

## APPENDIX 3 – FOLLOW UP OUTCOMES

### 2019-20 Internal Audit Annual Report Audit Committee 29<sup>th</sup> September 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>	<p>Completed.</p> <p>The original report, dated September 2019, raised 4 recommendations (2 high priority, 1 medium priority and 1 low priority) which were fully accepted by management.</p> <p>Based on the 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 is in progress (original target date was August 2020).</li></ul>

Number	Audit title	Indicative scope	Audit status and assurance rating 2018-19	2019-20 Follow Up Outcomes
				<ul style="list-style-type: none"> <li>• 3 recommendations (1 high priority, 1 medium priority and 1 low priority) have been partially implemented.</li> </ul> <p>A further follow up will be conducted as part of the Landlord Duty of Care audit in Q2 2020-21.</p>
CC18-2	Brexit Preparedness *	<p>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:</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> </ul>	<p>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 to provide guidance and continual development of risk identification.</p>	<p>n/a – follow-up not required. Advice continues to be provided, as detailed in Appendix 1.</p>

Number	Audit title	Indicative scope	Audit status and assurance rating 2018-19	2019-20 Follow Up Outcomes
		<ul style="list-style-type: none"> <li>• Service delivery/demand; and</li> </ul> Legal implications.		
CC18-3	Outcomes Based Budgeting (OBB) - programme review *	Continued rolling assurance of programme governance arrangements. To include a deep-dive into two/three work streams.	Completed – management letter issued.  Resources utilised on programme assurance surrounding the design of controls surrounding the <b>Programme Management Office (PMO)</b> .	The review of OBB did not proceed and budget was utilised on the PMO. As per Appendix 1, the follow-up has now been incorporated into the PMO review (see Appendix 1).
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 – a follow-up was 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.	This follow up is not yet due and a planned follow up will take place in Q3 2020-21. An interim update has been received from management, confirming that while some areas have been delayed by the Council's Covid-19 response, progress has been noted against all actions.

Number	Audit title	Indicative scope	Audit status and assurance rating 2018-19	2019-20 Follow Up Outcomes
CC18-6	Shared Digital – Transformation	Risk based review surrounding the Shared Digital governance arrangements. Review to include the delivery of the CMB prioritised programme.	<p>This review did not progress due to the cessation of the shared digital initiative.</p> <p>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.</p>	<p>This follow up is not yet due and a formal follow up will take place in Q3 2020-21.</p> <p>An interim update has been received from management demonstrating that key actions have progressed. The Covid-19 response period has slowed progress in many areas although it has accelerated practical progress in others including deployment of Teams and remote working infrastructure.</p>

## 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.	The follow-up fieldwork in relation to Payroll key controls has concluded. A low level of implementation has been noted; and a further follow up is planned for 20/21.

Ref	Audit title	Indicative scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
			Payroll: Completed – Limited assurance.	
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 – a follow-up was 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: <ul style="list-style-type: none"> <li>1. Cash Management (Limited)</li> <li>2. Accounts Payable (Moderate)</li> <li>3. Treasury Management (Moderate)</li> <li>4. Softbox (Moderate)</li> <li>5. ContrOCC (Moderate)</li> </ul>	A follow up of all 2018-19 recommendations took place as part of the 2019-20 CAM review. Two medium (Treasury Management and Softbox) and one low priority actions have been partially implemented (Softbox). Three medium priority actions have not been implemented (two relating to Cash, and one relating to Accounts Payable). All actions will be followed up as part of the 2020/21 CAM review.
FR18-4	Procurement	Risk-based review of the end-to-end procurement process.	Procurement – completed, Moderate assurance.	Procurement – completed. Based on the evidence

Ref	Audit title	Indicative scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
			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.	reviewed during the follow up audit, actions agreed at the original audit were found to be implemented.  Contract Management - completed. A reasonable level of implementation has been noted. Management have been asked to provide an update in due course on the level of implementation of outstanding actions.
FR18-5	Capital Expenditure	Risk based review of the effectiveness of key controls in place surrounding the Council's capital programme.	Completed - Moderate assurance.	A follow up review commenced in Q1 2020-21, however due to resourcing pressures within the capital team due to Covid-19, it was agreed with management that that the follow up will be completed in Q3 of 2020/21.
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 – 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	Resource utilised on risk management input this area.	n/a – a follow-up not required as the review did not proceed

Ref	Audit title	Indicative scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
		related to availability, integrity, confidentiality and accountability.		and risk management input was provided.

