INTERNAL AUDIT ANNUAL PLAN

2023/24

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Contents

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1. INTRODUCTION

1.1   The Role of Internal Audit

1.1.1   The Local Government Accounts and Audit Regulations 2021 require every local authority to undertake effective Internal Audit (IA) to evaluate the effectiveness of its risk management, control and governance processes, taking into account the Public Sector Internal Auditing Standards (PSIAS) or guidance.

1.1.2   IA provides an objective opinion to the Council on whether the control environment, corporate governance arrangements and risk management framework are operating effectively, which is essential in helping the Council achieve its corporate objectives and realise its vision for the borough of Hillingdon.

1.1.3   In 2023/24 the IA service at Hillingdon will apply a risk-based approach to determine the priorities of the IA activity, in accordance with PSIAS. This means that IA gives greater assurance to the Council because it is based on the key risks to the organisation's objectives. As a result, we will not just be commenting on whether the controls operate, but whether they are the right controls to achieve the overall aims of the service.

1.2   The Purpose of the Internal Audit Plan

1.2.1   The IA Plan is a crucial component of the annual assurance opinion statement provided by the Council's Head of Internal Audit & Risk Assurance (HIA), to those charged with governance. In order to deliver this assurance, it is vital for the organisation to have a comprehensive IA Plan which gives sufficient risk-based coverage and support to management.

1.2.2   To help meet this need, the risk-based IA Plan for 2023/24 has been linked to the organisational objectives and strategic priorities, whilst also taking account of the Council's wider assurance framework. In addition, the IA Plan for 2023/24 has been developed in accordance with the IA Charter and IA Strategy 2022-25.

1.2.3   Responsibility for the Council's internal control arrangements remains fully with management, who should recognise that internal audit can only provide 'reasonable assurance' and cannot provide any guarantee against material errors, loss or fraud.

2. THE INTERNAL AUDIT PLANNING PROCESS

2.1   The Approach to IA Planning in 2023/24

2.1.1   The IA Plan for the year is determined by the number of days available, and therefore prioritises reviews to ensure the key risks facing the Council are given sufficient IA attention. In developing the risk-based annual IA Plan the IA has considered a variety of planning sources including:

- **Risk Registers** – A review of the Council's Corporate and Directorate Risk Registers to establish the key risks facing each service and the Council overall. Where reviews align to the corporate risks this is noted in the detailed plan below;

- **Senior Management** – Senior managers from across the Council have been engaged in the development of the plan, including members of Corporate Management Team (CMT), to identify any emerging risks or changes facing their services.

- **Audit Committee** – Any comments from members of the Audit Committee will be reflected in the IA plan after it is presented at the Audit Committee meeting on the 27th April 2023.

- **Council Strategy** – The IA Plan was reviewed against the Council Strategy for 2022-2026, to ensure the plan is aligned to the Council's key priorities for the period.

- **External Audit** – Ernst and Young (EY) have been invited to discuss any matters of concern and the plan has been shared with them to identify any areas where they may consider IA work to inform their own risk assessment.

- **Counter Fraud** – Whilst the Council's Counter Fraud Team (CFT) lead on fraud and corruption risks, the PSIAS require IA to evaluate the possibility of fraud and corruption as part of our coverage. Regular meetings between IA and the CFT are in place and provide critical risk intelligence to help focus IA resources.

- **Transformation Programme** – The IA Plan has been shared with the Council's Transformation lead to ensure there is a dovetailed approach to any transformation of services.

- **Wider IA Knowledge** – The IA Plan also reflects the cumulative knowledge of the IA team in relation to emerging risks facing the Council, including the wider strategic issues and regulatory changes emerging elsewhere, effecting local government.

- **IA Risk Universe** - Since 2020/21, IA has profiled each service in the Council to identify any service areas that have not been subject to an IA review in the last four years, any new functions that have been created, and significant process changes that have occurred within the last 12 months.

3. THE 2023/24 INTERNAL AUDIT PLAN OVERVIEW

3.1   Key Elements of the IA Plan

3.1.1 The Internal Audit Plan for 2023/24 is outlined over the next few pages. This includes the following key elements:

- **Assurance Reviews** - Risk-based reviews that provide assurance to CMT and the Audit Committee that key risks to the achievement of objectives (including transformation projects) are being effectively mitigated, and arrangements are operating as expected.

