APPENDIX 1 – 2018-19 INTERNAL AUDIT ANNUAL REPORT

Internal Audit Annual Report
Audit Committee 2nd September 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 – July 2019
CC18-1	Landlord Duty of Care *	Review of the Council's arrangements for ensuring compliance with Health & Safety requirements across its property portfolio.	15	Management letter issued – draft report stage, awaiting management responses. The review focussed on controls in place for completion of fire risk assessments (FRAs), and monitoring arrangements in place surrounding the implementation of actions arising from (FRAs). Summary high priority findings are included at Appendix 2.
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	15	Completed. Support was provided to the development of a Council-wide Brexit risk assessment to

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		effectiveness of the identification and assessment of risks within/to the following areas: • Financial Management / Funding / Investments; • Local economy, partners and suppliers; • Governance arrangements, including strategies, policies and procedures; • Talent acquisition and retention; • Service delivery/demand; and Legal implications.		identify risks arising from the UK's exit from the EU. The risk assessment has been utilised by the Brexit Resilience Group to provide guidance and continual development of risk identification.
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	Completed – management letter issued. Resources 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 *Using Data Better* initiative.	10	This review did not progress due to the cessation of the shared digital initiative. Resources utilised on undertaking **Bunhill 2** review.
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	At draft report stage, awaiting finalisation of management responses – Moderate assurance.

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				Review primarily focussed 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	This review did not progress due to the cessation of the shared digital initiative. Following an IT risk assessment undertaken with the Chief Information officer, resource is being utilised on undertaking a review of **'IT Technology Debt'**. Fieldwork in progress, anticipated completion end July 2019.

1.2 RESOURCES

Number	Audit title	Indicative scope	Days	Status – July 2019
FR18-1	ERP – Programme Assurance	To provide assurance surrounding the ERP programme. To include a review of the programme's governance arrangements.	15	Resources utilised on **Payroll key controls** review as ERP implementation not proceeding. At draft report stage, awaiting finalisation of management responses – Limited assurance. Summary high priority findings are included at Appendix 2.
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	Completed - controls within the following key systems were reviewed in 2018/19: 1. Cash Management (Limited, 3 medium priority findings relating to bank reconciliations, suspense accounts and cash deposit reconciliations) 2. Accounts Payable (Moderate) 3. Treasury Management (Moderate) 4. Softbox (Moderate) 5. ContrOCC (Moderate)

Number	Audit title	Indicative scope	Days	Status – July 2019
FR18-4	Procurement	Risk-based review of the end-to-end procurement process.	15	Procurement - At draft report stage, awaiting exit meeting – Moderate assurance. Contract management – the scope of the procurement review above included follow-up review of the recommendations raised within the Contract Management Internal Audit (report finalised August 2018) to assess the rate of implementation of audit recommendations. Some recommendations are still in progress, with a revised implementation date of 30th September 2019 to 31st December 2019. An update will be brought to Committee in the Interim 2019/10 Internal Audit Report.
FR18-5	Capital Expenditure*	Risk based review of the effectiveness of key controls in place surrounding the Council's capital programme.	15	Completed - Moderate assurance.
FR18-6	Shared Digital*	As per Shared Digital plan – to be confirmed on completion of 2017/18 work.	20	This review did not progress due to the cessation of the shared digital initiative. Following an IT risk assessment undertaken with the Chief Information officer, resource is being utilised on undertaking a review of '**Ethical Hacking – Governance arrangements'**. This

Number	Audit title	Indicative scope	Days	Status – July 2019
				review was scoped and due to commence in 2018-19 however deferred and will now commence in Autumn 2019.
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	Resource utilised on risk management input this area.

1.3 CHILDREN'S SERVICES

Ref	Audit title	Indicative scope	Days	Status – July 2019
CS18-1	Placement Commissioning 16-17 year olds*	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	At draft report stage, awaiting finalisation of management responses – Limited assurance. Summary high priority findings are included at Appendix 2.
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, anticipated completion end-August 2019.
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	At draft report stage, management letter issued – awaiting management responses. Scope also included review of the six school audit reviews undertaken in 2018-19 to amalgamate and summarise common findings into a generic action plan, which will be shared across all Islington schools.
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	10	Resources re-allocated to Westbourne Nursery extended follow-up review.

