



# INTERNAL AUDIT PROGRESS REPORT

8 November 2024



**HILLINGDON**  
LONDON

[www.hillingdon.gov.uk](http://www.hillingdon.gov.uk)

# CONTENTS

The key contacts in connection with this document are:

**Claire Baker**  
Head of Internal Audit  
cbaker@hillingdon.gov.uk

	Page
<b>1. INTRODUCTION</b>	<b>3</b>
<b>2. SUMMARY OF INTERNAL AUDIT ACTIVITY</b>	<b>3</b>
<b>3. FOLLOW UP OF MANAGEMENT ACTIONS</b>	<b>4</b>
<b>4. FORWARD LOOK</b>	<b>5</b>
<b><i>APPENDIX A: IA REVIEWS</i></b>	<b>6</b>
<b><i>APPENDIX B: IA AD HOC CONSULTANCY &amp; GRANT CLAIM VERIFICATION REVIEWS</i></b>	<b>8</b>
<b><i>APPENDIX C: FOLLOW UP OF MANAGEMENT ACTIONS</i></b>	<b>9</b>
<b><i>APPENDIX D: KEY PERFORMANCE INDICATORS</i></b>	<b>11</b>
<b><i>APPENDIX E: ASSURANCE LEVELS AND ACTION RISK RATINGS</i></b>	<b>12</b>

## 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, **six** reviews were completed to final report stage. These include:

- **two ADVISORY** reviews: Schools Finances Part 1, where a formal report will be issued at the end of the Part 2 review which is currently ongoing, and Telecare (Intelligent Lilli) which was designed as an advisory review to identify areas of improvement following the recent changes in the service.
- **Three LIMITED** assurance reports and one **NO** assurance report relating to the following areas:

<p>Asset Management (Corporate Properties) (No Assurance)</p>	<p>This review was added to the plan following a request from the Corporate Directorate as it was a known area of improvement. We confirmed there was a lack of appropriate governance controls in place, including no Asset Management Strategy or policies and procedures in place, and no centralised asset management system or register. Without a centralised asset management system or asset register we found there was inconsistent information and collaboration between different services across the Council, with services receiving information at different times when assets are purchased or disposed of.</p> <p>However, Internal Audit did acknowledge initial steps had already been taken by the services to improve the asset management arrangements. Including plans in place to procure an asset management system, and to improve the governance arrangements by forming an Asset Management Board to improve collaboration and oversee the necessary improvements.</p>
<p>Thematic Schools Audit (Limited)</p>	<p>This review assessed the arrangements in place within schools to ensure they are spending their allocated Special Educational Needs (SEN) funding appropriately. We looked at a sample of four schools, with a sample of five students per school, however the findings will be shared with all schools.</p> <p>We reviewed the most recent termly review and provision map for each of the students and confirmed the schools had arrangements in place for matching SEN support to the individual child's needs, and identifying the specific provision required from the school. The schools then reviewed the effectiveness of the support provided through statutory annual reviews, including monitoring the outcomes against their Education and Health Care Plans (EHCPs).</p> <p>However, although the sufficiency of provision was assessed via the child's outcomes and annual review, insufficient evidence was available to verify the funding received had been spent in line with the EHCP and national High Needs Funding 2023 – 2024 Operational Guidance. In particular in relation to the allocation of Teaching Assistants (TAs) as there was no evidence to reconcile actual TA time against the agreed provision.</p>

Section 202 & 204 Appeals (Limited)	<p>Section 202 of the Housing Act 1996 gives applicants the right to appeal and request a review of any decision regarding their eligibility for assistance. This audit reviewed the appeals process, including how feedback was provided to Housing Officers regarding overturned appeals.</p> <p>We tested 27 appeals from the Council's tracker spreadsheet, including eight overturned cases, and found 13 did not adhere to the Regulation 9 timelines and we were unable to verify compliance with Regulation 9 in 11 cases. We also identified gaps in the evidence maintained, for instance 18 cases had insufficient source documentation uploaded to the case file, and none of the overturned cases had documentation detailing how the reviewing officer arrived at their decision or evidence of documented feedback to highlight any areas of improvement with the original decision.</p>
Overtime, Expenses & Mileage Payments (Limited)	<p>This review focused on testing a sample of overtime and expense payments to confirm whether they have been approved and processed in line with the Council's policy.</p> <p>The Business Intelligence Team separately analysed Overtime and Expenses payments over the last three years, and this analysis was used to avoid duplicating the work of the BI team. This review was also completed as a joint review with Counter Fraud due to the potential fraud risks associated with overtime and expense claims.</p> <p>No fraudulent overtime or expense claims were identified through this review. However, control weaknesses were identified, including unclear policies that lead to inconsistent interpretations across teams, poor approval processes that were often after the overtime or expenses had been incurred, and insufficient evidence attached to individual claim forms which prevented effective scrutiny of the appropriateness of the expenditure.</p>