- **Core Financial Systems** – The allocation of IA days for coverage of the core financial systems, complementing and not duplicating the work of External Audit. Financial controls are always at risk during periods of operational change and the IA resource has been adjusted to reflect this.

- **Risk Management** – An external provider will be appointed to undertake an independent review of the Council's Risk Management processes.

- **ICT Audit** – This assurance work will assess the adequacy of the key ICT controls present within major Council systems and ICT processes, and will be completed by specialised outsourced computer auditors.

- **Grant Claims** – Several grant certifications and sign offs are required by IA during the year on behalf of the Council, including the Housing Subsidy and Troubled Families claims.

- **Consultancy** – In line with the PSIAS, the IA coverage will include some consultancy work, in particular supporting transformation projects. A further allocation for unprogrammed consultancy has been included to allow the team to respond to urgent requests for advice. Where requests for work are not urgent, they will form part of the future operational IA Plan.

- **Follow up** – Throughout 2023/24 the IA team will continue to follow up on recommendations raised in prior year reports to ensure they are implemented and embedded effectively.

3.2 Variations to the Plan

3.2.1 IA will keep the programme under continuous review during the year to ensure the coverage has the flexibility to respond to the dynamic environment in which the Council operates. This approach helps make sure IA resources are directed in a more flexible and targeted manner to maximise the benefit to our stakeholders.

3.2.2 Where changes to the planned audits are required during the year, these will be agreed with the relevant Director and CMT, and reported to the Audit Committee. Any areas that are delayed or cannot be incorporated into the IA Plan will be recorded by IA and considered for inclusion in the future year plan.

3.3 Staffing and Resources

3.3.1 The calculated total available IA chargeable time for a full audit year will be 870 IA Days. This is a reduction against the prior year plan but consistent with the prior year actuals due to the significant vacancies within the team. A recruitment programme is in place to improve capacity throughout the year to ensure we can deliver on the plan.

3.3.2 The 2023/24 plan is likely to include approximately 100 days of external IA resource bought in to supplement the in-house provision.

4. THE DETAILED 2023/24 INTERNAL AUDIT PLAN

REF.	AUDIT TITLE	CRR	RISK	DESCRIPTION	TIMING
Directorate: Place					
23.P1	Private Sector Housing	CR2	High	This review will provide assurance over the management of private sector housing to ensure properties are safe, maintained to the required standards, hold the relevant licences and are compliant with legislation. This will include the review of processes and procedures for managing and responding to complaints and enquiries concerning private sector housing.	Q1
23.P2	Capital Programme	CR2	High	This review will supplement the 2022/23 review of Capital Projects to provide assurance over the overall governance arrangements in place for the Capital Programme. Including how projects are prioritised, and how the overall programme is approved and monitored.	Q1
23.P3	Parking Income	CR5	High	This review has been postponed from 2022/23 plan due to changes within the service. It will provide assurance over the adequacy and application of the control and governance framework in place in relation to parking income collection and processing payments, further that these processes are robust, secure and working effectively	Q1
23.P4	DFG and Adaptations		High	This extension to a 2022/23 review will reflect the changes made in the service and increase the sample testing to confirm there is sufficient evidence available to provide assurance over the use of Disability Facilities Grants.	Q2
23.P5	Climate Action		High	This forward-looking review will consider the governance arrangements in place around the Council's climate action plan, and how climate performance is calculated and reported. This will include a review of the quality of the data used to support the action plan to ensure it is timely and accurate.	Q2
23.P6	Facilities Management	CR2	Med	A review of the adequacy and effectiveness of the monitoring and oversight of the Council's Facilities Management services, including any managed contracts, with regards to its offices and other serviced buildings.	Q2
23.P7	Social Housing Applications	CR2	High	The Council is responsible for carrying out a series of checks on each housing applicant prior to them being allocated emergency housing or placed on the housing register.	Q2
23.P8	Homeless Housing Applications	CR2	High	These reviews will provide assurance over the management of homeless and social housing applications to ensure the qualifying criteria is applied consistently and any applicants who meet the criteria are processed efficiently. They will also look to share best practice, where appropriate, between the two services.	Q3
23.P9	Uninspected B&Bs	CR2	High	This review has been postponed from the 2022/23 plan due to the new system being implemented. This review will provide assurance over the governance and control framework of the Dynamic Purchasing System that Housing Services use to source and procure Bed and Breakfast provision. It will also review the quality assurance, inspection and reinspection programme.	Q3
23.P10	Maintenance & Replacement Service Contracts	CR6	High	A review of the governance arrangements and management of service contracts in relation to the equipment in the housing stock, such as boilers, hoists, water tanks, stair lifts etc. Including a review of the resilience arrangements for these contracts.	Q3
23.P11	Building Control		High	To provide assurance over the adequacy and effectiveness of the building control management processes, taking into consideration the Independent Review of Building Regulations and Fire Safety from May 2018.	Q3
23.P12	Building Safety Standards		High	To provide assurance the Council has embedded the new Building Safety Standards within the wider Building Strategy, including how compliance is monitored. Covering planning, repairs, and social housing inspections.	Q4

