# INTERNAL AUDIT PLAN

## January 2025

# 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, in line with the Global Internal Audit Standards and CIPFA Public Sector Application Note.

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 The IA service at Hillingdon apply a risk-based approach to determine the priorities of the IA activity. 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 Global Internal Audit Standards require the Head of Internal Audit (HIA) to create an internal audit plan that supports the achievement of the Council's objectives. The plan should be discussed with the Audit Committee and Senior Management and approved by the Audit Committee.

1.2.2 The IA work undertaken throughout the year is a crucial component of the HIA's annual opinion statement. In order to deliver this assurance, it is vital for the organisation to have a comprehensive plan which prioritises the limited resources of the IA team to maximise the risk-based coverage, whilst also adapting to new emerging risks, organisational changes and other sources of assurance.

## 2. THE INTERNAL AUDIT PLANNING PROCESS

### 2.1 The Approach to IA Planning in 2025/26

2.1.1 In developing the risk-based annual IA Plan the HIA has considered the organisation's governance, risk management, and control processes. Key sources taken into consideration when developing this plan include:

- **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.

- **IA Strategy & Charter** – This IA Plan is aligned to the wider draft 2025-2028 Internal Audit Strategy and IA priorities. It is also aligned on the agreed IA purpose, scope and responsibilities as outlined in the IA Charter.

- **Risk Registers** – The HIA considered the Council's risk management arrangements and reviewed the risk management system to establish the key risks facing the Council. Where reviews align to specific corporate risks this is noted in the detailed plan below.

- **CMT Transformation Priorities** – Due to the significant transformation programme planned for 2025/26 this IA Plan has been developed to avoid

duplicating work in areas already under review, whilst also providing assurance over the effectiveness of the transformation programme where appropriate.

- **Performance Dashboards** – The HIA considered how the Council monitors their performance, and the reliability and integrity of both operational and financial information. Where performance information was available potential risk areas were considered for inclusion in the IA Plan.

- **Senior Management** – Senior managers from across the Council are regularly consulted on the ongoing IA 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 the draft is presented at the Audit Committee meeting on the 11 February 2025.

- **External Assurance Providers** – The Council's external auditors are invited to discuss any matters of concern and to identify any areas where they may consider IA work to inform their own risk assessment. The HIA has also taken into consideration the results of other external reviews including CQC and Ofsted inspections.

- **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 that could impact on local government.

## 2.2 Variations to the Plan

2.2.1 The IA team 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.

2.2.2 Where changes are made during the year they will be agreed with the relevant Director and reported to the Audit Committee. Any areas that are delayed or cannot be completed due to capacity restraints will be recorded on the ongoing tracker to ensure they are not forgotten.

## 2.3 Internal Audit Resources

2.3.1 IA work for the year is determined by the number of days available based on the capacity in the IA Team. Reviews are prioritised to ensure the key risks facing the Council are given sufficient IA attention. The HIA is confident the current resources are sufficient to deliver the plan and meet the IA requirements under the Global Internal Audit Standards. Further information on the IA Team and capacity is included in Section 5 of this report.

## 3. THE 2025/26 INTERNAL AUDIT PLAN OVERVIEW

### 3.1 Key Elements of the IA Plan

3.1.1 The Internal Audit Plan for 2025/26 is outlined over the next few pages. This includes the following key elements:

- **Planned Assurance Reviews** - Risk-based reviews that provide assurance to the Audit Committee and senior management that key risks to the achievement

of objectives are being effectively mitigated, and control arrangements are operating as expected.

- **Planned Advisory Reviews** - The planned risk-based reviews will include some advisory work where there are known areas of improvement and additional support is required, these will take into consideration other internal and external support to ensure we avoid any duplication.

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

- **Ad-hoc Advisory** – As well as planned advisory reviews there is a further allocation of days for unprogrammed advisory to allow the team to respond to urgent requests for advice.

- **Follow up** – Throughout 2025/26 the IA team will continue to follow up on recommendations raised in prior year reports to ensure they are implemented and embedded effectively. They are also looking to develop digital dashboards to increase awareness of outstanding recommendations and improve accountability within services and directorates.

