

APPENDIX 1 – 2019-20 INTERNAL AUDIT ANNUAL REPORT

Internal Audit Annual Report Audit Committee 29th September 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 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 – September 2020
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 were reported to Committee in January 2020.
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	<p>Procurement – completed, moderate assurance. No high priority findings were raised.</p> <p>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</p>

Number	Audit title	Indicative scope	Days	Status – September 2020
				<p>discussions held with management and evidence reviewed during the original follow-up audit earlier in 19-20, we noted that:</p> <ul style="list-style-type: none"> - 1 recommendation (medium priority) had been implemented; and - 7 recommendations (4 high priority and 3 medium priority) had been partially implemented. <p>A further follow up review was completed in August 2020; and a reasonable level of implementation was noted. A further audit of wider contract management has been included on the 20/21 plan and scoping is currently in progress.</p>
HASS 18-9	Housing Revenue Account	Risk based review of key controls in place for the management and monitoring of the HRA.	15	Fieldwork has concluded and the review is currently at draft report stage and awaiting an exit meeting to obtain management responses to audit recommendations. Outcomes will be reported to the next Audit Committee meeting.

1.2 CORPORATE / CROSS-CUTTING

Number	Audit title	Indicative scope	Days	Status – September 2020
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.</p> <p>A follow up review was carried out in May 2020. One high priority action was on track for implementation with a due date of August 2020, with the remaining actions (one high priority, one medium priority and one low priority) partially implemented. A further follow up will be carried out as part of the Landlord Duty of Care audit within the 2020/21 audit plan.</p>
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 Programme Management Office (PMO). A total of four recommendations were agreed by management and outcomes were reported to Audit Committee in 2019. A follow-up, to assess implementation of these recommendations, was underway</p>

Number	Audit title	Indicative scope	Days	Status – September 2020
				<p>in Q4 19-20 as part of the 19-20 PMO audit, however fieldwork was deferred due to Covid-19.</p> <p>The audit resumed in summer 2020 with an extended scope as part of the 20-21 audit plan. Fieldwork has concluded and the review is currently at draft report stage and awaiting an exit meeting to obtain management responses to audit recommendations. The scope of the review included a review of 1) the PMO redesign and 2) Programme Management activities across a sample of programmes. Fieldwork has concluded and summary outcomes are - in relation to item 1) areas of good practice has been noted, however recommendations have been made to further enhance design. In relation to item 2), due to the varying maturity of programmes sampled, variations in the maturity and establishment of the respective programme management control frameworks were noted.</p> <p>The review is currently at draft report stage and awaiting an exit meeting to obtain management responses to audit recommendations.</p>

Number	Audit title	Indicative scope	Days	Status – September 2020
CC19-3	Savings Programme *	Risk based review of key programme objectives.	20	On-going support and advice was 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	Completed – limited assurance. Two high priority findings were raised, details of which can be seen at Appendix 2.
CC19-5	Brexit*	Extended follow up of recommendations made in 18-19 and ongoing IA support	20	On-going risk support and advice was provided via the Brexit Resilience Group.

1.3 RESOURCES

Number	Audit title	Indicative scope	Days	Status – September 2020
FR19-1	Continuous Audit Monitoring (CAM)	Review of 4 key financial systems in line with the rolling CAM plan.	50	<p>Completed</p> <ul style="list-style-type: none"> - Cash Management - limited assurance - Accounts Payable - limited assurance - Treasury Management – moderate assurance <p>VAT was not reviewed to avoid duplication, as HMRC were conducting an independent review of this area.</p>

Number	Audit title	Indicative scope	Days	Status – September 2020
				One high priority finding was raised in relation to Accounts Payable, details of which can be seen at Appendix 2.
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	Completed - limited assurance. Two high priority findings were raised, details of which were reported to Committee in January 2020.
FR19-3	Electoral Services Review	Risk based review surrounding governance arrangements and key controls.	20	See 1.9 below, the audit did not proceed following a revised risk assessment.
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	Completed – limited assurance. The review focussed on Symology, the Highways application. Two high priority findings were raised, details of which can be seen at Appendix 2.
FR19-5	IT Review – Systems out of support	Review of key controls surrounding isolated systems.	20	The original scope was revised to provide assurance on a further IT application review (Civica Pay). A terms of reference had been drafted and a scoping meeting was held, however the audit did not proceed as the implementation of Civica Pay was delayed until summer 2020. Implementation is being kept under review and Civica Pay may be the subject

Number	Audit title	Indicative scope	Days	Status – September 2020
				of a 2020-21 audit plan IT application review.
FR19-6	IT Review – Digital Strategy	Risk based review of the Council’s digital strategy.	20	The audit did not proceed as the strategy was being developed.

1.4 PEOPLE

Ref	Audit title	Indicative scope	Days	Status – September 2020
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.
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	The scope of this review was discussed in People DMT in December 2019 with a view to fieldwork taking place in Q4 19-20. A Terms of Reference was drafted, focussing on risks included in the Principal Risk Report that was presented to Audit Committee on 28 th January 2020. An audit kick off meeting in Q4 was initially deferred by the client and then further deferred due to the auditee being engaged in the Council's Covid-19 response. The review resumed as at August 2020 and is currently underway. Outcomes will be reported to the next Audit Committee meeting.

