

APPENDIX 1 – 2018-19 INTERNAL AUDIT ANNUAL REPORT

Internal Audit Interim Report Audit Committee 31st January 2019

Introduction: This Appendix gives summary details of the 2018-19 audit plan that was agreed by Audit Committee in March 2018. It shows the indicative scope as well as the completion status of each individual project. It also provides a summary of the plan completion stats. It is included to provide Members with assurance that the audit plan – which is the key vehicle for providing the Committee with independent assurance – is being effectively delivered.

* Denotes a principal risk

1.1 CORPORATE / CROSS-CUTTING

Number	Audit title	Indicative scope	Days	Status – December 2018
CC18-1	Landlord Duty of Care *	Review of the Council's arrangements for ensuring compliance with Health & Safety requirements across its property portfolio.	15	Review in progress. Fieldwork due to be completed in Q4.
CC18-2	Brexit Preparedness *	Review of the Council's plans and arrangements to prepare and respond to potential risks faced following Brexit. The review will consider the effectiveness of the identification and assessment of risks within/to the following areas: <ul style="list-style-type: none"> • Financial Management / Funding / Investments; • Local economy, partners and suppliers; • Governance arrangements, including strategies, policies and procedures; 	15	Review in progress. Fieldwork due to be completed in Q4.

Number	Audit title	Indicative scope	Days	Status – December 2018
		<ul style="list-style-type: none"> Talent acquisition and retention; Service delivery/demand; and Legal implications.		
CC18-3	Outcomes Based Budgeting - programme review *	Continued rolling assurance of programme governance arrangements. To include a deep-dive into two/three work streams.	20	Review in progress. Resources being utilised on programme assurance surrounding the design of controls surrounding the Programme Management Office.
CC18-4	Using Data Better Initiative	Review of the governance arrangements in place surrounding the cross-cutting <i>Using Data Better</i> initiative.	10	Review not commenced. This review is not progressing due to the cessation of the shared digital initiative. Resource will be utilise on other areas based on an IT risk assessment, to be agreed with the Chief Information Officer.
CC18-5	Information Governance *	Cross-cutting review of the Council's information governance arrangements, including compliance with GDPR. To focus on high risk areas.	15	Review in progress. Review is primarily focussing on Record Management controls within high-risk areas, including Children's Services.
CC18-6	Shared Digital Transformation –	Risk based review surrounding the Shared Digital governance arrangements. Review to include the delivery of the CMB prioritised programme.	15	Review not commenced. This review is not progressing due to the cessation of the shared digital initiative. Resource will be utilise on other areas based on an IT risk assessment, to be agreed with the Chief Information Officer.

1.2 RESOURCES

Number	Audit title	Indicative scope	Days	Status – December 2018
FR18-1	ERP – Programme Assurance	To provide assurance surrounding the ERP programme. To include a review of the programme's governance arrangements.	15	Review in progress. Resources are being utilised on Payroll key controls review as ERP implementation not proceeding.
FR18-2	ERP – Control Design	To provide risk and control advice surrounding the development and implementation of the new ERP system.	25	Review did not proceed due to lack of implementation of ERP. Resources subsumed by staff vacancy.
FR18-3	Continuous Audit Monitoring (CAM) *	Review of 5 key financial systems in line with the rolling CAM plan.	50	Review in progress. Fieldwork due to be completed in Q4.
FR18-4	Procurement	Risk-based review of the end-to-end procurement process.	15	Review in progress. Fieldwork due to be completed in Q4.
FR18-5	Capital Expenditure*	Risk based review of the effectiveness of key controls in place surrounding the Council's capital programme.	15	Review in progress. At draft report stage – awaiting exit meeting.
FR18-6	Shared Digital*	As per Shared Digital plan – to be confirmed on completion of 2017/18 work.	30	Review not commenced. This review is not progressing due to the cessation of the shared digital initiative. Resource will be utilise on other areas based on an IT risk assessment, to be agreed with the Chief Information Officer.