## 4. THE DETAILED 2025/26 INTERNAL AUDIT PLAN

### QUARTER ONE

| REF. | AUDIT TITLE | CRR | DESCRIPTION |
|---|---|---|---|
| **Cross Directorate Reviews (X)** | | | |
| X1 | **Business and Financial Plans** | STRAF 0002 | This review will consider the Council's Business and Financial plans for 2025/26. Including how they are aligned to the Council's wider strategic objectives, and whether performance monitoring and governance arrangements have been established to ensure the plans are achieved. |
| X2 | **Target Operating Model** | STRAF 0002 | This audit will review the process for developing the Target Operating Model and savings programme. Including how individual proposals were collated, reviewed and approved, to ensure they are realistic, achievable and potential risks are mitigated. |
| **Directorate: Homes & Communities (H)** | | | |
| H1 | **Data Quality: Homes and Communities** | LANDB 0004 & LANDB 0011 | Data quality reviews will be completed for each directorate throughout the year. They will provide assurance over the quality of performance data produced by agreeing information back to source evidence, and confirm whether performance reports are focused on the Council's priority areas and statutory requirements. |
| H2 | **Housing H&S Requirements** | LANDB 0011 | This will be a compliance based review testing the Council's compliance with Health and Safety Requirements within Housing. It will be aligned with the Data Quality review to confirm whether this compliance is accurately monitored and reported. |
| **Directorate: Place (P)** | | | |
| P1 | **Project Management - Civic Centre Project** | PLANR E0010 | The Civic Centre Project is a large ongoing project involving many services across the Council. This review will assess the governance arrangements in place for the project, including how progress, costs and potential risks are being monitored. |
| P2 | **Corporate Estate** | | To provide assurance over the Council's management of corporate properties and meeting requirements as a corporate landlord. Including meeting health and safety standards whilst developing actions to minimise costs where possible. |
| P3 | **Greenspaces** | STRAF 0002 | This is the first of two service level reviews to support them to deliver changes. Including reducing costs, maximising income, and identifying new ways of working. This will include benchmarking against other local authorities or other services where the data is available. |
| **Directorate: Corporate Services (S)** | | | |
| S1 | **Agency Expenditure & Checks** | STRAF 0002 | This review will include analysing the agency usage across the Council to ensure it provides value for money, and confirm what pre-employment checks were undertaken for agency workers and how their performance is monitored. |
| **Directorate: Finance (F)** | | | |
| F1 | **Project Management - Oracle Project** | | This review will focus on the ongoing implementation action plan and learning from the Oracle project after it was rolled out in April 2024. It will consider whether the original expected benefits from the system have been achieved, and how any further actions required to fully embed the system are being monitored. |
| F2 | **Income Generation** | STRAF 0002 | This review will analyse the income received against budget across the Council, and test a sample of areas to confirm whether we are maximising the potential income. |

| QUARTER TWO | | | |
|---|---|---|---|
| **REF.** | **AUDIT TITLE** | **CRR** | **DESCRIPTION** |
| **Cross Directorate Reviews (X)** | | | |
| X3 | **Budget Delivery** | STRAF 0002 & FINMA N0007 | Following the budget monitoring review in 2024/25 these days have been included in the plan to allow for a deep dive into any areas of risk identified early in 2025/26. This will include confirming action plans are put in place to improve budget performance and alternative savings proposals identified where necessary. |
| **Directorate: Adult Social Care & Health (A)** | | | |
| A1 | **Social Care Charges** | STRAF 0002 | To test compliance with the Council's policies and procedures in relation to social care charges, including financial assessments and debt recovery. |
| **Directorate: Children's Services (C)** | | | |
| C1 | **Schools Pre-employment Checks** | | Following the review of Council pre-employment checks in 2024/25 this review will test pre-employment checks undertaken within a sample of schools. |
| C2 | **Data Quality: Children's** | | This review will assess how we get assurance the Council is meeting their statutory duties in relation to Children's Social Care, including reviewing any performance reports to confirm whether they cover statutory requirements and performance data can be agreed to supporting evidence. |
| **Directorate: Homes & Communities (H)** | | | |
| H3 | **Temporary Accommodation Action Plan** | HOUSN E0001 | This review will provide assurance over the implementation of the Temporary Accommodation Action Plan and the monitoring arrangements in place to ensure the expected outcomes are achieved. |
| **Directorate: Place (P)** | | | |
| P4 | **Data Quality: Place** | | Data quality reviews will be completed for each directorate throughout the year. They will provide assurance over the quality of performance data produced by agreeing information back to source evidence, and confirm whether performance reports are focused on the Councils priority areas and statutory requirements. |
| P5 | **Highways** | STRAF 0002 | This is the second of two service level reviews to support them to deliver changes. Including reducing costs, maximising income, and identifying new ways of working. This will include benchmarking against other local authorities or other services where the data is available. |
| **Directorate: Corporate Services (S)** | | | |
| S2 | **Cabinet Engagement** | | This review will test compliance and awareness of the Scheme of Delegation and assess how Cabinet Members are engaged in key operational matters where appropriate. |
| **Directorate: Finance (F)** | | | |
| F3 | **Income Generation: Business Rates** | STRAF 0002 | Following the Income Generation audit in Q1 this review will be a deeper dive into Business Rates. Including how different services collaborate and share information to support Business Rates collection. |

