



# INTERNAL AUDIT PROGRESS REPORT

30 January 2025



**HILLINGDON**  
LONDON

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The key contacts in connection with this document are:

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

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

- **Three REASONABLE** assurance reports: Decent Homes Standards, Pre-employment checks (Eploy), and Personal Appraisals.
- **Two ADVISORY** reviews:

|  |  |
|--|--|
| <p>Organisation Culture (Part Two)</p> | <p>This review collated officers' perceptions on the working environment at Hillingdon Council and assessed the action taken since the All-Staff Survey in February 2024, including officers' perception of the actions undertaken.</p> <p>We invited 209 officers to participate in our survey and webinars. Overall feedback on working at Hillingdon was positive, however there were no clear action plans to address the findings from the All-Staff Survey. This was reflected in our survey results as 53% of officers were uncertain whether their directorate took the staff survey results seriously.</p> <p>However, it was acknowledged the development of formal action plans was impacted when the Head of HR left the Council, and the new lead had only recently been appointed at the time of this review. Progress was also potentially impacted by the increased focus on other council-wide priorities during 2024/25, including the Zero Based Budgeting exercise.</p>  |
| <p>Directorate Governance</p>          | <p>Effective corporate governance provides the foundation for informed decision-making, resource allocation and accountability. This review focused on the governance arrangements in place at a Directorate level. Including reviewing whether directorate plans were in place, and formal governance meetings held.</p> <p>We confirmed all directorates held regular Senior Management Team meetings. However these were increasingly focused on council-wide initiatives during 2024/25, for example the Zero-Based Budgeting (ZBB) exercise and Challenge Sessions, which impacted on their capacity to review core governance reports and the evidence available for this review. Therefore, this review was adapted to focus on suggested governance arrangements moving forward.</p> <p>The increased focus on ZBB and Challenge Sessions is understandable given the significant financial challenges the Council is facing and the fast-paced changes required. However, the reliance on informal discussions and ad-hoc reporting in relation to key governance topics could create gaps in regular oversight.</p> <p>Since the beginning of the year there has also been a number of key changes to the Corporate Management Team, including a new Director of Finance, Director of Transformation and Monitoring Officer. This has increased the focus on governance arrangements going forward to embed formal arrangements across the directorates.</p> |

- **Two LIMITED** assurance reports and **one NO** assurance report:

|  |   |
|--|---|
| <p>B&amp;B Rent Arrears<br/>(No Assurance)</p>     | <p>This review assessed the processes in place regarding the B&amp;B rent arrears, including the arrear’s prevention and recovery mechanisms and the quality of data recorded on NEC Housing.</p> <p>We identified 11/30 cases had a lack of clear notes to confirm the actions taken throughout the arrears process, and none had key documents, for example arrears letters, stored. We also identified three cases where the rent account was not set up in a timely manner, and three that had been closed incorrectly leading to large arrears building.</p> <p>Collaboration between services is a key area of improvement. We tested a sample of 13 cases and identified there was a lack of clarity in relation to the roles, responsibilities and requirements of the different teams involved in managing rent arrears which had impacted on the effectiveness of the individual teams.</p> <p>Finally, we assessed the management oversight controls in place pertaining to B&amp;B arrears. We confirmed there are seven arrears’ targets covering both Temporary Accommodation and the Housing Revenue Account (HRA). These targets are reported and tracked through weekly reports however there were no clear actions documented to show how the target will be achieved.</p>  |
| <p>HRA Rent Arrears<br/>(Limited)</p>              | <p>This audit was completed following the B&amp;B rent arrears review, to assess the processes for collecting Housing Revenue Account (HRA) rent arrears and how services share information across the Council to help prevent future arrears.</p> <p>Internal Audit obtained six relevant policy and procedure documents and noted all required updates at the time of the review. Ten arrears cases were then reviewed, including eight fixed tenancies and two non-secure cases, and we found significant deviations from the policies leading to inconsistencies in how the cases were handled.</p> <p>Management oversight was also found to be insufficient, primarily due to a lack of appropriate financial, operational, and reporting KPIs, as well as inaccuracies identified in the weekly performance report.</p> <p>However, during the fieldwork we noted there were significant ongoing changes to the team's structure, processes, and management information. Therefore, changes were already being taken to address the recommendations highlighted in the management action plans.</p>  |
| <p>Contract Management Oversight<br/>(Limited)</p> | <p>The Council currently hold around 2500 contracts which must be effectively managed to ensure best value for money is achieved, and contracts are renewed or re-procured before their current end date. The Procurement Act 2023, due to be implemented in February 2025, also includes new obligations in relation to contract management. For example, a requirement to publish performance indicators for contracts over £5m and issue poor performance notices if a supplier breaches a contract. This highlights the need for consistent and effective contract management oversight across the Council.</p> <p>This review focused on assessing the overarching monitoring arrangements in relation to contract management, including how directorates and services monitor their key contracts, and what guidance is provided to contract managers to ensure there are consistent standards across the services.</p> <p>There is a centralised contract register that can be extracted from the Oracle Finance system, however it did not provide details on the individuals responsible for managing each contract. We also reviewed separate contract registers maintained within directorates and noted they were not consistent with the central register in Oracle, leading to inconsistent information and unnecessary duplication is both registers are updated.</p> <p>It was also identified that overarching contract monitoring is not conducted consistently within the directorates, and was not a frequent agenda item for directorate Senior Management Team meetings. This would help to ensure directorate oversight for contracts within the directorate, highlighting any due for review and potential savings opportunities.</p> <p>Finally, we distributed a survey to potential contract managers, five confirmed they were uncertain if they were a contract manager, and out of 25 potential contract managers only eight confirmed they had received training or guidance on contract management.</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 Q3 Supported Families return, the Housing Benefits Grant Claim, and the Mayors Charity Account. For details of the grant claims and ad hoc consultancy reviews please see *Appendix B*.