Number	Audit title	Indicative scope	Days	Status – December 2018
FR18-7	IT application review	Key controls testing, including a deep-dive into one IT application. Focus on key controls and risks related to availability, integrity, confidentiality and accountability.	15	Review not commenced. Resource to be utilised on high-risk IT application. To be agreed with the Chief Information Officer.

1.3 CHILDREN'S SERVICES

Ref	Audit title	Indicative scope	Days	Status – December 2018
CS18-1	Placement Commissioning year olds* 16-17	Deferred from 2017/18. Cross-cutting review with Adult Social Care. To review the Council's commissioning processes for Looked After Children and Children in Need to ensure that best value is obtained and care quality is monitored in line with Children's Services Joint Commissioning Policy. To also include a review of the effectiveness of assessment/placement processes, budget monitoring and/or contract management.	15	Terms of Reference agreed – fieldwork to commence in March 2019 (at client's request).
CS18-2	Transition from Child to Adult*	Deferred from 2017/18. Cross-cutting review with Adult Social Care. Risk based review of the governance arrangements in place for managing the transition from children's to adult's social care.	15	Review in progress. Fieldwork due to be completed in Q4.
CS18-3	Schools' Monitoring*	Risk based review of the schools' finance team to review the Council's ongoing financial monitoring arrangements in respect of schools.	15	Review in progress. Fieldwork due to be completed in Q4.
CS18-5	Children's Centres / Early Years*	Risk based review of the arrangements in place for the effective financial management and monitoring of Children's Centres. To also consider the arrangements in place to manage risks relating to a reduction in funding and/or service demand.	10	Review not commenced. Resources re-allocated to Westbourne Nursery follow-up review – due to commence in Q4.
CS18-6	Schools – establishment reviews	Risk based review of seven schools.	35	Reviews in progress.

Ref	Audit title	Indicative scope	Days	Status – December 2018
				A list of seven school audits have been agreed with Children's Services. Fieldwork due to be completed in Q4.
CS18-6-1	St Aloysius RC College	Risk based review of St Aloysius RC College.	25	Review in progress. At draft report stage, awaiting finalisation of management responses.
CS18-7	Stronger Families	Audit review and sign-off of grant claim.	20	Review in progress. The Council has been granted Earned Autonomy by MHCLG, which means that Islington has moved away from the payment by results arrangement in 2018/19, allowing the Council to use more up-front investment to embed better ways of working. The details of the arrangement are agreed through an individual memorandum of understanding between MHCLG and the Council. There will be no more claims under the existing Payment by Results approach. A risk-based review of key controls is instead being undertaken, as agreed with management.

1.4 ENVIRONMENT AND REGENERATION

Ref	Audit title	Indicative scope	Days	Status – December 2018
-----	-------------	------------------	------	------------------------

Ref	Audit title	Indicative scope	Days	Status – December 2018
ER18-1	Blue Badge*	Deferred from 2017/18. Risk based review surrounding the administration and issue of blue badges. To include a review of controls surrounding enforcement.	15	Review in progress. Terms of Reference agreed, awaiting fieldwork start (scheduled for January 2019).
ER18-2	Parking Services	Risk based review focussed on key controls. To include review of effectiveness of the governance arrangements surrounding compliance with legislative requirements.	15	Review in progress. Fieldwork due to be completed in Q4.
ER18-4	Use of Agency Staff (E&R)	Risk based review surrounding the use of agency staff in E&R. The review will also deep dive into a sample of variable payments (e.g. overtime).	25	Review completed. Resource utilised for E&R Overtime review (resulting in a <i>No Assurance</i> rating; high priority recommendations are detailed at Appendix 2).
ER18-5	Waste and recycling	Risk-based review surrounding the effectiveness of key controls in place surrounding for the provision of residential waste and recycling services.	15	Review in progress. Resource utilised for 'Green Space Income' review. Fieldwork commenced in Q3.