**Four** 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 Q2 Supported Families return, the Bus Subsidy Grant Claim and significant work towards the Housing Benefits Grant Claim. Work has also been completed on the review of Business Continuity Plans. 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

Since the last Audit Committee there has been increased focus across the Council on new ways of working, service redesign and innovation linked to the budget setting process. This has led to a number of changes to the Internal Audit Plan to avoid duplicating other planned transformation work in high-risk areas, and to avoid reviewing areas which are known to be changing or where previous plans have been postponed for higher priority projects.

Due to the ongoing changes across the Council the following reviews have been removed from the plan: Waste Services has been replaced by a review of the Capital Programme as it was a higher priority area, Digital Inclusion and Devise Usage have been postponed until 2025/26 as the planned areas for the review are still being implemented, and Social Care Charges, Utilisation of Housing Stock and Private Sector Housing Procurement have been delayed until 2025/26 as there are significant projects starting in these area to address known areas of improvement.

## 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 62/70 (89%) management actions due to have been implemented were marked as verified or complete. Three were marked as not complete and a new implementation dates are being set when these will be followed up again.

At the time of this report five were marked as unknown as we have not received confirmation from the responsible officer. During the quarter there has been a number of organisational changes and

several responsible officers have left the Council. Meetings are being arranged with the relevant services to agree a new responsible officer.

## **4. FORWARD LOOK**

Over the next quarter the IA team will continue to focus on fieldwork for the 2024/25 reviews and adapting the plan as new priorities emerge through the ongoing transformation work across the Council. We will also start to develop our Internal Audit Plan for 2025/26.

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	Actions & Risk Rating			
				H	M	L	O
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	Final report issued 28 October 2024	LIMITED	-	3	1	1
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)	Final report issued 08 October 2024	NO	2	2	-	-
24.S17	Section 202 & 204 Appeals	Final report issued 16 September 2024	LIMITED	-	4	2	-
24.A03	Telecare (Intelligent Lilli)	Final report issued 25 October 2024	N/A: ADVISORY	-	-	-	-
24.C02	Schools Finances (Part One)	Memo completed 25 October 2024	N/A	-	-	-	-
24.S15	Overtime, Expenses & Mileage Payments	Final report issued 08 November 2024	LIMITED	5	2	-	-
24.S18	B&B Rent Arrears	Draft report issued 22 October 2024	TBC once final report issued				
24.S16	Personal Appraisals	Draft report issued 21 October 2024	TBC once final report issued				
24.X01	Directorate Governance	Draft report issued 07 October 2024	TBC once final report issued				
24.S01	Organisation Culture (Part Two)	Draft report issued 06 November 2024	TBC once final report issued				
24.C03	Schools Admissions	Report Drafting	TBC once final report issued				
24.S03	Recruitment & Pre-employment checks (Eploy)	Report Drafting	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.P03	Leasehold Management & Service Charges	Report Drafting	<i>TBC once final report issued</i>				
24.S13	HRA Rent arrears	Fieldwork	<i>TBC once final report issued</i>				
24.A02	Transport provider	Fieldwork	<i>TBC once final report issued</i>				
24.A01	Commissioned & Direct Payments	Fieldwork	<i>TBC once final report issued</i>				
24.S05	Decent Homes Standards	Fieldwork	<i>TBC once final report issued</i>				
24.D05	Hillingdon First Card	Fieldwork	<i>TBC once final report issued</i>				
24.F03	Contract Management Oversight	Fieldwork	<i>TBC once final report issued</i>				
24.F04	Debtors	Planning	<i>TBC once final report issued</i>				
24.P02	Capital Programme	Planning	<i>TBC once final report issued</i>				
24.S02	Mandatory Training & Induction	Planning	<i>TBC once final report issued</i>				
24.F06	Budgetary Controls	Planning	<i>TBC once final report issued</i>				
24.S11	HRA Acquisitions (Previously Temporary Accommodation)	Planning	<i>TBC once final report issued</i>				
24.S10	Physical Security	Planning	<i>TBC once final report issued</i>				
24.F02	Key Financial Controls	Planning	<i>TBC once final report issued</i>				
24.C01	Safety Valve Plan (Part 2)	Planning	<i>TBC once final report issued</i>				
24.F01	Post Oracle Implementation	Planning	<i>TBC once final report issued</i>				
24.P01	Community Safety	<i>Planned for Q3 2024</i>	<i>TBC once final report issued</i>				
24.D03	Cyber Security (2)	<i>Delayed to Q4 2024</i>	<i>TBC once final report issued</i>				
24.X03	Savings Programme	<i>Delayed to Q4 2024</i>	<i>TBC once final report issued</i>				
24.X04	Corporate Policies and Procedures	<i>Delayed to Q4 2024</i>	<i>TBC once final report issued</i>				
24.S08	Emergency Evacuation Procedures	<i>Planned for Q4 2024</i>	<i>TBC once final report issued</i>				
<b>Total Number of IA Management Actions Raised</b>				<b>14</b>	<b>29</b>	<b>13</b>	<b>1</b>