### Changes to the Internal Audit Workplan

Since the last Audit Committee the following three reviews have been moved from the 2024/25 Plan into 2025/26:

|                                   |  |
|-----------------------------------|--|
| Post Oracle Implementation        | There has been a change of key officer for this review, and action taken to re-establish the project board and clear any ongoing issues with the implementation. This review has been delayed slightly to Q1 2025/26 to avoid duplicating the ongoing internal review and will focus on the new action plan and monitoring arrangements. |
| Savings Programme                 | This review has been scoped but delayed until Q1 to allow further work on the Target Operating Model and Saving programme for 2025/26. This has been renamed Target Operating Model in the 2025/26 IA Plan.  |
| Corporate Policies and Procedures | Due to the significant changes and new directorate structure this review was delayed to Q3 2025/26 to allow new structures and processes to become embedded and further work to take place on the arrangements in place for corporate governance.  |

Since the last Audit Committee meeting the following three reviews were also added to the plan:

|                       |  |
|-----------------------|--|
| RAGC                  | This high-level advisory review was requested by CMT to support the Rural Activities Garden Centre and summarise the current service and potential opportunities going forwards.   |
| Housing Follow up     | The Director for Homes and Communities has asked us to do a high-level follow up review on the findings from the Uninspected B&Bs report, to assess the work already undertaken during Q4. This will also be followed up during 2025/26.                 |
| Looked After Children | This review was requested during our 2025/26 planning but brought forward at the request of the Director for Children's Services. The scope of the review is currently being agreed and will be completed during Q4 if agreed with the relevant service. |

## 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 66/77 (86%) management actions due to have been implemented were marked as verified or complete. Eleven were marked as overdue and new implementation dates were set when these will be followed up again.

## 4. FORWARD LOOK

Over the next quarter the IA team will look to finalise all fieldwork for the 2024/25 reviews and draft the Annual Audit Report and Head of Internal Audit Opinion. We will also begin planning and fieldwork for the reviews proposed in Q1 of the 2025/26 Internal before 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. 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: ADVISORY   | -                     | - | - | - |
| 24.S15  | Overtime, Expenses & Mileage Payments                    | Final report issued 08 November 2024  | LIMITED         | 5                     | 2 | - | - |
| 24.S18  | B&B Rent Arrears   | Final report issued 17 January 2025   | NO              | 3                     | 2 | - | - |
| 24.S01  | Organisation Culture (Part Two)                          | Final report issued 19 December 2024  | N/A: ADVISORY   | -                     | - | - | - |
| 24.S13  | HRA Rent arrears   | Final report issued 17 January 2025   | LIMITED         | 1                     | 3 | 1 | - |
| 24.S05  | Decent Homes Standards                                   | Final report issued 17 January 2025   | REASONABLE      | -                     | 2 | 1 | - |
| 24.F03  | Contract Management Oversight                            | Final report issued 21 January 2025   | LIMITED         | 1                     | 2 | - | - |
| 24.X01  | Directorate Governance                                   | Final report issued 22 January 2025   | N/A: ADVISORY   | 2                     | 3 | - | - |

