November 2022	REASONABLE	1	1	3	0
22-A40	Information Security	Final report issued 21 February 2023	REASONABLE	0	4	4	0
22-A41	Making Tax Digital	Final report issued 18 July 2022	SUBSTANTIAL	0	0	1	0
22-A42	Fraud prevention Controls in Contracts	Final report issued: 17 April 2023	REASONABLE	0	4	1	0
22-A43	Registrars Cash Handling	Final report issued 16 November 2022	REASONABLE	0	1	2	0
22-A44	Members' Gifts, Hospitality & Declarations of Interest	Final report issued 17 January 2023	SUBSTANTIAL	0	0	1	0
22-A45	Adult Social Care Referrals and assessments	Final report issued 17 March 2023	REASONABLE	0	2	2	0
22-A46	Colham Road Care Home	Final report issued 13 March 2023	REASONABLE	0	2	2	0
22-A47	High Cost panel and Risk profile	Draft report issued 29 March 2023	TBC once final report issued				
22-A48	Quality of Practice	Final report issued 16 March 2023	REASONABLE	0	3	1	0

Key:

IA = Internal Audit	ToR = Terms of Reference	H = High Risk	M = Medium Risk	L = Low Risk	NP = Notable Practice	CFQ = Client Feedback Questionnaire
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IA Ref.	IA Review Area	Current Status at end of Q4 2022/23	Assurance Level	Risk Rating			
				H	M	L	NP
22-A49	Housing Benefits - Council Tax Reduction Scheme	Final report issued 02 February 2023	SUBSTANTIAL	0	0	2	0
22-A50	Purchasing Cards	Final report issued 13 April 2023	LIMITED	0	4	3	0
22-A51	Voids Management and Housing Repairs	Final report issued 17 April 2023	SUBSTANTIAL	0	0	3	0
22-A52	Trading Standards POCA	Draft report issued 3 April 2023	TBC once final report issued				
22-A53	Local Land Charges	Final report issued 19 December 2022	REASONABLE	0	0	2	0
22-A54	Rent Collection and Arrears Recovery	Final report issued 07 March 2023	SUBSTANTIAL	0	0	1	0
22-A56	IR35	Draft report issued 21 March 2023	TBC once final report issued				
22-A58	Merrimans Respite Care Unit	Final report issued 20 February 2023	SUBSTANTIAL	0	1	1	0
22-A59	Care Leavers Allowances	Testing in progress	TBC once final report issued				
22-A61	Thematic Review: Pupil Premium Funding in Schools	Testing in progress	TBC once final report issued				
22-A62	Revenues Council Tax and NNDR	Final report issued 30 March 2023	SUBSTANTIAL	0	0	2	0
22-A63	Robotic Process Automation	Testing completed	TBC once final report issued				
Total Number of IA Recommendations Raised				4	40	45	0

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APPENDIX B: IA CONSULTANCY & GRANT CLAIM VERIFICATION REVIEWS

IA Ref.	IA Review Area	Current Status at end of Q4 2022/23
22-C11	A Domiciliary Care provider	Memo issued 21 March 2023
22-C1	Mayors Charity Accounts	Memo issued 24 March 2023
22-G1	Supporting Families Grant – Quarter 1	Memos issued 30 May and 22 June 2022
22-G2	Contain Outbreak Management Fund	Memo issued 30 June 2022
22-G3	Rough Sleepers Initiative	Memo issued 27 June 2022
22-G4	Test and Trace	Memo issued 30 June 2022
22-G5	Supporting Families Grant – Quarter 2	Memos issued 1 August 31 August and 28 September 2022
22-G6	Universal Drug Treatment (Crime and Harm Reduction)	Memo issued 15 July 2022
22-G7	Trading Standards Grant	Memo issued 15 September 2022
22-G9	Housing Benefit Subsidy Grant	Memo issued 9 November 2022
22-G10	Supporting Families Grant – Quarter 3	Memos issued 28 October, 24 November and 23 December 2022
22-G11	Supporting Families Grant – Quarter 4	Memos issued 27 January, 24 February and 31 March 2023

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APPENDIX C: ASSURANCE LEVELS AND RECOMMENDATION RISK RATINGS

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.

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.