## QUARTER THREE

| REF. | AUDIT TITLE | CRR | DESCRIPTION |
|---|---|---|---|
| **Cross Directorate Reviews (X)** | | | |
| X4 | **Corporate Policies and Procedures** | | This review was delayed from the 2024/25 IA Plan. It will review the governance processes in place for Corporate Policies and Procedures to confirm whether they are monitored, reviewed and approved appropriately. |
| X5 | **Transformation and Change Governance** | STRAF 0002 | To provide assurance over the governance arrangements in place to monitor the transformation priority action plans. Including ensuring there are clear roles and responsibilities, action plans and performance monitoring. |
| **Directorate: Adult Social Care & Health (A)** | | | |
| A2 | **Data Quality: Adult Social Care** | | This review will assess how we get assurance the Council is meeting their statutory duties in relation to Adult Social Care, including reviewing any performance reports to confirm whether they cover statutory requirements and performance data can be agreed to supporting evidence. |
| **Directorate: Children's Services (C)** | | | |
| C3 | **Multiagency Working** | CHILSC 0012 | To assess how the Council's Children's Social Care services work effectively with other partnership organisations to improve outcomes and value for money. |
| C4 | **Housing and Social Care Collaboration** | CHILSC 0012 | This review will focus on the collaboration and information sharing between housing and children's social care in relation to the housing pipeline for care leavers and Section 17. To assess whether the process is efficient for residents and minimising costs to the Council. |
| **Directorate: Homes & Communities (H)** | | | |
| H4 | **B&B & HRA Arrears** | STRAF 0002 | This will be a compliance based review to follow up on the recommendations from the 2024/25 IA Reviews of B&B and HRA Rent Arrears. Including how services are working collaboratively to minimise future arrears. |
| **Directorate: Place (P)** | | | |
| P6 | **Planning** | PLANR E0008 | This review will consider whether further action can be taken in relation to new developments to ensure we are maximising affordable housing within the borough. This will include testing the approval processes for major new developments. |
| **Directorate: Corporate Services (S)** | | | |
| S3 | **Emergency Planning** | HESAF E0001 | This review will focus on the strategic oversight of our Emergency Planning arrangements. |
| S4 | **HR Information** | | Following the action undertaken by the Human Resources service in 2024/25 to improve data quality in relation to staffing structures, this review will test the new arrangements in place to ensure the data continues to be accurate. |
| **Directorate: Finance (F)** | | | |
| F4 | **Key Financial Controls** | | This compliance-based review will test the effectiveness of key financial controls. This review will be aligned to the work of External Audit to ensure we complement and don't duplicate their work. |

| QUARTER FOUR | | | |
|---|---|---|---|
| **REF.** | **AUDIT TITLE** | **CRR** | **DESCRIPTION** |
| **Cross Directorate Reviews (X)** | | | |
| X6 | **Contract management** | PROCUR0002 | This review will follow up on the findings from the Contract Management review completed in 2024/25 and test a sample of contracts to ensure appropriate contract management arrangements are in place. |
| **Directorate: Homes & Communities (H)** | | | |
| H5 | **Tenant Engagement** | LANDB0011 | To provide assurance over the Council's processes for engaging with Housing Tenants, including consulting on key decisions as well as monitoring and addressing any complaints received. |
| H6 | **Anti-Social Behaviour** | | This service level review will consider compliance with statutory requirements, case management and monitoring arrangements. This will also include benchmarking against other local authorities where the data is available. |
| **Directorate: Corporate Services (S)** | | | |
| S5 | **Gifts, Hospitality & Conflicts of Interest** | PROCUR0002 | To provide assurance over the gifts and hospitality and the conflicts of interest process. Including assessing how the registers are updated, reviewed, and monitored across the directorates. |
| S6 | **Data Quality: Corporate Services** | | Data quality reviews will be completed for each directorate throughout the year. They will provide assurance over the quality of performance data produced by agreeing information back to source evidence, and confirm whether performance reports are focused on the Councils priority areas and statutory requirements. |
| S7 | **Integrated Front Door** | | This review will assess the effectiveness of the Residents Hub once it has had time to become more embedded. To provide assurance the new service is achieving the expected outcomes and action plans are in place to address any areas of improvement. |

| ONGOING AUDIT WORK | | | | |
|---|---|---|---|---|
| **REF.** | **AUDIT TITLE** | **CRR** | **DESCRIPTION** | **TIMING** |
| **Other Internal Audit Work** | | | | |
| - | **Grant Claims** | - | Several grant certifications and sign offs are required by IA during the year on behalf of the Council, including the Housing Benefits Subsidy and Supporting Families claims. | Q1 - Q4 |
| - | **Ad Hoc Advisory** | - | These days will be used for urgent requests for advice and support 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 |

