

## APPENDIX 1 – 2019-20 INTERNAL AUDIT INTERIM REPORT

### Internal Audit Interim Report Audit Committee 28<sup>th</sup> January 2020

**Introduction:** This Appendix gives summary details of the 2019-20 audit plan that was agreed by Audit Committee in March 2019. 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 Audit Committee with assurance that the audit plan – which is the key vehicle for providing the Council with independent assurance – is being effectively delivered.

\* Denotes a principal risk

#### 1.1 AUDITS BROUGHT FORWARD FROM 2018-19

Number	Audit title	Indicative scope	Days	Status – December 2019
CC18-6	IT Technology Debt	The primary purpose of this review was to assess the arrangements and processes in place to ensure that the technology environment is fit for purpose, efficiently and effectively meets the needs of the Council.	15	Completed – management letter issued. One high priority finding was raised, details of which can be seen at Appendix 2.
FR18-4	Procurement	Risk-based review of the end-to-end procurement process. Scope included follow-up of recommendations raised in 18-19 Contract Management review.	15	Procurement – completed, moderate assurance. Contract Management – follow-up completed. The original report, dated August 2018, raised eight recommendations (four high priority and four medium priority) which were fully accepted by management. Based on the

Number	Audit title	Indicative scope	Days	Status – December 2019
				<p>discussions held with management and evidence reviewed during the follow-up audit, we have noted that:</p> <ul style="list-style-type: none"> <li>• 1 recommendation (medium priority) has been implemented; and</li> <li>• 7 recommendations (4 high priority and 3 medium priority) have been partially implemented.</li> </ul> <p>We plan to conduct a further follow up review in Q4 2019-20.</p>

## 1.2 CORPORATE / CROSS-CUTTING

Number	Audit title	Indicative scope	Days	Status – December 2019
CC19-1	Landlord Duty of Care *	Carried forward from 2018-19. Review of the Council's arrangements for ensuring compliance with Health & Safety requirements across its property portfolio. The review will primarily focus on the controls and processes for the undertaking and tracking/monitoring of actions included Fire Risk Assessments.	20	<p>A review focussing on fire risk assessments was finalised in October 2019 – management letter issued.</p> <p>Two high priority findings were raised, details of which were reported to Committee in September 2019. Implementation dates ranging between December 2019 and August 2020 have been agreed by Management, and an extended follow-up review has been planned for Q2/3 2020-21.</p>

Number	Audit title	Indicative scope	Days	Status – December 2019
CC19-2	Programme Management Office (PMO) *	Ongoing assurance to the Council's newly created PMO and follow up of recommendations made in the 18/19 Programmes and Transformation review commissioned by the Council's Audit Committee. The review will focus on overall governance and project delivery.	20	<p>In 2018-19 a Programmes and Transformation review was undertaken, and focussed on providing control design advice for the newly formed PMO. A total of four recommendations (2 high and 2 medium priority) were agreed by management and outcomes were reported to Audit Committee.</p> <p>A follow-up to assess implementation of these recommendations is currently underway. Anticipated fieldwork completion date end January 2020.</p>
CC19-3	Savings Programme *	Risk based review of key programme objectives.	20	On-going support and advice is being provided where required, including risk training and support to embed risk management within projects.
CC19-4	Cyber Security *	Cross-cutting review of the Council's Cyber Security arrangements. Scope to be refined in year and to focus on high risk areas as identified within the Principal Risk Report.	20	At draft terms of reference stage. Fieldwork due to commence in Q4 19/20.
CC19-5	Brexit*	Extended follow up of recommendations made in 18-19 and ongoing IA support	20	On-going risk support and advice is being provided via the Brexit Resilience Group.

### 1.3 RESOURCES

Number	Audit title	Indicative scope	Days	Status – December 2019
FR19-1	Continuous Audit Monitoring (CAM)	Review of 4 key financial systems in line with the rolling CAM plan.	50	At draft terms of reference stage. Fieldwork due to commence in Q4. Controls within the following key systems will be reviewed: <ol style="list-style-type: none"> <li>1. Cash Management</li> <li>2. Accounts Payable</li> <li>3. Treasury Management</li> <li>4. VAT</li> </ol>
FR19-2	Right to Work Vetting Arrangements	Risk based review of the Council's processes and controls for undertaking, recording, verification and monitoring 'right to work' checks in accordance with legislative requirements. Review to cover controls surrounding right to work checks for internal staff, agency staff, contractors and voluntary sector organisations.	20	At draft report stage – Limited assurance. Awaiting finalisation of management responses. Two high priority recommendations were raised, details of which can be seen at Appendix 2.
FR19-3	Electoral Services Review	Risk based review surrounding governance arrangements and key controls.	20	Review not yet commenced. To be undertaken in Q4 2019-20.
FR19-4	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.	20	At draft terms of reference stage – review to focus on Highways 'Symology' application. Fieldwork due to commence in Q4 19/20.

Number	Audit title	Indicative scope	Days	Status – December 2019
FR19-5	IT Review – Systems out of support	Review of key controls surrounding isolated systems.	20	Resources to be utilised on additional IT Application review. At draft terms of reference stage – review to focus on 'Civica Pay' application. Fieldwork due to commence in Q4 19/20.
FR19-6	IT Review – Digital Strategy	Risk based review of the Council's digital strategy	20	Review of Digital Strategy deferred to 2020-21. Resources to be utilised on follow-up review of IT Technology Debt, completed in October 2019 (see Appendix 3 for follow up timescales).

#### 1.4 PEOPLE

Ref	Audit title	Indicative scope	Days	Status – December 2019
PS19-1	Placement Commissioning 16-17 year olds*	Carried forward from 2018-19 (this review is in progress and will conclude in Q1 19-20). 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.	10	Completed – Limited assurance. Three high priority findings were raised, details of which were reported to Committee in September 2019.

