INTERNAL AUDIT PROGRESS REPORT

10 April 2024

HILLINGDON

LONDON

CONTENTS

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1. INTRODUCTION

The Role of Internal Audit

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 completed since the last Audit Committee meeting. 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

IA have now completed all fieldwork in relation to the 2023/24 and have already started work on a number of reviews in the 2024/25 IA workplan.

Since the last Audit Committee meeting, **nine** reviews were completed to final report stage and included in the Annual IA Report presented separately to this committee. These include:

- **one SUBSTANTIAL** assurance report: Building Safety Standards

- **four REASONABLE** assurance reports: Payment Card Data Security Standard, Building Control Action Plan, Neglect (Children's), and Private Sector Housing,

- **one ADVISORY** review: Fraud Risk Assessment (Procurement)

- **three LIMITED** assurance reports relating to the following areas:

Social Housing applications	The Council has a Social Housing Allocation Policy which describes how housing applications are assessed and prioritised. This review tested a sample of applications to confirm whether the policy was followed in practice.
	Our review identified two key areas of improvement. The first related to inconsistent case management documentation, in particular multiple different systems were used to record application information leading to missing information and duplication. The second key finding related to the large backlog of cases held by the service, as there was no approved action plan in place at the time of the review to address this backlog.
Fleet Damage	This review was added to the plan to assess the management arrangements within the fleet service due to the increase in fleet damage costs. Overall, we raised four medium findings which all related to the reliance on paper-based documentation. This meant records could not be accessed or reviewed and there was increased human error. This key documentation included Consent to Drive forms, Driver Assessment test sheets, accident reports, and daily vehicle check sheets. Poor quality records impact on the Council's ability to hold drivers to account when vehicles are damaged.
Pool Cars	The Council maintains a small fleet of pool cars to be used by officers when required for ad-hoc journeys. This review was added to the Internal Audit Plan following a potential misuse of a pool car identified by the Head of the Corporate Business Support Unit (BSU) team. All bookings are made through a central calendar and the keys are collected from the BSU team. However, the current processes rely on individual drivers taking responsibility for completing key paperwork before taking a pool car and our testing identified this was not done consistently in practice.
	The central resources for monitoring compliance with the pool cars processes were reduced as part of previous restructure of the BSU. However, this has increased the risk

| | that pool cars can be taken without consent and the Council could be held responsible if the car is involved in a serious accident. |

Seven further reviews are at a draft report stage and should be finalised before the next Audit Committee. For details of these reviews please see *Appendix A.*

Since the last Audit Committee IA has also completed the audit of the Mayors Charity Account and a grant claim memo for the Bus Service Operators Grant. For details of the grant claims and ad hoc consultancy reviews currently planned for 2024/25 please see *Appendix B.*

Changes to the Internal Audit Workplan

During Q4 four planned Internal Audit reviews were postponed at the request of the service and have been added to the 2024/25 workplan.

Fieldwork for three of the four reviews (Personal Appraisals, Overtime Payments and Partnership Working (Health)) was started however the key service contacts were subsequently diverted to support with a CQC inspection and the External Audit interim review. New planned dates were set with the relevant services and these reviews will be completed in 2024/25.

The fourth review (Supported Living: Void Management) was consolidated with a wider Voids review requested for Q1 of the 2024/25 workplan. The processes are consistent so this will reduce any potential duplication if the supported living voids were reviewed separately.

3. FOLLOW UP OF MANAGEMENT ACTIONS

The table in *Appendix C* outlines the agreed management actions followed up since the last Audit Committee meeting. Actions are marked as verified once IA have received evidence to demonstrate the action has been fully implemented. Once all actions from an individual report are verified the report is marked closed and will be removed from the tracker.

In total 33/43 (77%) management actions due to have been implemented were marked as verified or complete. Three were marked as not complete and new implementation dates have been set when these actions will be followed up again.

At the time of this report seven were marked as unknown as we have not received confirmation from the responsible officer. Meetings will be arranged with the relevant services for these actions and they will be followed up before the Audit Committee.

4. FORWARD LOOK

Over the next quarter the IA team will focus on finalising the remaining reports from the 2023/24 Internal Audit workplan and starting fieldwork for the 2024/25 reviews.

The IA team are also working to update their Quality Improvement Action Plan for the year, which will include a detailed review of existing processes against the new Global Internal Audit Standards to ensure any areas of improvement are implemented before the Standards go live in January 2025. A summary of this work will be presented to the next Audit Committee meeting.