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.S03  | Pre-employment checks (Eploy)          | Final report issued 27 January 2025  | REASONABLE                          | -                     | 3         | -         | -        |
| 24.S16  | Personal Appraisals                    | Final report issued 30 January 2025  | REASONABLE                          | -                     | 3         | 1         | -        |
| 24.P03  | Leasehold Management & Service Charges | Draft report issued 10 January 2025  | <i>TBC once final report issued</i> |                       |           |           |          |
| 24.C03  | Schools Admissions                     | Draft report issued 15 November 2024 | <i>TBC once final report issued</i> |                       |           |           |          |
| 24.A02  | Transport provider                     | Draft report issued 06 December 2024 | <i>TBC once final report issued</i> |                       |           |           |          |
| 24.C02  | Schools Finances (Part Two)            | Draft report issued 14 January 2025  | <i>TBC once final report issued</i> |                       |           |           |          |
| 24.S02  | Mandatory Training & Induction         | Report Drafting                      | <i>TBC once final report issued</i> |                       |           |           |          |
| 24.D05  | Hillingdon First Card                  | Report Drafting                      | <i>TBC once final report issued</i> |                       |           |           |          |
| 24.F06  | Budget Monitoring                      | Report Drafting                      | <i>TBC once final report issued</i> |                       |           |           |          |
| 24.D03  | Cyber Security (2)                     | Fieldwork                            | <i>TBC once final report issued</i> |                       |           |           |          |
| 24.P02  | Capital Programme                      | Fieldwork                            | <i>TBC once final report issued</i> |                       |           |           |          |
| 24.S08  | Emergency Evacuation Procedures        | Fieldwork                            | <i>TBC once final report issued</i> |                       |           |           |          |
| 24.A01  | Commissioned & Direct Payments         | Fieldwork                            | <i>TBC once final report issued</i> |                       |           |           |          |
| 24.F04  | Debtors                                | Fieldwork                            | <i>TBC once final report issued</i> |                       |           |           |          |
| 24.S11  | HRA Acquisitions                       | Fieldwork                            | <i>TBC once final report issued</i> |                       |           |           |          |
| 24.F02  | Key Financial Controls (Cash Handling) | Fieldwork                            | <i>TBC once final report issued</i> |                       |           |           |          |
| 24.S10  | Security (Documentation Security)      | Fieldwork                            | <i>TBC once final report issued</i> |                       |           |           |          |
| 24.P01  | Community Safety                       | Planning                             | <i>TBC once final report issued</i> |                       |           |           |          |
| 24.C01  | Safety Valve Plan (Part 2)             | Planning                             | <i>TBC once final report issued</i> |                       |           |           |          |
| 24.C05  | Looked After Children                  | Planning                             | <i>TBC once final report issued</i> |                       |           |           |          |
| <b>Total Number of IA Management Actions Raised</b> |  |                                      |                                     | <b>21</b>             | <b>47</b> | <b>16</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</i> |
| 24.G1   | Supported Families Q2          | <i>Complete - Memo Issued</i> |
| 24.G1   | Supported Families Q3          | <i>Complete - Memo Issued</i> |
| 24.G2   | Housing Benefit Grant          | <i>Complete</i>               |
| 24.G3   | Mayors Charity Accounts        | <i>Complete</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>               |
| 24.Z04  | Rural Activities Garden Centre | <i>Fieldwork</i>              |
| 24.Z05  | Housing Follow Up              | <i>Fieldwork</i>              |