Ref	Audit title	Indicative scope	Days	Status – December 2019
PS19-2	Youth Offending/ Youth Crime *	Programme review of the governance arrangements in place surrounding the Council's strategy to tackling youth offending/youth crime. Scope to provide assurance surrounding controls and mitigating actions included against this principal risk.	20	Review not yet commenced. To be undertaken in Q4 2019-20.
PS19-3	Schools' Monitoring*	Carried forward from 2018-19 (this review is in progress and will conclude in Q1 19-20). Risk based review of the financial management and HR services provided to schools. Scope to focus on monitoring arrangements in place to ensure that schools remain compliant with the Council's finance and HR policies and procedures.	10	Completed – management letter issued.
PS19-4	High Needs/ SEN Children's Placements	Risk based review of the controls in place surrounding high-needs children's placements. Scope to include monitoring and reporting of high cost care placements / packages.	15	At draft terms of reference stage. Fieldwork due to commence in Q4.
PS19-5	Direct Payments	Risk-based review of the effectiveness of controls in place to mitigate key risks relating to the assessment, payment, management and monitoring of Direct Payments for Adults and Children.	20	At draft terms of reference stage. Fieldwork due to commence in Q4.
PS19-6	Domestic Violence *	Risk based review of the effectiveness of the controls in place to mitigate the key risks surrounding intervention and support services,	15	Review not yet commenced. To be undertaken in Q4 2019-20.

Ref	Audit title	Indicative scope	Days	Status – December 2019
		safeguarding, relationships with key partners and intelligence gathering (including trend analysis and early identification and intervention).		
PS19-7	School – establishment reviews	Risk based review of 6 schools	42	Reviews not yet commenced. To be undertaken in Q4 2019-20.
CS19-8	Stronger Families	Islington has been granted Earned Autonomy by MHCLG, which means that it has moved away from the payment by results arrangement, 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. Scope will be refined in year to focus on high risk areas.	10	Fieldwork in progress, anticipated completion end December 2019.

## 1.5 ENVIRONMENT AND REGENERATION

Ref	Audit title	Indicative scope	Days	Status – December 2019
ER19-1	CCTV Monitoring	Risk based review surrounding the Council's operation of CCTV systems, to ensure compliance with relevant legislation and policies and procedures. The review will also consider the communication protocols between various services across the Council.	20	Fieldwork in progress, anticipated completion end December 2019.
ER19-2	Parking Services	Risk based review focussed on key controls. To include review of effectiveness of the governance arrangements surrounding compliance with legislative requirements.	20	Review not yet commenced. To be undertaken in Q4 2019-20. To include follow-up of recommendations raised in Blue Badge review.
ER19-3	Emergency Planning / Response *	Risk based review of the governance framework, internal controls and processes in place for responding effectively to a disruptive event within the community within a suitable timeframe.	20	At draft terms of reference stage. Fieldwork due to commence in Q4.
ER19-4	S106	Risk based review surrounding the Council's arrangement for managing and monitoring S106 obligations in accordance with Council policy and legislation.	20	At draft terms of reference stage. Fieldwork due to commence in Q4.

## 1.6 HOUSING

Ref	Audit title	Indicative scope	Days	Status – December 2019
HASS19-1	Home-build Programme*	Risk based review focussing on key programme objectives. The review will focus on programme assurance and the scope will be agreed in year to avoid duplication with areas reviewed by Scrutiny Committee.	20	Planning underway, an Internal Audit programme review will be undertaken in Q4 2019-20.
HASS19-2	TMOs *	Risk based review of four TMOs. On conclusion of 2019-20 TMO work, a 'common findings/lessons to be learned' paper will be produced for sharing across all TMOs	25	Update of 2019-20 TMO reviews as follows: <ul style="list-style-type: none"> <li>Newbury House TMC – in progress, anticipated fieldwork completion end December 2019.</li> </ul> A joint risk assessment with the Tenancy Management Team is underway to identify further TMO assurance work for Q4 19/20.
HASS19-5	Voluntary Organisation Sector	Risk-based review of VSO monitoring arrangements. To include a visit to one VSO.	15	A programme of assurance work for 19-20 has been agreed with the Voluntary and Community Sector team, including a deep-dive review of one VSO planned for December 2019.

## 1.7 PUBLIC HEALTH

Ref	Audit title	Indicative scope	Days	Status – December 2019
PH19-1	Partnership Arrangements Working	Risk-based review relating to the commissioning and management of Public Health services, specifically related to the integrated sexual health services.	15	Completed – Moderate assurance.

## 1.8 ADDITIONAL REVIEWS

Four additional reviews (AD19-1 to AD19-4) have been completed in the 2019/20 year to date (with a combined audit budget of 45 days).

Supplementary table – Audit Plan completion statistics

Audit status – December 2019	Number of reviews	% of the audit plan
Total number of reviews included on the audit plan	40	100%
Audits completed	16	40%
Audits in progress	12	30%
Audits not commenced	12	30%

## 1.9 Basis of our opinion and assurance statements

Level of assurance	
<b>Substantial</b> ●	There is a sound control environment with risks to key service objectives being reasonably managed. Any deficiencies identified are not cause for major concern. Recommendations will normally only be Advice and Best Practice.
<b>Moderate</b> ●	An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are Medium priority recommendations indicating weaknesses but these do not undermine the system's overall integrity. Any Critical recommendation will prevent this assessment, and any High recommendations would need to be mitigated by significant strengths elsewhere.
<b>Limited</b> ●	There are a number of significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are High recommendations indicating significant failings. Any Critical recommendations would need to be mitigated by significant strengths elsewhere.
<b>No</b> ●	There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.

**APPENDIX ENDS**