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 REVIEWS

IA Ref.	IA Review Area	Current Status April 2024	Assurance Level	Actions & Risk Rating			
				H	M	L	O
23.S04	Organisation Culture	Draft report issued 28 March 2024	*TBC once final report issued*				
23.C06	Thematic Schools Audit (SEND Funding)	Draft report issued 22 February 2024	*TBC once final report issued*				
23.C03	SEND Data Quality	Draft report issued 26 January 2024	*TBC once final report issued*				
23.F04	Oracle Programme	Draft report issued 15 April 2024	*TBC once final report issued*				
23.F08	Budget Monitoring	Report drafting	*TBC once final report issued*				
23.A08	ARCH Social Work Outputs	Draft report issued 19 March 2024	*TBC once final report issued*				
23.A06	Neglect (Adults)	Draft report issued 02 April 2024	*TBC once final report issued*				
23.P09	Uninspected B&Bs	Draft report issued 25 March 2024	*TBC once final report issued*				
23.P10	Statutory Servicing, Engineering & Maintenance Contracts	Report drafting	*TBC once final report issued*				
23.S08	Performance Information	Report drafting	*TBC once final report issued*				
24.A01	Commissioned & Direct Payments	*Planned for June 2024*	*TBC once final report issued*				
24.A04	Partnership Working (Health)	Fieldwork Planned for Q4	*TBC once final report issued*				
24.D02	Cyber Security (1)	Planning	*TBC once final report issued*				
24.P03	Leasehold Management & Service Charges	Planning	*TBC once final report issued*				
24.P04	Asset Management (Corporate Properties)	Planning	*TBC once final report issued*				
24.S01	Organisation Culture (Part Two)	Planning	*TBC once final report issued*				
24.S03	Recruitment & Pre-employment checks	*Planned for July 2024*	*TBC once final report issued*				
24.S07	Voids processes	Fieldwork	*TBC once final report issued*				
24.S15	Overtime, Expenses & Mileage Payments	Fieldwork Planned for June	*TBC once final report issued*				
24.S16	Personal Appraisals	Fieldwork	*TBC once final report issued*				
24.X01	Directorate Governance	Planning	*TBC once final report issued*				

IA = Internal Audit	**H** = High Risk	**M** = Medium Risk	**L** = Low Risk	**O** = Observation

IA Ref.	IA Review Area	Current Status April 2024	Assurance Level	Actions & Risk Rating			
				H	M	L	O
24.X02	Cabinet Engagement	Planning	*TBC once final report issued*				
24.C03	Admissions	Planning	*TBC once final report issued*				
24.A02	Transport provider	*Planned for Q2 2024*	*TBC once final report issued*				
24.F06	Budget Setting	*Planned for Q2 2024*	*TBC once final report issued*				
24.A03	Telecare (Intelligent Lilli)	*Planned for Q2 2024*	*TBC once final report issued*				
24.C02	Schools Finances	*Planned for Q2 2024*	*TBC once final report issued*				
24.D01	Data Quality (Liquid Logic)	*Planned for Q2 2024*	*TBC once final report issued*				
24.D05	Hillingdon First Card	*Planned for Q2 2024*	*TBC once final report issued*				
24.F01	Post Oracle Implementation	*Planned for Q2 2024*	*TBC once final report issued*				
24.F04	Debtors	*Planned for Q2 2024*	*TBC once final report issued*				
24.P02	Waste Services	*Planned for Q2 2024*	*TBC once final report issued*				
24.S02	Mandatory training	*Planned for Q2 2024*	*TBC once final report issued*				
24.S05	Decent Homes Standards	*Planned for Q2 2024*	*TBC once final report issued*				
24.S09	Dangerous Structures	*Planned for Q2 2024*	*TBC once final report issued*				
24.S13	Rent arrears	*Planned for Q2 2024*	*TBC once final report issued*				
24.C01	Safety Valve Plan (Part 2)	*Planned for Q3 2024*	*TBC once final report issued*				
24.D03	Cyber Security (2)	*Planned for Q3 2024*	*TBC once final report issued*				
24.D04	Device Usage	*Planned for Q3 2024*	*TBC once final report issued*				
24.F02	Key Financial Controls	*Planned for Q3 2024*	*TBC once final report issued*				
24.F03	Contract Management Oversight	*Planned for Q3 2024*	*TBC once final report issued*				
24.F05	Social Care Charges	*Planned for Q3 2024*	*TBC once final report issued*				
24.P01	Community Safety	*Planned for Q3 2024*	*TBC once final report issued*				