Ref	Audit title	Indicative scope	Days	Status – September 2020
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. No high priority findings were raised.
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	A draft terms of reference was prepared and circulated for this review and work was planned for Q4 19-20; however this was delayed due to the auditee being engaged in the Council's Covid-19 response. Internal Audit attended People Departmental Management Team (PDMT) in June 2020 to revisit the 20-21 audit plan in line with the Council's latest principal risk report. As this audit does not relate to a principal risk, resources were considered to be best utilised on other higher risk areas. This audit has now been deferred to 2021/22.
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	Completed – limited assurance. Three high priority findings were raised, details of which can be seen at Appendix 2.

Ref	Audit title	Indicative scope	Days	Status – September 2020
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, safeguarding, relationships with key partners and intelligence gathering (including trend analysis and early identification and intervention).	15	See 1.9 below, the audit was delayed due to the auditee being engaged in the Council's Covid-19 response. The review will now be undertaken in Q2 2020-21 with an extended scope based on the latest Principal Risk Report post Covid-19.
PS19-7	School – establishment reviews	Risk based review of 6 schools	42	Two completed. Schools audits were scheduled for Q4 19-20 and Q1 20-21, however four reviews were delayed due to Covid-19. These audits will now be carried out as part of the 2020-21 audit plan. In 19-20, resources were used to provide support for schools and children's centres where specifically requested (including deep dive reviews of two schools/children's centres).
PS19-8	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	Completed – management letter issued. No high priority findings were raised.

1.5 ENVIRONMENT AND REGENERATION

Ref	Audit title	Indicative scope	Days	Status – September 2020
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	Completed - management letter issued. Three high priority findings were raised, details of which can be seen at Appendix 2.
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	Fieldwork has concluded and the review is currently at draft report stage awaiting an exit meeting to obtain management responses to audit recommendations. Outcomes will be reported to the next Audit Committee meeting.
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	Completed – moderate assurance. No high priority findings were raised.
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	Completed - moderate assurance. No high priority findings were raised.

1.6 HOUSING

Ref	Audit title	Indicative scope	Days	Status – September 2020
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	At draft report stage awaiting finalisation of management responses. Moderate assurance.
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	<p>Two TMO reviews were completed:</p> <ol style="list-style-type: none"> 1) Newbery House TMC - completed - no assurance. Eleven high priority findings were raised, details of which can be seen at Appendix 2. 2) Arch Elm TMO - completed - no assurance. Six high priority findings were raised, details of which can be seen at Appendix 2. <p>Resource was also used to provide support for TMOs where specifically requested (including investigations work).</p>
HASS19-3	Voluntary Sector Organisation	Risk-based review of VSO monitoring arrangements. To include a visit to one VSO.	15	One VSO was audited - at draft management letter stage. Awaiting finalisation of management responses.

1.7 PUBLIC HEALTH

Ref	Audit title	Indicative scope	Days	Status – September 2020
PH19-1	Partnership Working Arrangements	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. No high priority findings were raised.

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).

1.9 AUDIT PLAN COMPLETION STATISTICS

Plan completion breakdown:

Audit status	Number of reviews
Total number of reviews included on the audit plan <i>(see 1.1 to 1.7 above including 6 school reviews per PS 19-17)</i>	35
Audits that did not proceed due to revised risk assessment/service readiness: 1. <i>IT application review – Civica Pay (see FR19-5 above). A terms of reference had been drafted and scoping meeting held, however the audit did not proceed as the implementation of the planned application (Civica Pay) was delayed until summer 2020.</i>	4

Audit status	Number of reviews
<ul style="list-style-type: none"> 2. <i>IT review – Digital Strategy (see FR19-6 above). Internal Audit resource was lined up to undertake this piece however the review did not proceed as the strategy was being developed.</i> 3. <i>Electoral Services (see FR19-3 above). The review did not proceed in 19-20 due to a revised risk assessment as agreed with Gold during the Covid response.</i> 4. <i>High Needs/SEN Children’s Placements (see PS19-4 above). Deferred to 2021-22 plan, as agreed with People Departmental Management Team.</i> 	
<p>Audits that were deferred to 20/21, at management request, due to Covid-19:</p> <ul style="list-style-type: none"> 1. <i>Youth Offending/Youth Crime (see PS19-2 above); resumed in August 2020.</i> 2. <i>Domestic Violence (see PS19-6 above); planned for Q3 2020-21.</i> 3. <i>Schools – four establishment reviews (see PS19-7 above); planned for Q3-Q4 2020-21</i> 	6
<p>2019-20 audits due for completion as part of the 2019-20 plan</p>	25
<p>Audits completed</p>	23
<p>Advisory only</p> <ul style="list-style-type: none"> - <i>Savings programme (CC19-2 above)</i> - <i>Brexit (CC19-5 above)</i> 	2

Plan completion commentary

As outlined in Table 1.9 above:

- 35 audit reviews were included on the 2019-20 audit plan (including 3 reviews carried forward from 18/19);
- 10 reviews (including four school reviews) did not proceed as outlined in the table above (6 of which were due to the auditees being engaged with the Council's Covid-19 response (including 4 schools); and 4 of which did not proceed due to a revised risk assessment);
- Therefore plan completion statistics for the remaining 25 reviews due to be completed as part of the 2019-20 plan are as follows:
 - 25 reviews have been completed (including two advisory) - 100%

1.10 Basis of our opinion and assurance statements

Level of assurance	
Substantial ●	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.
Moderate ●	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.
Limited ●	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.
No ●	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