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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 |                        |        |
| 19.A01 | Schools Payroll Arrangements                              | -                 | 8 | -                          | 8 | -         | - | -       | - | -       | - | -       | - | -                      | CLOSED |
| 20.A03 | Cemeteries: Bereavement Service and Ground Maintenance    | 2                 | 4 | -                          | - | -         | - | -       | - | -       | - | 2       | 4 | Due March 2025         |        |
| 20.A06 | Estates - Lease Management                                | 1                 | 1 | -                          | 1 | -         | - | 1       | - | -       | - | -       | - | New Date: June 2025    |        |
| 20.A31 | Exclusions or Education Cases for Vulnerable Young People | -                 | 4 | -                          | 3 | -         | - | -       | - | -       | - | -       | 1 | Due March 2025         |        |
| 21.A07 | Fostering Service   | -                 | 3 | -                          | 3 | -         | - | -       | - | -       | - | -       | - | CLOSED                 |        |
| 22.A39 | Stronger families HUB                                     | 1                 | 1 | 1                          | 1 | -         | - | -       | - | -       | - | -       | - | CLOSED                 |        |
| 22.A42 | Fraud prevention controls in tendering & contacts         | -                 | 4 | -                          | 2 | -         | - | -       | - | -       | - | -       | 2 | Due April 2025         |        |
| 22.A43 | Registrars cash handling                                  | -                 | 1 | -                          | 1 | -         | - | -       | - | -       | - | -       | - | CLOSED                 |        |
| 22.A45 | Adult social care referrals and assessment                | -                 | 2 | -                          | 1 | -         | - | -       | 1 | -       | - | -       | - | New Date: April 2025   |        |
| 22.A58 | Merrimans Respite Care Unit                               | -                 | 1 | -                          | 1 | -         | - | -       | - | -       | - | -       | - | CLOSED                 |        |
| 22.C59 | Care Leavers Allowances                                   | 1                 | 1 | -                          | - | 1         | 1 | -       | - | -       | - | -       | - |                        |        |
| 22.P52 | Trading Standards POCA                                    | 1                 | 2 | -                          | 2 | -         | - | -       | - | -       | - | 1       | - | Due April 2025         |        |
| 23.A04 | Contract Management                                       | -                 | 3 | -                          | - | -         | 3 | -       | - | -       | - | -       | - |                        |        |
| 23.A06 | Neglect (Adults)  | -                 | 2 | -                          | 2 | -         | - | -       | - | -       | - | -       | - | CLOSED                 |        |
| 23.C04 | Neglect (Children's)                                      | -                 | 2 | -                          | - | -         | 2 | -       | - | -       | - | -       | - |                        |        |
| 23.F01 | Risk Management   | 1                 | 5 | 1                          | 4 | -         | - | -       | - | -       | - | -       | 1 | Due March 2025         |        |
| 23.F04 | Oracle Programme  | -                 | 1 | -                          | - | -         | - | -       | 1 | -       | - | -       | - | New Date: April 2025   |        |
| 23.P01 | Private Sector Housing                                    | -                 | 1 | -                          | 1 | -         | - | -       | - | -       | - | -       | - | CLOSED                 |        |
| 23.P02 | Capital Programme   | 1                 | 2 | -                          | - | -         | - | -       | - | -       | - | 1       | 2 | Due March 2025         |        |
| 23.P03 | Parking Service Income                                    | -                 | 3 | -                          | - | -         | 3 | -       | - | -       | - | -       | - |                        |        |
| 23.P05 | Climate Action  | 1                 | 1 | -                          | - | -         | - | -       | - | -       | - | 1       | 1 | Due March 2025         |        |
| 23.P06 | Facilities Management                                     | -                 | 3 | -                          | - | -         | - | -       | 3 | -       | - | -       | - | New Date: October 2025 |        |
| 23.S01 | IT Application - ContrOCC                                 | -                 | 2 | -                          | - | -         | - | -       | - | -       | - | -       | 2 | Due January 2025       |        |
| 23.S02 | Workforce Planning, Establishment & Recruitment           | 2                 | 2 | 2                          | 1 | -         | - | -       | 1 | -       | - | -       | - | New Date: March 2025   |        |
| 23.S12 | Social Housing Applications                               | 1                 | 1 | 1                          | - | -         | 1 | -       | - | -       | - | -       | - |                        |        |

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|        |   |            |    |           |    |           |    |           |   |          |   |           |    |                      |
|--------|---|------------|----|-----------|----|-----------|----|-----------|---|----------|---|-----------|----|----------------------|
| 23.F02 | Payment Card Data Security Standard (PCI DSS) | 1          | -  | 1         | -  | -         | -  | -         | - | -        | - | -         | -  | CLOSED               |
| 23.P11 | Building Control Action Plan                  | -          | 1  | -         | -  | -         | 1  | -         | - | -        | - | -         | -  |                      |
| 23.F07 | Fleet Damage                                  | -          | 4  | -         | 1  | -         | -  | -         | - | -        | - | -         | 3  | Due March 2025       |
| 23.S13 | Pool Cars                                     | 2          | 3  | 1         | 2  | -         | -  | 1         | 1 | -        | - | -         | -  | New date: 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  | -         | -  | -         | - | -        | - | -         | -  | CLOSED               |
| 24.D02 | Cyber Security (1)                            | -          | 3  | -         | 3  | -         | -  | -         | - | -        | - | -         | -  | CLOSED               |
| 24.S15 | Overtime, Expenses & Mileage Payments         | 5          | 2  | -         | -  | -         | -  | -         | - | -        | - | 5         | 2  | Due March 2025       |
| 24.S17 | Section 202 & 204 Appeals review              | -          | 3  | -         | 1  | -         | 2  | -         | - | -        | - | -         | -  |                      |
| 24.P4  | Asset Management                              | 2          | 2  | -         | -  | -         | 2  | 2         | - | -        | - | -         | -  | New date: March 2025 |
|        | <b>SUBTOTAL</b>                               | 28         | 90 | 7         | 43 | 1         | 15 | 4         | 7 | -        | 0 | 16        | 25 |                      |
|        | <b>TOTAL</b>                                  | <b>118</b> |    | <b>50</b> |    | <b>16</b> |    | <b>11</b> |   | <b>0</b> |   | <b>41</b> |    |                      |

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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%     | 87%            |
| 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%     | 86%            |
| 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. |