### 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.	Completed. A reasonable level of implementation has been noted. Management have been asked to provide an update in due course on the level of implementation of outstanding actions.
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	Completed – Limited assurance.	An action plan was sent to the client to commence the follow up in Q1 and Q2 19-20; however Internal Audit were advised that due to service pressures, a follow up audit could not be accommodated. Internal Audit raised the

Ref	Audit title	Indicative scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
		Commissioning Policy. To also include a review of the effectiveness of assessment/placement processes, budget monitoring and/or contract management.		matter at People DMT (PDMT) in June 2020. Initial evidence to support the follow up audit was subsequently received in early September 2020 and is currently being reviewed. However it was agreed at PDMT that if the follow up could not be completed prior to September 2020, officers from the Placement Commissioning Team would attend Audit Committee in September 2020 to provide an update on the implementation of recommendations.
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.	Completed. A reasonable level of implementation has been noted. Management have been asked to provide an update in due course on the level of implementation of outstanding actions.
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	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. All

Ref	Audit title	Indicative scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
		Centres. To also consider the arrangements in place to manage risks relating to a reduction in funding and/or service demand.		agreed actions were found to be implemented.
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>	<ol style="list-style-type: none"> <li>1) Christ the King Primary School – the follow-up review is currently underway. This will report in September 2020. A good level of implementation has been noted.</li> <li>2) Beacon High School (was Holloway) – completed. A reasonable level of implementation has been noted. Management have been asked to provide an update in due course on the level of implementation of outstanding actions.</li> <li>3) Rotherfield Primary School – completed. A good level of implementation has been noted.</li> <li>4) St John Evangelist – the follow-up review is currently underway. This will report in October 2020.</li> </ol>

Ref	Audit title	Indicative scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
				<p>5) Highbury Quadrant – the follow-up review is due to take place in Q3 2020/21 after discussion with management.</p> <p>6) Winton Primary School – completed. A good level of implementation has been noted.</p>
CS18-5	St Aloysius RC College	Risk based review of St Aloysius RC College.	Completed – management letter issued.	Completed. A good level of implementation has been noted.
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.	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.	Actions agreed will be followed up as part of the Stronger Families audit in 2020-21.

Ref	Audit title	Indicative scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
			Review completed – November 2019	
HASS18-2	Mental Health Safeguarding Processes*	Risk based review of the arrangements and processes in place surrounding mental health safeguarding.	Completed – management letter issued.	The follow-up review is due to take place in Q3 2020/21 as agreed with the service management in Q2 20/21.

## 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.	The follow-up review is due to take place in Q3 2020/21 as agreed with the service management in Q2 20/21.
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 – a follow-up is not required as the review did not begin until summer 2020 due to the auditee being engaged in the Council's Covid-19 response (see Appendix 1)
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.	Completed. Outcomes were reported to Audit Committee in September 2019. Actions will be further followed up as part of the 2020-21 Use of Contingent Workers review.
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.	The follow-up review is scheduled for Q3-Q4 20/21.

## 1.5 HOUSING

Ref	Audit title	Audit Indicative Scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
Housing18-1	Rent Income and 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.	The follow-up review is concluding and will report in September 2020. A reasonable level of implementation has been noted to date.
Housing18-1	Housing Voids	Risk based review to ensure that the following key objectives are being met: <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</li> </ul>	Completed – Moderate assurance.	Completed. A good level of implementation has been noted.

Ref	Audit title	Audit Indicative Scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
		<p>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>		
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>Completed (for all three TMOs listed below)</p> <ol style="list-style-type: none"> <li>1) Quaker Court TMO - three high priority and three medium priority actions have been implemented. Two medium priority actions have been partially implemented. One high priority action has not been implemented. Revised target dates have been agreed for the remaining actions.</li> <li>2) Redbrick TMO - four high priority, five medium priority and one low priority actions have been implemented. Two</li> </ol>

Ref	Audit title	Audit Indicative Scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
				<p>high and four medium priority actions have been partially implemented. Two medium priority actions have not been implemented. Revised target dates have been agreed for the remaining actions.</p> <p>3) Brooke Park Co-op – Based on the evidence reviewed during the follow up audit, actions agreed at the original audit have been implemented.</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 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.</p>	The follow-up review is concluding and will report in September 2020. A reasonable level of implementation has been noted.

\* Denotes a principal risk

**APPENDIX ENDS**