INTERNAL AUDIT PROGRESS REPORT

14 August 2024

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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

Internal Audit are continuing to progress a number of reviews in the 2024/25 IA workplan. Since the last Audit Committee meeting, **ten** reviews were completed to final report stage. These include:

- **two SUBSTANTIAL** assurance reports: ARCH Social Work Outputs and Statutory Servicing, Engineering & Maintenance Contracts

- **four REASONABLE** assurance reports: Oracle Programme, Neglect (Adults), Cyber Security and Voids Processes

- **one ADVISORY** review: Organisation Culture

- **one LIMITED** assurance report and two **NO** assurance reports relating to the following areas:

SEND Data Quality (**No** Assurance)	This review was included in the IA plan as concerns were raised in relation to the SEND data. Overspends against planned targets within the DfE's Dedicated Schools Grant Safety Valve agreement highlighted the original data used to set the targets was significantly underestimated.
	This review was completed in December 2023 when further variances between the SEND Service and systems were still being uncovered. However, the SEND service and Finance had already carried out extensive amount of work to improve the data quality and were developing an action plan to address the issues going forward.
	Several issues were raised through this review, including annual reviews not taking place, banding information not being in place for on the EHM system, financial data stored on EHM did not always correlate to committed spend on the ContrOCC system, and Decision Record Sheets are not completed and stored on SharePoint.
	Work by the SEND and Finance Teams has been ongoing since this review was completed, and we understand new processes have been implemented to prevent issues reoccurring.
Uninspected B&B's (**No** Assurance)	The Council currently utilises a range of Bed and Breakfast properties (B&Bs) to house residents in need of temporary accommodation. To ensure these B&Bs meet required standards the Housing Team conduct inspections and due diligence checks on landlords before they are added to the new Dynamic Purchasing System.
	Internal Audit reviewed the checks undertaken for a sample of 13 new landlords and 36 properties. We identified insufficient evidence was retained in the case files to evidence the checks undertaken, including missing safety certificates, signed contracts, and risk assessments. Findings were also raised in relation to insufficient

	policies and procedures, no monitoring arrangements for the use of B&Bs, and no formal escalation processes if properties do not meet the required standards.
Performance Information (**Limited** Assurance)	This audit reviewed how individual Directorates set key performance indicators in line with their objectives.
	We reviewed a sample of five teams from across the Council and confirmed there was a general understanding of the importance of KPIs and all five services had KPIs in place. However, the KPIs were not consistently documented and aligned to Service and Directorate objectives and were not formally discussed during team meetings.
	This was a known area of improvement and the Business Intelligence team are currently introducing Power BI software to service areas, to allow teams to visualise KPIs and track KPI's in real time. However, this relies on service areas identifying effective KPIs and sourcing high quality data to feed into PowerBI.

Three 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 grant claim verification work for the Q1 Supported Families return, and provided significant consultancy support to the Housing Management Team when calculating the Tenancy Satisfaction Measures before the annual return was submitted in June. 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

There have been a number of changes to the Internal Audit Plan since the last Audit Committee. New Heads of Service in key risk areas have requested additional reviews, and there has been reduced capacity within other services to support reviews due to ongoing strategic projects.

Two assurance reviews have been added to the plan since the last Audit Committee. Reviews into Section 202 & 204 Appeals and B&B Rent Arrears were added to the plan at the request of the previous Head of Housing Needs when he joined the Council. The HRA Rent arrears audit was also removed from the plan, but has subsequently been re-instated at the request of the new Head of Housing Needs.

Two consultancy reviews were also added to the plan at the request of the relevant service. One into Business Continuity Plans and another to validate the Tenancy Satisfaction Measures against the Technical Requirements.

The Internal Audit team have also delayed a number of audits at the request of key contacts within the relevant services. The Partnership Working Audit has been moved to Q4 and the Data Quality review of Liquid Logic has been delayed until 2025/26 due to ongoing work by the service in these areas. The Directorate Governance review was also delayed slightly to allow for the Zero Based Budgeting Challenge sessions in July.

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 46/79 (58%) management actions due to have been implemented were marked as verified or complete. 13 were marked as not complete and new implementation dates are being set when these actions will be followed up again.

At the time of this report 20 were marked as unknown as we have not received confirmation from the responsible officer. In several cases the responsible officer has left the Council

and meetings are being arranged with the relevant services to agree a new responsible officer to provide an update before the Audit Committee.

4. FORWARD LOOK

Over the next quarter the IA team will continue to focus on fieldwork for the 2024/25 reviews.

The Team will also continue to review their Quality Improvement Action Plan to ensure any new requirements following the new Global Internal Audit Standards are implemented. A summary of the new Global Internal Audit Standards is presented separately to the Audit Committee.