Directorate: Adult Social Care

23.A1	Brokerage Outputs	CR5	High	The Council uses a Dynamic Purchasing System to broker and commission care packages for children and adults services users, include all care home placements (residential or nursing), supported living placements and rapid response. This review will assess the effectiveness of this system.	Q1
23.A2	Payments to Early Years Providers (Administration of Dedicated Schools Grant in Nurseries)	CR10	High	All 3&4-year-olds, and eligible 2-year-olds, have access to 15-30 hours per week of Free Early Years Childcare Entitlement. The funds required are administered by the Council who distribute to the relevant early years providers. This review will provide assurance over the management, application and administration of this process, and in turn support the programme of work to meet the requirements of the wider Dedicated Schools Grant Recovery Plan.	Q1
23.A3	Merrifields, Goshawk Gardens & Chapel Lane		High	This review will provide assurance that financial governance, quality, and risk management arrangements are in place and operating effectively within Merrifields, Goshawk Gardens, and Chapel Lane.	Q2
23.A4	Contract Management	CR6	High	To provide assurance over the contract management arrangements in place for non-regulated areas. This will include reviewing the overall contract management arrangements, as well as a sample of contracts to ensure they include appropriate details in relation to the service provision and resilience.	Q2
23.A5	Partnership Working - Health	CR5	High	This review will consider how Adult Social Care services engage with health organisations to improve outcomes for service users. This includes the effectiveness of the Council's engagement in the Integrated Care System.	Q3
23.A6	Neglect (Adults)		Med	Following the implementation of the new Neglect Strategy, this joint review with Children's will provide assurance that the strategy has embedded in practice. This will be assessed through the review of Protection plans following allegations of neglect, ensuring there is clear evidence of actions throughout the case.	Q3
23.A7	Telecare		Med	The Council uses the Telecare to support more people to live at home or in extra care housing schemes. This review will examine the implementation of the Telecare strategy and the associated financial and operational management arrangements	Q4
23.A8	ARCH Social Work Outputs	CR6	High	To provide assurance over the contract and performance management arrangements in place in relation to the ARCH Social Work agreement, to ensure the Council is maximising the effectiveness of the service and achieving value for money.	Q4
23.A9	Supported Living: Void Management	CR2	High	This review will assess the turn around timescales for supported living accommodation to provide assurance the service is proactively identifying and re-allocating void properties to maximise the effectiveness of the available accommodation.	Q4

Directorate: Children & Young People, Education & SEND

23.C1	No Recourse to Public Funds	CR3	High	This audit will provide assurance that sufficient joint working practices are in place across the council to promote resource and cost-efficient operations regarding individuals and families who present to the Council with NRPF.	Q1
23.C2	Safety Valve Plan	CR7	High	This review will provide assurance over the governance arrangements in place to monitor the Safety Valve Plan. Confirming whether actions have been put in place and proactively monitored to address any variances against the plan.	Q1
23.C3	SEND Data Quality	CR7	High	This audit will involve the Service and the Business Performance team to review the accuracy of the data required for the SEND annual statutory return. This will include assessing how effectively the service is inputting data onto their system to facilitate the annual data collection process.	Q2

