

## APPENDIX 3 – FOLLOW UP OUTCOMES

### 2019-20 Internal Audit Annual Report Audit Committee 28<sup>th</sup> January 2020

**Introduction** This appendix gives details of the results of follow up of recommendations. It provides an indication of the level of implementation of audit recommendations by management. This demonstrates how well the initial audit delivered a value adding output as well as how successful management have been in mitigating the identified risk exposure.

#### 1.1 CORPORATE / CROSS CUTTING

Number	Audit title	Indicative scope	Audit status and assurance rating 2018-19	2019-20 Follow Up Outcomes
CC18-1	Landlord Duty of Care *	Review of the Council's arrangements for ensuring compliance with Health & Safety requirements across its property portfolio.	<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.</p>	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.
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	Support was provided to the development of a Council-wide Brexit risk assessment to identify risks arising from the UK's exit from the EU. The risk assessment has been utilised by the Brexit Resilience Group	n/a – follow-up not required. Advice continues to be provided, as detailed in Appendix 1.

Number	Audit title	Indicative scope	Audit status and assurance rating 2018-19	2019-20 Follow Up Outcomes
		<p>risks within/to the following areas:</p> <ul style="list-style-type: none"> <li>• Financial Management / Funding / Investments;</li> <li>• Local economy, partners and suppliers;</li> <li>• Governance arrangements, including strategies, policies and procedures;</li> <li>• Talent acquisition and retention;</li> <li>• Service delivery/demand; and</li> </ul> <p>Legal implications.</p>	<p>to provide guidance and continual development of risk identification.</p>	
CC18-3	Outcomes Based Budgeting - programme review *	Continued rolling assurance of programme governance arrangements. To include a deep-dive into two/three work streams.	<p>Completed – management letter issued.</p> <p>Resources utilised on programme assurance surrounding the design of controls surrounding the <b>Programme Management Office.</b></p>	<p>A follow-up to assess implementation of these recommendations is currently underway. Anticipated fieldwork completion date end January 2020.</p>

Number	Audit title	Indicative scope	Audit status and assurance rating 2018-19	2019-20 Follow Up Outcomes
CC18-4	Using Data Better Initiative	Review of the governance arrangements in place surrounding the cross-cutting <i>Using Data Better</i> initiative.	This review did not progress due to the cessation of the shared digital initiative.	n/a – follow-up not required as the review did not proceed.
CC18-5	Information Governance *	Cross-cutting review of the Council's information governance arrangements, including compliance with GDPR. To focus on high risk areas.	Completed – Moderate assurance. Review primarily focussed on <b>Record Management controls</b> within high-risk areas, including Children's Services.	Follow-up planned for Q4 2019-20.
CC18-6	Shared Digital Transformation –	Risk based review surrounding the Shared Digital governance arrangements. Review to include the delivery of the CMB prioritised programme.	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 was utilised on undertaking a review of <b>'IT Technology Debt'</b> . Completed – management letter issued.	Follow-up review of IT Technology Debt due to be undertaken in Q1 2020-21.

## 1.2 RESOURCES

Ref	Audit title	Indicative scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
FR18-1	ERP – Programme Assurance	To provide assurance surrounding the ERP programme. To include a review of the programme’s governance arrangements.	Resources utilised on <b>Payroll key controls</b> review as ERP implementation was not sufficiently progressed in 2018/19.  Completed – Limited assurance.	Follow-up review of Payroll Key Controls planned for Q4 2019-20.
FR18-2	ERP – Control Design	To provide risk and control advice surrounding the development and implementation of the new ERP system.	Review did not proceed as ERP implementation was not sufficiently progressed in 2018/19.  Resources subsumed by staff vacancy.	n/a – follow-up not required as the review did not proceed.
FR18-3	Continuous Audit Monitoring (CAM) *	Review of 5 key financial systems in line with the rolling CAM plan.	Completed – Moderate assurance.  Controls within the following key systems were reviewed in 2018/19:  1. Cash Management (Limited)	Follow-up of all 2018-19 recommendations will take place as part of the 2019-20 CAM review, which is currently underway.

Ref	Audit title	Indicative scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
			2. Accounts Payable (Moderate) 3. Treasury Management (Moderate) 4. Softbox (Moderate) 5. ContrOCC (Moderate)	
FR18-4	Procurement	Risk-based review of the end-to-end procurement process.	Procurement – completed, Moderate assurance.  Scope included follow-up review of the recommendations raised within the Contract Management Internal Audit (report finalised August 2019) to assess the rate of implementation of audit recommendations.	Procurement – follow-up planned to be undertaken in Q1 2020-21  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 discussions held with management and evidence reviewed during the follow-up audit, we have noted that: <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</li> </ul>

Ref	Audit title	Indicative scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
				<p>been partially implemented.</p> <p>A further follow up review will be conducted in Q4 2019-20.</p>
FR18-5	Capital Expenditure*	Risk based review of the effectiveness of key controls in place surrounding the Council's capital programme.	Completed - Moderate assurance.	Follow-up review planned for Q4 2019-20.
FR18-6	Shared Digital*	As per Shared Digital plan – to be confirmed on completion of 2017/18 work.	This review did not progress due to the cessation of the shared digital initiative.	n/a – follow-up not required as the review did not proceed.
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.	Resource utilised on risk management input this area.	n/a – follow-up not required as the review did not proceed.