IA would like to take this opportunity to formally thank all staff throughout the Council with whom IA had contact. 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	Assurance Level	H	M	L	O
				Actions & Risk Rating			
23.S04	Organisation Culture	Final report issued 03 July 2024	N/A: ADVISORY	-	-	-	-
23.C03	SEND Data Quality	Final report issued 30 July 2024	NO	4	1	1	-
23.C06	Thematic Schools Audit	Draft report issued 22 February 2024	TBC once final report issued				
23.F04	Oracle Programme	Final report issued 28 May 2024	REASONABLE	-	1	-	-
23.A08	ARCH Social Work Outputs	Final report issued 13 June 2024	SUBSTANTIAL	-	-	-	-
23.A06	Neglect (Adults)	Final report issued 11 July 2024	REASONABLE	-	2	2	-
23.P09	Uninspected B&Bs	Final report issued 2 August 2024	NO	2	3	1	-
23.P10	Statutory Servicing, Engineering & Maintenance Contracts	Final report issued 22 July 2024	SUBSTANTIAL	-	-	1	-
23.S08	Performance Information	Final report issued 31 July 2024	LIMITED	1	3	-	-
24.D02	Cyber Security (1)	Final report issued 26 June 2024	REASONABLE	-	3	2	-
24.S07	Voids processes	Final report issued 06 August 2024	REASONABLE	-	5	3	-
24.P04	Asset Management (Corporate Properties)	Draft report issued 05 August 2024	TBC once final report issued				
24.S17	Section 202 & 204 Appeals	Draft report issued 09 August 2024	TBC once final report issued				
24.S18	B&B Rent Arrears	Report Drafting	TBC once final report issued				
24.S15	Overtime, Expenses & Mileage Payments	Report Drafting	TBC once final report issued				
24.S16	Personal Appraisals	Fieldwork	TBC once final report issued				
24.X01	Directorate Governance	Fieldwork	TBC once final report issued				
24.C03	Schools Admissions	Fieldwork	TBC once final report issued				
24.A01	Commissioned & Direct Payments	Fieldwork	TBC once final report issued				
24.S01	Organisation Culture (Part Two)	Fieldwork	TBC once final report issued				
24.A02	Transport provider	Fieldwork	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	Assurance Level	Actions & Risk Rating			
				H	**M**	**L**	**O**
24.A03	Telecare (Intelligent Lilli)	Fieldwork	*TBC once final report issued*				
24.C02	Schools Finances	Fieldwork	*TBC once final report issued*				
24.A04	Partnership Working (Health)	Fieldwork (Delayed to Q4)	*TBC once final report issued*				
24.P03	Leasehold Management & Service Charges	Planning	*TBC once final report issued*				
24.S03	Recruitment & Pre-employment checks	Planning	*TBC once final report issued*				
24.S13	HRA Rent arrears	Planning	*TBC once final report issued*				
24.F04	Debtors	Planning	*TBC once final report issued*				
24.S05	Decent Homes Standards	Planning	*TBC once final report issued*				
24.S09	Dangerous Structures	Planning	*TBC once final report issued*				
24.D05	Hillingdon First Card	*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 & Induction	*Planned for Q3 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.F06	Budgetary Controls	*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*				
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*				

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IA Ref.	IA Review Area	Current Status	Assurance Level	Actions & Risk Rating			
				H	**M**	**L**	**O**
24.X02	Cabinet Engagement	*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			**7**	**18**	**10**	**0**

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

IA Ref.	IA Review Area	Current Status
24.G1	Supported Families Q1	*Complete - Memo Issued 12 June 2024*
24.G1	Supported Families Q2	*Planned for Q2*
24.G1	Supported Families Q3	*Planned for Q3*
24.G1	Supported Families Q4	*Planned for Q4*
24.G2	Housing Benefit Grant	*Initial Planning Completed*
24.G3	Mayors Charity Accounts	*Planned for Q3*
24.G4	Bus Subsidy Grant Claim	*Planned for Q2*
24.Z01	FM Code Self-Assessment	*Planned for Q3*
24.Z02	Business continuity plans	*Fieldwork*
24.Z03	TSM Technical Requirements	*Memo Issued 12 June 2024*