1.5 HOUSING AND ADULT SOCIAL SERVICES

Ref	Audit title	Indicative scope	Days	Status – December 2018
-----	-------------	------------------	------	------------------------

Ref	Audit title	Indicative scope	Days	Status – December 2018
HASS18-1	Safeguarding Adults*	Deferred from 2017/18. Risk based review of the Council's arrangements for safeguarding adults, including governance, risk management, and the arrangements for ensuring statutory requirements are met.	15	Review in progress. Client requested that the review be combined with HASS18-2 to focus on extended Mental Health Safeguarding review.
HASS18-2	Mental Health Safeguarding Processes*	Risk based review of the arrangements and processes in place surrounding mental health safeguarding.	15	Review in progress. Extended review being undertaken (as per HASS18-1) covering governance and risk management arrangements, information management and safeguarding of data, strategy, making safeguarding personal; and deprivation of liberty safeguards.
HASS18-3	Rent Income & Recovery*	Risk based review of the effectiveness and efficiency of the Council's arrangements for rent collection and rent arrears following the introduction of Universal Credit.	15	Review in progress. Fieldwork commenced in Q3.
HASS18-4	Housing Voids	Risk based review to ensure that the following key objectives are being met: <ul style="list-style-type: none"> • Sound policies and procedures in place for the management of empty Council properties (voids) and these are adhered to by all staff; • Appropriate action is taken to minimise the time that Council properties are empty and classified as void. Relevant performance and 	15	Review in progress. Fieldwork commenced in Q3.

Ref	Audit title	Indicative scope	Days	Status – December 2018
		<p>financial information is produced and monitored in order to assist with this process;</p> <p>Repairs to void properties are restricted to those essential to meet the Council's re-let standard. All rechargeable repairs are fully and promptly charged to the outgoing tenant and appropriate action is taken to recover the sums due.</p>		
HASS18-5	TMOs and Tenancy Management*	Risk-based review of four TMOs within the borough.	20	<p>Four TMO reviews are in progress with status as follows:</p> <ol style="list-style-type: none"> 1. Quaker Court TMO - at draft report stage, awaiting management response. 2. Redbrick TMO - at draft report stage, awaiting management response. 3. Brooke Park Co-op – at draft report stage, awaiting exit meeting. 4. Gambier House TMO – scoping in progress. Scheduled for Q4.
HASS18-6	Voluntary Sector Organisation (VSO)	Risk-based review of VSO monitoring arrangements. To include a visit to one VSO.	15	<p>Review completed.</p> <p>A review of Hilldrop Area Community Association was undertaken (resulting in a <i>Limited Assurance</i> rating; high priority recommendations are detailed at Appendix 2).</p> <p>As part of a value adding service, Internal Audit will also deliver a training session to the Voluntary Sector Community team in January 2019 detailing risks, controls and</p>

Ref	Audit title	Indicative scope	Days	Status – December 2018
				fraud red-flags surrounding VSOs, with the aim of further enhancing the support the Council provides to VSOs.

1.6 PUBLIC HEALTH

Ref	Audit title	Indicative scope	Days	Status – December 2018
PH18-1	Public Health	Risk based review based on risk assessment conducted in-year.	15	Review in progress. Fieldwork due to commence in January 2019. Scope to primarily focus on governance arrangements surrounding the use of a shared IT application.

1.7 ADDITIONAL REVIEWS

Ref	Audit title	Indicative scope	Days	Status – December 2018
ADD18-1	Prior Weston Primary School (CS)	Risk based audit of income collection and banking procedures.	20	Review completed – management letter issued.
ADD18-2	Bunhill 2	Risk based audit examining the control framework for Bunhill 2 project.	25	Review in progress. At draft report stage – awaiting finalisation of management responses.
ADD18-4	E&R BSOG Grant	A grant claim review to confirm appropriate supporting documentation is in place.	3	Review completed – management letter issued.

Supplementary table – Audit Plan completion statistics

Audit status – December 2018	Number of reviews	% of the audit plan
Audit completed	4	9%
Audit in progress	33	77%
Audit not commenced	6	12%
Audit not proceeding (ERP, see FR18-2 above)	1	2%
Total number of reviews included on the audit plan	44	100%

APPENDIX ENDS