### 1.3 PEOPLE

Ref	Audit title	Indicative scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
FWU18_11	SEN Transport	Cross cutting review with E&R, to review the impact of increasing costs and demographic issues on service delivery as well as arrangements for ensuring ongoing viability.	Completed. Management letter issued.	Follow up scheduled to be undertaken alongside 2019-20 review of High Needs/SEN Placements, currently scheduled for Q4 2019-20.
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.	Completed – Limited assurance.	Follow-up planned for Q4 2019-20.
CS18-2	Schools' Monitoring*	Risk based review of the schools' finance team to review the Council's ongoing financial monitoring arrangements in respect of schools.	Completed – management letter issued.	Follow-up planned for Q1 2020-21, on completion of 2019-20 programme of school audit reviews.

Ref	Audit title	Indicative scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
CS18-3	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.	Resources re-allocated to Westbourne Nursery extended follow-up review.	Resources were re-allocated to follow-up review of Westbourne Nursery, which has been completed. A good level of implementation was noted.
CS18-4	Schools establishment reviews –	Risk based review of six schools.	<p>The following six school audit reviews were undertaken in 2018-19:</p> <ol style="list-style-type: none"> <li>1) <b>Christ the King Primary School</b> – Limited assurance</li> <li>2) <b>Beacon High School (was Holloway)</b> – Limited assurance</li> <li>3) <b>Rotherfield Primary School</b> – Moderate assurance.</li> <li>4) <b>St John Evangelist</b> – Moderate assurance.</li> <li>5) <b>Highbury Quadrant</b> – Moderate assurance.</li> <li>6) <b>Winton Primary School</b> – Moderate assurance.</li> </ol>	Follow-up reviews of all 6 schools are due to be undertaken in Q4 2019-20 and Q1 2020-21.



Ref	Audit title	Indicative scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
CS18-5	St Aloysius RC College	Risk based review of St Aloysius RC College.	Completed – management letter issued.	Follow-up completed.
CS18-6	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.	<p>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.</p> <p>Review completed – November 2019</p>	Follow-up planned for Q1 2020-21.
HASS18-2	Mental Safeguarding Processes* Health	Risk based review of the arrangements and processes in place surrounding mental health safeguarding.	Completed – management letter issued.	Follow-up planned for Q1 2020-21.

## 1.4 ENVIRONMENT AND REGENERATION

Ref	Audit title	Indicative scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
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.	Completed – Moderate assurance.	Follow-up planned for Q4 2019-20.
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.	Review deferred to 2019-20 given service changes in 2018-19.	n/a – follow-up not required as the review did not proceed.
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).	Completed – management letter issued. Resource utilised for <b>E&amp;R Overtime review</b> , and subsequent follow-up reviews.	No further follow-up activity scheduled for 2019-20. Outcomes reported to Audit Committee in September 2019.

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.	Resource utilised for ' <b>Green Space Income</b> ' – management letter issued.	Follow-up planned for Q1 2020-21.
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## 1.5 HOUSING

Ref	Audit title	Audit Indicative Scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
Housing18-1	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.	Completed – Moderate assurance.	Follow-up planned for Q4 2019-20.
Housing18-1	Housing Voids	<p>Risk based review to ensure that the following key objectives are being met:</p> <ul style="list-style-type: none"> <li>• Sound policies and procedures in place for the management of empty Council properties (voids) and these are adhered to by all staff;</li> <li>• 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;</li> </ul> <p>Repairs to void properties are restricted to those essential to meet</p>	Completed – Moderate assurance.	Follow-up planned for Q4 2019-20.

Ref	Audit title	Audit Indicative Scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
		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.		
Housing18-3	TMOs and Tenancy Management*	Risk-based review of four TMOs within the borough.	<p>Three TMO reviews completed as follows:</p> <ol style="list-style-type: none"> <li>1. Quaker Court - at draft report stage, awaiting management response – No assurance. Summary high priority findings are included at Appendix 2.</li> <li>2. Redbrick TMO – completed, No assurance. Summary high priority findings are included at Appendix 2.</li> <li>3. Brooke Park Co-op – completed, Moderate assurance.</li> </ol>	<p>A follow-up review of Redbrick TMO has been completed – a good rate of implementation of recommendations was noted.</p> <p>Follow-up reviews of Quaker Court and Brooke Park are planned for in Q4 2019-20.</p>
Housing18-4	Voluntary Sector Organisation (VSO)	Risk-based review of VSO monitoring arrangements. To include a visit to one VSO.	<p>Completed.</p> <p>A review of Hilldrop Area Community Association was undertaken</p> <p>Internal Audit also delivered a training session to the Voluntary</p>	Follow-up planned for Q4 2019-20.

Ref	Audit title	Audit Indicative Scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
			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.	

\* Denotes a principal risk

**APPENDIX ENDS**