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IA Ref.	IA Review Area	Current Status April 2024	Assurance Level	Actions & Risk Rating			
				H	**M**	**L**	**O**
24.S04	Gifts, Hospitality & Conflicts of Interest	*Planned for Q3 2024*	*TBC once final report issued*				
24.S11	Temporary Accommodation	*Planned for Q3 2024*	*TBC once final report issued*				
24.S12	Private Sector Housing Procurement	*Planned for Q3 2024*	*TBC once final report issued*				
24.S14	Registrars	*Planned for Q3 2024*	*TBC once final report issued*				
24.X03	Transformation Programme	*Planned for Q3 2024*	*TBC once final report issued*				
24.X04	Corporate Policies and Procedures	*Planned for Q3 2024*	*TBC once final report issued*				
24.D06	Digital Inclusion	*Planned for Q4 2024*	*TBC once final report issued*				
24.S06	Utilisation of Housing Stock	*Planned for Q4 2024*	*TBC once final report issued*				
24.S08	Emergency Planning	*Planned for Q4 2024*	*TBC once final report issued*				
24.S10	Security	*Planned for Q4 2024*	*TBC once final report issued*				
			Total Number of IA Management Actions Raised				

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APPENDIX B: IA AD-HOC CONSULTANCY & GRANT CLAIM VERIFICATION REVIEWS

IA Ref.	IA Review Area	Current Status April 2024
24.G1	Supported Families Q1	
24.G1	Supported Families Q2	
24.G1	Supported Families Q3	
24.G1	Supported Families Q4	
24.G2	Housing Benefit Grant	
24.G3	Mayors Charity Accounts	
24.G4	Bus Subsidy Grant Claim	
24.Z01	FM Code Self-Assessment	
24.Z02	Business continuity plans	
24.Z03	SEND transport	
24.Z04	Housing Appeals	

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APPENDIX C: IA FOLLOW UP OF MANAGEMENT ACTIONS

Ref	Review	Number of Actions		Verified		Completed		Overdue		Unknown		Not Due		Comments
		H	M	H	M	H	M	H	M	H	M	H	M	
17.A28	Corporate Payments	-	1	-	-	-	-	-	-	-	-	-	1	Due April 2024
19.A01	Schools Payroll Arrangements	-	8	-	4	-	-	-	-	-	-	-	4	Due April 2024
20.A03	Cemeteries: Bereavement Service and Ground Maintenance	2	4	-	-	-	-	-	-	-	-	2	4	Due June 2024
20.A06	Estates - Lease Management	1	1	-	1	-	-	-	-	-	-	1	-	Due April 2024
20.A12	Educational Care Plans and Local Offer	-	1	-	1	-	-	-	-	-	-	-	-	CLOSED
20.A31	Exclusions or Education Cases for Vulnerable Young People	-	4	-	3	-	-	-	1	-	-	-	-	New due date: May 2024
21.A03	ICT Service Desk	-	2	-	1	-	-	-	-	-	-	-	1	Due June 2024
21.A06	Transport Contract Management	-	1	-	1	-	-	-	-	-	-	-	-	CLOSED
21.A07	Fostering Service	-	3	-	-	-	3	-	-	-	-	-	-	
21.A14	Birth Registration Service	-	3	-	-	-	-	-	-	-	-	-	3	Due November 2024
21.A16	Procurement – Contract Compliance Management	1	1	-	-	-	-	-	-	-	-	1	1	Due June 2024
22.A39	Stronger families HUB	1	1	-	-	1	1	-	-	-	-	-	-	
22.A42	Fraud prevention controls in tendering & contacts	-	4	-	-	-	-	-	-	-	-	-	4	Due April 2024
22.A43	Registrars cash handling	-	1	-	-	-	-	-	1	-	-	-	-	Change of Officer
22.A45	Adult social care referrals and assessment	-	2	-	1	-	-	-	1	-	-	-	-	New due date: May 2024
22.A46	Colham road	-	2	-	1	-	1	-	-	-	-	-	-	
22.A48	Quality of practice	-	3	-	3	-	-	-	-	-	-	-	-	CLOSED
22.A50	Purchase cards	-	4	-	-	-	-	-	-	-	-	-	4	Due April 2024
22.A58	Merrimans Respite Care Unit	-	1	-	-	-	1	-	-	-	-	-	-	
22.A56	IR35	1	2	1	2	-	-	-	-	-	-	-	-	CLOSED
22.C59	Care Leavers Allowances	1	1	-	-	-	-	-	-	1	1	-	-	
22.C61	Thematic Review: Pupil Premium	-	4	-	3	-	-	-	-	-	1	-	-	
22.F63	Robotic Process Automation	-	1	-	-	-	-	-	-	-	-	-	1	Due April 2024