23.C4	Neglect (Children's)		Med	Following the implementation of the new Neglect Strategy, this joint review with adults will provide assurance that the strategy has embedded in practice. This will be assessed through the review of Child Protection plans following allegations of neglect, ensuring there is clear evidence of actions throughout the case, and also include the utilisation of Graded Care Profile 2.	Q3
23.C5	Safety Valve Plan (2)	CR7	High	This time has been allocated to review any key areas that emerge from the Safety Valve Plan review above. These will be confirmed with the Executive Lead.	Q3
23.C6	Thematic Schools Audit		Med	Internal Audit undertake a thematic review across a number of schools each year. The results are used to share learning across all schools. The key topic for 2023/24 will be agreed with the Executive Lead.	Q3
Directorate: Central Services					
23.S1	IT Application Review	CR9	Med	External specialists are used to conduct IT application assurance reviews each year. These cover various aspects including the processes in place to support, control and manage internal digital systems, contract management arrangements where IT services are outsourced, management arrangements for users and usage, and change management arrangements for version updates, problem fixing and emergency changes.	Q1
23.S2	Workforce Planning, Establishment & Recruitment		High	Review looking how workforce needs are forecast and reflected in the establishment. Including how recruitment needs are identified early to minimise any long-term vacancies, and how new recruitment practices are developed to attract applicants in specialist areas.	Q2
23.S3	Contact Centre		High	This review will provide assurance in relation to the management and development of the Contact Centre. In particular, the actions in place to encourage residents to use alternative channels such as online services, whilst maintaining good service delivery.	Q2
23.S4	Organisation Culture		High	A cross cutting review looking at a number of aspects influencing the culture of the organisation. Including the tone from the top, polices and training, rewards and recognition, EDI and communications. This will include engaging with different staff groups using a range of methods to understand their perception of the organisation.	Q3
23.S5	Overtime Payments	CR5	Med	This compliance based review will test a sample of overtime payments from across the council to provide assurance they have been approved and processed consistently, and in line with the Council's policy.	Q4
23.S6	Mortuary		High	This review will consider how compliance with the Human Tissue Authority requirements is monitored and maintained, to reduce the risk of any legal and reputational damage if Uxbridge Mortuary is subject to licencing and site inspections.	Q4
23.S7	Legal		Med	This review will provide assurance in relation to the management and development of the Legal service, including the management of external providers to maximise the effectiveness of the service.	Q4
23.S8	Performance Information		High	This audit will review how Directorates are monitoring their operational performance, including how they set key performance indicators in line with their objectives and how they ensure there is accurate performance data to evidence these KPIs.	Q3
23.S9	Personal Appraisal		High	This review will follow the Performance Information audit listed above and cover how individuals' performance is monitored within the Directorates. Including how Directorate and Service performance data is used to set individual objectives and used to support the appraisal process.	Q3
Directorate: Corporate Finance					
23.F1	Risk Management		High	The management of risk is a key process which underpins successful achievement of the Council's objectives and priorities. This review will be completed by an external provider to provide independent assurance over the arrangements in place.	Q1

23.F2	Payment Card Industry Data Security Standard		Med	This review will test compliance against the Payment Card Industry Data Security Standard, and confirm arrangements are in place to monitor ongoing compliance and address any changes to the Standards.	Q2
23.F3	Effectiveness of Pension Committee		Low	This review was added to the plan at the request of the Pension Committee. It will consider how the Committee's roles of responsibilities are defined, the training and support provided to members, and how the effectiveness of the committee is measured and monitored.	Q2
23.F4	Oracle Programme		High	This review will provide assurance over the governance of the Oracle programme, including reviewing the project management arrangements and staff engagement to ensure the system is designed and implemented effectively.	Q3
23.F5	Fraud Risk Assessment - Procurement	CR5	High	This joint review with Counter Fraud will focus on the key fraud risks in relation to procurement and walkthrough the controls in place to mitigate against these risks.	Q3
23.F6	Savings Programme	CR5	High	This Council wide review will consider how individual directorates are engaging in the savings programme. Including how they are identifying and developing their savings plans and monitoring savings to ensure they are achieved in practice.	Q3
Other Internal Audit Work					
23.G	Grant Claims	-	-	Several grant certifications and sign offs are required by IA during the year on behalf of the Council, including the Housing Subsidy and Troubled Families claims.	Q1 - Q4
-	Ad Hoc Consultancy	-	-	Work where the primary purpose is to advise and support management to improve systems and processes, mitigate risk and enable the achievement of objectives.	Q1 - Q4
-	Recommendation Follow up	-	-	All High and Medium recommendations raised by Internal Audit will be followed up as they become due to ensure they have been implemented effectively.	Q1 - Q4

AVAILABLE CHARGEABLE TIME

Based on the current workforce and recruitment programme, the calculated total available IA chargeable time for 2023/24 is 870 IA days. This includes 100 days of external support in relation to specialist reviews.