Ref	Audit title	Indicative scope	Days	Status – July 2019
		arrangements in place to manage risks relating to a reduction in funding and/or service demand.		Review in progress, anticipated completion end August 2019.
CS18-6	Schools – establishment reviews	Risk based review of six schools.	35	The following six school audit reviews have been undertaken: 1) **Christ the King Primary School** – at draft report stage, awaiting exit meeting. Limited assurance 2) **Beacon High School (was Holloway) –** Completed. Limited assurance 3) **Rotherfield Primary School –** Completed. Moderate assurance. 4) **St John Evangelist –** fieldwork completed, awaiting exit meeting. 5) **Highbury Quadrant –** fieldwork completed, awaiting exit meeting. 6) **Winton Primary School -** fieldwork completed, awaiting exit meeting.
CS18-6-1	St Aloysius RC College	Risk based review of St Aloysius RC College.	25	Completed – management letter issued.
CS18-7	Stronger Families	Risk based review to ensure the service retains a robust level of scrutiny and oversight to the principles of the Stronger Families programme.	20	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

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				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 programme of on-going assurance work was agreed with the Service area to commence early August 2019.

1.4 ENVIRONMENT AND REGENERATION

Ref	Audit title	Indicative scope	Days	Status – July 2019
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	At draft report stage, awaiting finalisation of management responses – Moderate assurance.
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 deferred to 2019-20 given service changes in 2018-19.
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	Completed – management letter issued.

Ref	Audit title	Indicative scope	Days	Status – July 2019
				Resource utilised for **E&R Overtime review**, and subsequent follow-up reviews.
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	Resource utilised for **'Green Space Income'** review. At draft report stage, awaiting exit meeting – Moderate assurance.

1.5 HOUSING AND ADULT SOCIAL SERVICES

Ref	Audit title	Indicative scope	Days	Status – July 2019
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	See HASS18-2 below 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	Draft management letter awaiting exit meeting Extended review being undertaken (as per HASS18-1) covering governance and risk management arrangements, information management and safeguarding of data, strategy, making

Ref	Audit title	Indicative scope	Days	Status – July 2019
				safeguarding personal; and deprivation of liberty safeguards in relation to S75.
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	Completed – Moderate assurance.
HASS18-4	Housing Voids	Risk based review to ensure that the following key objectives are being met: • 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 financial information is produced and monitored in order to assist with this process; 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.	15	Completed – Moderate assurance.
HASS18-5	TMOs and Tenancy Management*	Risk-based review of four TMOs within the borough.	20	Three TMO reviews completed as follows: 1. Quaker Court - at draft report stage, awaiting management response – No

Ref	Audit title	Indicative scope	Days	Status – July 2019
				assurance. Summary high priority findings are included at Appendix 2.
				2. Redbrick TMO – completed, No assurance. Summary high priority findings are included at Appendix 2.
				3. Brooke Park Co-op – completed, Moderate assurance.
				A planned review of Gambier House TMO has been delayed until September 2019. Internal Audit also undertook consultancy and advice work with the Tenancy Management Team, including assistance with design of templates.
HASS18-6	Voluntary Sector Organisation (VSO)	Risk-based review of VSO monitoring arrangements. To include a visit to one VSO.	15	Completed. A review of Hilldrop Area Community Association was undertaken (resulting in a *Limited Assurance* rating; high priority recommendations are detailed at Appendix 2). Internal Audit also delivered a training session to the Voluntary Sector Community team in January 2019 regarding the key risks, controls and 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 – July 2019
PH18-1	Public Health	Risk based review based on risk assessment conducted in-year.	15	Fieldwork in progress, anticipated completion end July 2019 Scope focussed on governance surrounding partnership working arrangements.

1.7 KEY ADDITIONAL REVIEWS

Ref	Audit title	Indicative scope	Days	Status – July 2019
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 completed – management letter issued.
ADD18-4	E&R BSOG Grant	A grant claim review to confirm appropriate supporting documentation is in place.	5	Review completed – management letter issued.

Supplementary table – Audit Plan completion statistics

Audit status	Number of reviews	% of the audit plan
Total number of reviews included on the audit plan	40	
Audits not proceeding 1. ERP control design – deferred due to the status of the ERP programme. Internal Audit input will be provided in 2019/20 2. Parking – deferred to 19/20 given service restructure.	2	
Reviews to be completed in 2018/19	**38**	100%
Audits completed (draft report issued to client)	31	82%
Audits in progress 1) IT Technology Debt 2) Transition from Child to Adult 3) Westbourne Nursery	5 audits	13%

Audit status	Number of reviews	% of the audit plan
4) Stronger Families 5) Public Health		
Audits not commenced Gambier House TMO – fieldwork scheduled for September 2019 Ethical Hacking – fieldwork scheduled for Autumn 2019	2 audits	5%

APPENDIX ENDS