## 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** | Anti-Social Behaviour; Tenant Engagement; Temporary Accommodation Action Plan; Housing H&S Requirements |
| **(2) A Thriving Economy** | Highways; Income Generation: Business Rates; Emergency Planning |
| **(3) A Digital-enabled, modern well-run council** | Data Quality Reviews; Cabinet Engagement; Agency Expenditure & Checks; Transformation & Change Governance; Business and Financial Planning; Target Operating Model; Budget Delivery |
| **(4) Thriving, healthy households** | Children's Multiagency Working |
| **(5) A green and sustainable borough** | Greenspaces; Corporate Estate |

## 5. INTERNAL AUDIT SKILLS AND RESOURCES

5.1     In line with the Global Internal Audit Standards, the Head of Internal Audit appointed 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 has decreased over the last twelve months as part of a planned reduction. To improve our ability to segregate duties within the team we have not replaced the IA Manager and instead promoted internally to a new structure of two Principal Auditors. We also have two Internal Auditors and two Internal Audit Apprentices who are all undertaking professional qualifications.

5.3     Taking into consideration the study time required for apprenticeships and other duties undertaken by the team, the calculated total available IA time for 2025/26 is 897 IA Days.

5.4     We are confident that there will be sufficient IA resources available to meet the skills and resource requirements needed to deliver the 2025/26 risk-based IA Plan. If there is any change 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.

## IA TEAM CAPACITY PLAN

Based on the current workforce the calculated total available IA time for 2025/26 is 931 IA days.

This is consistent with 2024/25 even though the team was reduced by two posts during the year. This was a planned staffing reduction, and the capacity for IA work has been protected by reducing the non-audit work completed by the team. For example, reducing the time required for risk assurance work through the use of the risk management system introduced in 2024/25.

| Type of IA Work | 2025/26 Planned | 2024/25 Days | 2023/24 Days | 2022/23 Days | 2021/22 Days | 2020/21 Days |
|---|---|---|---|---|---|---|
| Assurance & Advisory Audits | 754 | 740 | 703 | 942 | 942 | 713 |
| Grant Claims | 75 | 92 | 65 | 43 | 43 | 43 |
| Ad-Hoc Advisory | 50 | 50 | 15 | 66 | 66 | 60 |
| Recommendation Follow-Up | 40 | 36 | 40 | 40 | 40 | 25 |
| Facilitation | 12 | 12 | 20 | 9 | 9 | 9 |
| | 931 Days | 930 Days | 843 Days | 1,100 Days* | 1,100 Days* | 850 Days |

* Planned dates from the IA Plan but due to the reduction in capacity during the period the actual IA days are estimated to be lower.

## 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 2025/26 are set out below:

| KPI | Category | Performance Measure | 2025/26 Target |
|---|---|---|---|
| KPI 1 | Timeliness: IA | 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% |
| KPI 2 | Timeliness: IA & Management | The final terms of reference for the review to be agreed before the planned fieldwork start date. | 80% |
| KPI 3 | Timeliness: IA & Management | Fieldwork to be completed withing two months of the opening meeting, unless agreed with the relevant Review Sponsor. | 80% |
| KPI 4 | Timeliness: IA | Draft Reports to be issued three weeks after the end of fieldwork meeting with the key contact | 80% |
| KPI 5 | Timeliness: IA | Annual IA Plan delivered to draft report stage by 31st March, unless agreed with Review Sponsor | 90% |
| KPI 6 | Timeliness: IA | Annual IA Plan delivered to final report stage by 31st March, unless agreed with Review Sponsor | 80% |
| KPI 7 | Timeliness: Management | Draft management responses to be received two weeks after the draft report is issued | 80% |
| KPI 8 | Timeliness: Management | Review Sponsor to approve the management responses two weeks after the updated report is issued. | 80% |
| KPI 9 | Quality | HIGH and MEDIUM risk IA recommendations completed within the original timescale | 80% |
| KPI 10 | Quality | IA folders with fully completed compliance checklists identified through quarterly spot checks | 90% |

**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