Type of IA Work	2023/24 Days	2022/23 Days	2021/22 Days	2020/21 Days
Assurance & Advisory Audits	725	942	942	713
Grant Claims	75	43	43	43
Ad-Hoc Consultancy	20	66	66	60
Recommendation Follow-Up	40	40	40	25
Facilitation	10	9	9	9
	870 Days	**1,100 Days***	**1,100 Days**	**850 Days**

* Planned dates from the 2022/23 IA Plan. Due to the reduction in capacity during the period the actual IA days are estimated to be lower, however there is insufficient data available to provide precise figures. Monitoring of actual days against planned days will be implemented for 2023/24.
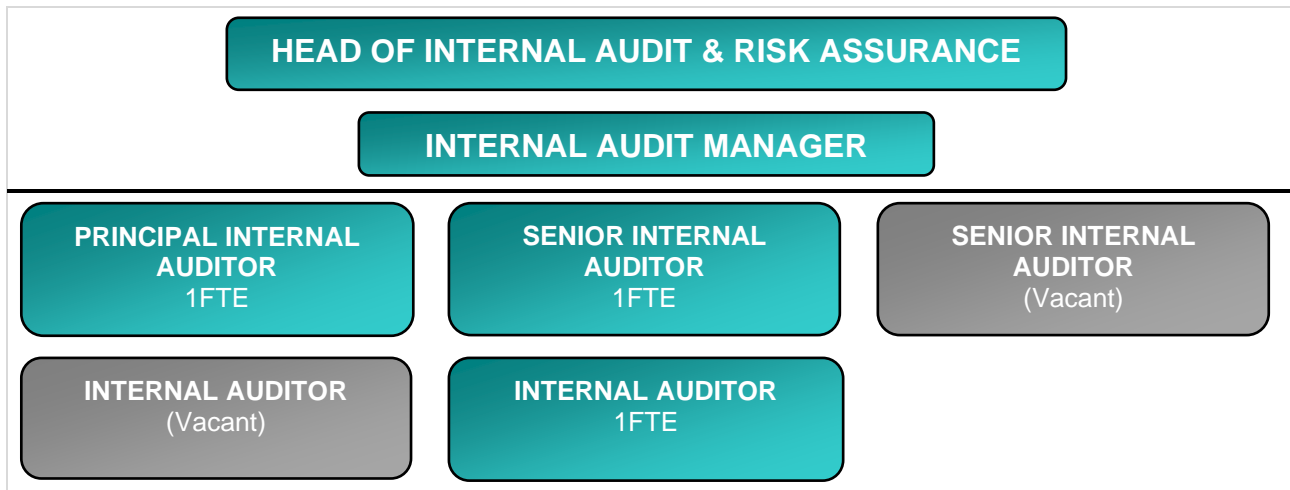
ALIGNING TO THE STRATEGIC OBJECTIVES

As part of the Internal Audit planning process the proposed reviews have been aligned to the Councils Strategic Objectives for 2022-2026. This summary is intended to provide assurance the plan will support the Council to achieve these core objectives.

(1) Safe and Strong Communities	Private Sector Housing, Capital Programme, Homeless Housing Applications, Social Housing Applications, Uninspected B&Bs
(2) A Thriving Economy	Contract Management, Partnership Working (Health), ARCH Social Work Outputs, Workforce Planning, Establishment & Recruitment,
(3) A Digital-enabled, modern well-run council	IT Application Review, Telecare, Workforce Planning, Establishment & Recruitment, Contact Centre, Organisation Culture, Risk Management, Oracle Programme, Savings Programme
(4) Thriving, healthy households	Safety Valve Plan, Neglect, Thematic Schools Audit
(5) A green and sustainable borough	Maintenance & Replacement Service Contracts, Climate Action

5. INTERNAL AUDIT SKILLS AND RESOURCES

5.1   In line with the PSIA Standards, the Head of Internal Audit appointed in January 2023 is professionally qualified and suitably experienced, whilst the IA team collectively possess the knowledge, skills and other competencies required to perform their responsibilities.