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Ref	Title													Due
22.P52	Trading Standards POCA	1	2	-	-	-	-	-	-	-	-	1	2	Due April 2024
23.A03	Goashawk Gardens & Chapel Lane	1	3	-	-	1	3	-	-	-	-	-	-	
23.A04	Contract Management	-	3	-	-	-	-	-	-	-	-	-	3	Due April 2024
23.C04	Neglect (Children's)	-	2	-	-	-	-	-	-	-	-	-	2	Due May 2024
23.F01	Risk Management	1	5	-	-	-	-	-	-	-	-	1	5	Due April 2024
23.F03	Effectiveness of the Pension Committee	-	2	-	-	-	-	-	-	-	-	-	2	Due June 2024
23.P01	Private Sector Housing	-	1	-	-	-	-	-	-	-	1	-	-	
23.P02	Capital Programme	1	2	-	-	-	-	-	-	1	2	-	-	
23.P03	Parking Service Income	-	3	-	-	-	-	-	-	-	-	-	3	Due June 2024
23.P05	Climate Action	1	1	-	-	-	-	-	-	-	-	1	1	Due March 2025
23.P06	Facilities Management	-	3	-	-	-	-	-	-	-	-	-	3	Due September 2024
23.S01	IT Application - ContrOCC	-	2	-	-	-	-	-	-	-	-	-	2	Due April 2024
23.S02	Workforce Planning, Establishment & Recruitment	2	2	-	-	-	-	-	-	-	-	2	2	Due June 2024
23.S10	Homeless Housing Applications	1	1	-	-	-	-	-	-	-	-	1	1	Due April 2024
23.S12	Social Housing Applications	1	1	-	-	-	-	-	-	-	-	1	1	Due May 2024
23.F02	Payment Card Data Security Standard (PCI DSS)	1	-	-	-	-	-	-	-	-	-	1	-	
23.P11	Building Control Action Plan	-	1	-	-	-	-	-	-	-	-	-	1	Due May 2024
23.F07	Fleet Damage	-	4	-	-	-	-	-	-	-	-	-	4	
23.S13	Pool Cars	2	3	-	-	-	-	-	-	-	-	2	3	Due July 2024
	SUBTOTAL	19	96	1	21	2	9	0	3	2	5	14	58	
	TOTAL	115		22		11		3		7		72		

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APPENDIX D: 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	Performance Measure	Target	2023/24	Current Status
KPI 1	Planning to be initiated at least six weeks before the planned fieldwork start date to allow the relevant service to prepare documents and ensure staff availability.	80%	82%	100%
KPI 2	Draft Reports to be issued three weeks after the end of fieldwork meeting with the key contact	80%	83%	*TBC*
KPI 3	Final Reports to be issued one week after the final approval received from the Audit Sponsor.	80%	100%	*TBC*
KPI 4	Annual IA Plan delivered to draft report stage by 31st March	90%	91%	*TBC*
KPI 5	Annual IA Plan delivered to final report stage by 31st March	80%	76%	*TBC*
KPI 6	Initial documentation requests outlined at the planning meeting to be received by the audit fieldwork start date.	80%	80%	*TBC*
KPI 7	Final approval of the management responses to be received two weeks after the updated report is issued	80%	77%	*TBC*
KPI 8	HIGH and MEDIUM risk IA Management Actions completed within the agreed timescale	80%	65%	*TBC*
KPI 9	HIGH and MEDIUM risk IA Management Action where positive management action is proposed	95%	100%	*TBC*
KPI 10	Client Satisfaction Rating from Feedback Questionnaires	85%	85%	*TBC*

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

APPENDIX E: ASSURANCE LEVELS AND ACTION 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 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 finding 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 finding 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 finding 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.