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APPENDIX C: IA FOLLOW UP OF MANAGEMENT ACTIONS

| Ref | Review | Number of Actions | | Current Status of Actions: | | | | | | | | | | Comments |
| | | | | Verified | | Completed | | Overdue | | Unknown | | Not Due | | |
		H	M	H	M	H	M	H	M	H	M	H	M	
17.A28	Corporate Payments	-	1	-	1	-	-	-	-	-	-	-	-	CLOSED
19.A01	Schools Payroll Arrangements	-	8	-	4	-	-	-	-	-	4	-	-	No response due to change of officer
20.A03	Cemeteries: Bereavement Service and Ground Maintenance	2	4	-	-	-	-	2	4	-	-	-	-	Waiting on IT review. New due date to be set.
20.A06	Estates - Lease Management	1	1	-	1	-	-	1	-	-	-	-	-	New Date: November 2024
20.A31	Exclusions or Education Cases for Vulnerable Young People	-	4	-	3	-	1	-	-	-	-	-	-	
21.A03	ICT Service Desk	-	2	-	1	-	-	-	-	-	1	-	-	
21.A07	Fostering Service	-	3	-	-	-	3	-	-	-	-	-	-	
21.A14	Birth Registration Service	-	3	-	-	-	-	-	-	-	-	-	3	
21.A16	Procurement – Contract Compliance Management	1	1	-	-	-	-	-	-	-	-	1	1	
22.A39	Stronger families HUB	1	1	-	-	1	1	-	-	-	-	-	-	
22.A42	Fraud prevention controls in tendering & contacts	-	4	-	-	-	-	-	1	-	3	-	-	New Date: to be set
22.A43	Registrars cash handling	-	1	-	-	-	-	-	-	-	1	-	-	No response due to change of officer
22.A45	Adult social care referrals and assessment	-	2	-	1	-	-	-	1	-	-	-	-	New Date: to be set
22.A46	Colham road	-	2	-	1	-	1	-	-	-	-	-	-	
22.A50	Purchase cards	-	4	-	4	-	-	-	-	-	-	-	-	CLOSED
22.A58	Merrimans Respite Care Unit	-	1	-	-	-	1	-	-	-	-	-	-	
22.C59	Care Leavers Allowances	1	1	-	-	1	1	-	-	-	-	-	-	
22.C61	Thematic Review: Pupil Premium	-	4	-	4	-	-	-	-	-	-	-	-	
22.F63	Robotic Process Automation	-	1	-	1	-	-	-	-	-	-	-	-	CLOSED
22.P52	Trading Standards POCA	1	2	-	-	-	-	-	-	-	-	1	2	
23.A03	Goshawk Gardens & Chapel Lane	1	3	1	3	-	-	-	-	-	-	-	-	CLOSED
23.A04	Contract Management	-	3	-	-	-	-	-	-	-	3	-	-	

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Ref	Title													Notes
23.C04	Neglect (Children's)	-	2	-	-	-	-	-	-	-	2	-	-	
23.F01	Risk Management	1	5	1	4	-	-	-	1	-	-	-	-	New Date: March 2025
23.F03	Effectiveness of the Pension Committee	-	2	-	2	-	-	-	-	-	-	-	-	
23.P01	Private Sector Housing	-	1	-	-	-	1	-	-	-	-	-	-	
23.P02	Capital Programme	1	2	-	-	-	-	1	2	-	-	-	-	New Date: September 2024
23.P03	Parking Service Income	-	3	-	-	-	-	-	-	-	-	-	3	
23.P05	Climate Action	1	1	-	-	-	-	-	-	-	-	1	1	
23.P06	Facilities Management	-	3	-	-	-	-	-	-	-	-	-	3	
23.S01	IT Application - ContrOCC	-	2	-	-	-	-	-	-	-	-	-	2	
23.S02	Workforce Planning, Establishment & Recruitment	2	2	-	-	-	-	-	-	2	2	-	-	No response due to change of officer
23.S10	Homeless Housing Applications	1	1	-	-	-	-	-	-	1	1	-	-	
23.S12	Social Housing Applications	1	1	1	-	-	1	-	-	-	-	-	-	
23.F02	Payment Card Data Security Standard (PCI DSS)	1	-	-	-	-	-	-	-	-	-	1	-	
23.P11	Building Control Action Plan	-	1	-	-	-	1	-	-	-	-	-	-	
23.F07	Fleet Damage	-	4	-	-	-	-	-	-	-	-	-	4	
23.S13	Pool Cars	2	3	-	-	-	-	-	-	-	-	2	3	
	SUBTOTAL	18	89	3	30	2	11	4	9	3	17	6	22	
	TOTAL	107		33		13		13		20		28		

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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 2024/25 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%	100%
KPI 3	Final Reports to be issued one week after the final approval received from the Audit Sponsor.	80%	100%	100%
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%	63%
KPI 7	Final approval of the management responses to be received two weeks after the updated report is issued	80%	77%	70%
KPI 8	HIGH and MEDIUM risk IA Management Actions completed within the agreed timescale	80%	65%	58%
KPI 9	HIGH and MEDIUM risk IA Management Action where positive management action is proposed	95%	100%	100%
KPI 10	Client Satisfaction Rating from Feedback Questionnaires	85%	85%	100%

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.