5.2   The capacity within the in-house IA team reduced significantly over the last twelve months due to many new vacancies. We have recently appointed a new Principal Auditor, due to join the Council in May, and recruitment is ongoing for a Senior Internal Auditor and Internal Auditor.

5.3   After deducting an appropriate amount of allocated time for recruitment and staff training, the calculated total available IA chargeable time for 2023/24 is 870 IA Days. This is likely to include approximately 100 days of external IA resource bought in to supplement the in-house provision.

5.4   With the current focus on recruitment we are confident that there will be sufficient IA resources available to meet the skills and resource requirements needed to deliver the 2023/24 risk-based IA Plan. If there is a further reduction in the available resources the IA Plan will be revised to ensure reviews are prioritised appropriately, and additional external resources will be commissioned where required.

5.4   We continue to invest in the training and development of all our staff, including identifying opportunities for further development in associated areas of assurance. The new structure of the team is designed to enable internal promotion in the future, as well as further training and development opportunities.

HEAD OF INTERNAL AUDIT & RISK ASSURANCE

INTERNAL AUDIT MANAGER

| PRINCIPAL INTERNAL AUDITOR 1FTE | SENIOR INTERNAL AUDITOR 1FTE | SENIOR INTERNAL AUDITOR (Vacant) |
| INTERNAL AUDITOR (Vacant) | INTERNAL AUDITOR 1FTE | |

APPENDIX A - INTERNAL AUDIT 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 is in need of 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.

FINDING RATING	DEFINITION
HIGH	The recommendation relates to **a significant threat** that impacts the Council's corporate objectives. i.e. a high number of key business risks remain unidentified and/or unmanaged as control systems do not exist and/or do not operate effectively. **The risk requires senior management attention as soon as possible** as it may result in the breakdown of part/whole of the service.
MEDIUM	The recommendation relates to **a potentially significant threat** that impacts on either corporate or operational objectives. This includes weaknesses in the control systems that are not considered serious but may have some impact on the service. **The risk requires management attention** and should be addressed within six months to ensure full compliance with expected controls.
LOW	The recommendation relates to **a minor threat** that impacts on operational objectives, this includes non-compliance with best practice or local procedures, and minimal impacts on the Service's reputation or budget. **The risk may be tolerable in the medium term** but management should take action within the next year to improve the control framework to ensure full compliance with expected controls.
OBSERVATION	This includes any items Internal Audit would like to highlight that may not directly relate to a finding. This includes notable performance and innovative controls that **should be shared with others,** potential concerns raised during the audit that are outside the scope of the review and will be considered separately, and any areas of improvement that had already been addressed by management at the time of the review.

Control Environment: The systems of governance, risk management and internal control. Key elements include establishing and monitoring the authority's objectives, facilitating policy and decision-making, ensuring compliance with established policies and procedures, financial management, and performance management.

Risk Appetite: The amount of risk that the Council is prepared to accept, tolerate, or be exposed to at any point in time.

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 B - INTERNAL AUDIT KEY PERFORMANCE INDICATORS

The Key Performance Indicators (KPIs) for IA quarterly reporting to CMT and the Audit Committee in 2023/24 are set out below:

KPI	Category	Performance Measure	2023/24 Target
KPI 1	Timeliness: IA	Planning Meetings to be arranged at least six weeks before planned fieldwork start date to allow the relevant service to prepare documents and ensure staff availability.	80%
KPI 2	Timeliness: IA	Draft Reports to be issued three weeks after the end of fieldwork meeting with the key contact	80%
KPI 3	Timeliness: IA	Final Reports to be issued one week after the final approval received from the Audit Sponsor.	80%
KPI 4	Timeliness: IA	Annual IA Plan delivered to draft report stage by 31st March	90%
KPI 5	Timeliness: IA	Annual IA Plan delivered to final report stage by 31st March	80%
KPI 6	Timeliness: Management	Initial documentation requests outlined at the planning meeting to be received by the audit fieldwork start date.	80%
KPI 7	Timeliness: Management	Final approval of the management responses to be received two weeks after the updated report is issued	80%
KPI 8	Timeliness: Management	HIGH and MEDIUM risk IA recommendations completed within the original agreed timescale	80%
KPI 9	Quality	HIGH and MEDIUM risk IA recommendations where positive management action is proposed	95%
KPI 10	Quality	Client Satisfaction Rating from Feedback Questionnaires	85%

Key for future 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