IA = Internal Audit

H = High Risk

M = Medium Risk

L = Low Risk

O = Observation

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

IA Ref.	IA Review Area	Current Status
24.G1	Supported Families Q1	<i>Complete - Memo Issued 12 June 2024</i>
24.G1	Supported Families Q2	<i>Complete - Memo Issued 12 June 2024</i>
24.G1	Supported Families Q3	<i>Planned for Q3</i>
24.G1	Supported Families Q4	<i>Planned for Q4</i>
24.G2	Housing Benefit Grant	<i>Fieldwork</i>
24.G3	Mayors Charity Accounts	<i>Planned for Q4</i>
24.G4	Bus Subsidy Grant Claim	<i>Complete</i>
24.Z02	Business continuity plans	<i>Complete</i>
24.Z03	TSM Technical Requirements	<i>Complete</i>

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



## 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	
19.A01	Schools Payroll Arrangements	-	8	-	4	-	4	-	-	-	-	-	-	
20.A03	Cemeteries: Bereavement Service and Ground Maintenance	2	4	-	-	-	-	-	-	-	-	2	4	Due March 2025
20.A06	Estates - Lease Management	1	1	-	1	-	-	-	-	-	-	-	1	Due November 2024
20.A31	Exclusions or Education Cases for Vulnerable Young People	-	4	-	3	-	-	-	-	-	-	-	1	Due March 2025
21.A03	ICT Service Desk	-	2	-	2	-	-	-	-	-	-	-	-	CLOSED
21.A06	Transport Contract Management	-	1	-	1	-	-	-	-	-	-	-	-	CLOSED
21.A07	Fostering Service	-	3	-	-	-	3	-	-	-	-	-	-	
21.A14	Birth Registration Service	-	3	-	3	-	-	-	-	-	-	-	-	CLOSED
21.A16	Procurement – Contract Compliance Management	1	1	1	1	-	-	-	-	-	-	-	-	CLOSED
22.A39	Stronger families HUB	1	1	-	-	1	1	-	-	-	-	-	-	
22.A42	Fraud prevention controls in tendering & contacts	-	4	-	2	-	-	-	-	-	-	-	2	Due April 2025
22.A43	Registrars cash handling	-	1	-	-	-	1	-	-	-	-	-	-	Change of officer
22.A45	Adult social care referrals and assessment	-	2	-	1	-	-	-	-	-	-	-	1	Due January 2025
22.A46	Colham road	-	2	-	2	-	-	-	-	-	-	-	-	CLOSED
22.A58	Merrimans Respite Care Unit	-	1	-	-	-	1	-	-	-	-	-	-	
22.C59	Care Leavers Allowances	1	1	-	-	1	1	-	-	-	-	-	-	
22.P52	Trading Standards POCA	1	2	-	2	-	-	1	-	-	-	-	-	New Date: April 2025
23.A04	Contract Management	-	3	-	-	-	3	-	-	-	-	-	-	
23.A06	Neglect (Adults)	-	2	-	1	-	-	-	1	-	-	-	-	New Date TBC
23.C04	Neglect (Children's)	-	2	-	-	-	2	-	-	-	-	-	-	
23.F01	Risk Management	1	5	1	4	-	-	-	-	-	-	-	1	Due March 2025
23.F03	Effectiveness of the Pension Committee	-	2	-	2	-	-	-	-	-	-	-	-	CLOSED
23.F04	Oracle Programme	-	1	-	-	-	-	-	1	-	-	-	-	New Date: January 2025
23.P01	Private Sector Housing	-	1	-	-	-	1	-	-	-	-	-	-	

IA = Internal Audit

H = High Risk

M = Medium Risk

L = Low Risk

O = Observation

23.P02	Capital Programme	1	2	-	-	-	-	-	-	-	-	1	2	Due March 2025
23.P03	Parking Service Income	-	3	-	-	-	2	-	-	-	1	-	-	
23.P05	Climate Action	1	1	-	-	-	-	-	-	-	-	1	1	Due March 2025
23.P06	Facilities Management	-	3	-	-	-	-	-	-	-	-	-	3	Due October 2024
23.S01	IT Application - ContrOCC	-	2	-	-	-	-	-	-	-	-	-	2	Due January 2025
23.S02	Workforce Planning, Establishment & Recruitment	2	2	-	-	-	-	-	-	2	1	-	1	Due March 2025
23.S10	Homeless Housing Applications	1	1	1	1	-	-	-	-	-	-	-	-	CLOSED
23.S12	Social Housing Applications	1	1	1	-	-	1	-	-	-	-	-	-	
23.F02	Payment Card Data Security Standard (PCI DSS)	1	-	-	-	-	-	-	-	1	-	-	-	Change of officer
23.P11	Building Control Action Plan	-	1	-	-	-	1	-	-	-	-	-	-	
23.F07	Fleet Damage	-	4	-	1	-	-	-	-	-	-	-	3	Due March 2025
23.S13	Pool Cars	2	3	-	-	2	2	-	-	-	-	-	1	Due March 2025
23.C03	SEND Data Quality	4	1	-	-	-	-	-	-	-	-	4	1	Due March 2025
23.D02	Performance Information	-	3	-	-	-	-	-	-	-	-	-	3	Due March 2025
23.S14	Uninspected B&Bs	2	3	-	-	-	-	-	-	-	-	2	3	Due March 2025
24.S07	Void Process	-	5	-	-	-	-	-	-	-	-	-	5	Due October 2024
24.D02	Cyber Security (1)	-	3	-	-	-	-	-	-	-	-	-	3	Due December 2024
	<b>SUBTOTAL</b>	23	95	4	31	4	23	1	2	3	2	10	38	
	<b>TOTAL</b>		<b>118</b>		<b>35</b>		<b>27</b>		<b>3</b>		<b>5</b>		<b>48</b>	

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

## 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%	83%
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%	82%
KPI 7	Final approval of the management responses to be received two weeks after the updated report is issued	80%	77%	85%
KPI 8	HIGH and MEDIUM risk IA Management Actions completed within the agreed timescale	80%	65%	89%
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
<b>SUBSTANTIAL</b>	There is a <b>good level of assurance</b> 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 <b>positive assurance</b> that objectives will be achieved.
<b>REASONABLE</b>	There is a <b>reasonable level of assurance</b> 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 <b>some risk</b> that objectives will not be achieved.
<b>LIMITED</b>	There is a <b>limited level of assurance</b> 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 <b>significant risk</b> that objectives will not be achieved.
<b>NO</b>	There is <b>no assurance</b> 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 <b>high risk</b> that objectives will not be achieved.

FINDING RATING	DEFINITION
<b>HIGH</b>	The finding relates to a <b>significant threat</b> 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. <b>The risk requires senior management attention as soon as possible</b> as it may result in the breakdown of part/whole of the service.
<b>MEDIUM</b>	The finding relates to a <b>potentially significant threat</b> 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. <b>The risk requires management attention</b> and should be addressed within six months to ensure full compliance with expected controls.
<b>LOW</b>	The finding relates to a <b>minor threat</b> that impacts on operational objectives, this includes non-compliance with best practice or local procedures, with minimal impacts on the Service's reputation or budget. <b>The risk may be tolerable in the medium term</b> but management should take action within the next year to improve the control framework to ensure full compliance with expected controls.
<b>OBSERVATION</b>	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 <b>should be shared with others</b> , potential concerns raised during the audit that are <b>outside the scope of the review</b> and will be considered separately, and any areas of improvement that had already been addressed by management at the time of the review.