

APPENDIX 3 – FOLLOW UP OUTCOMES

2020-21 Internal Audit Annual Report Audit Committee 25th January 2021

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 | Assurance rating | 2020-21 follow up outcomes |
|---------|---|---|--------------------|---|
| CC17-10 | Gift & Hospitality and Declarations of Interest | Review of the processing, recording, administering and monitoring of gifts and hospitality and declaration of interests processes. | Limited assurance. | The original audit review concluded in 2017-18, and follow up discussions were held with the Interim Director of Human Resources (HR) subsequently. The original audit report and contents of follow up discussions were shared with new Director of HR in November 2020 and the full follow up audit is scheduled to take place in Q4 20/21. |
| CC17-5 | Contract Management | To assess organisational oversight of third parties, to determine controls in place around business disruptions, data security, and regulatory noncompliance. | Limited assurance. | Completed. This was the second follow up of this audit. The original report, finalised in August 2018, raised eight findings (four high priority and four medium priority). Based on the evidence reviewed during the follow up audit, we noted that: <ul style="list-style-type: none">• Recommendations relating to four findings (two high priority and two medium priority) have been implemented. |

| Number | Audit title | Indicative scope | Assurance rating | 2020-21 follow up outcomes |
|--------|-------------|------------------|------------------|---|
| | | | | <ul style="list-style-type: none"> Recommendations relating to four findings (two high priority and two medium priority) have been partially implemented. Partially implemented high priority findings related to: <ul style="list-style-type: none"> - Management information (revised implementation date 31 March 2021); and - Dedicated contract management time (revised implementation date 31 December 2020). <p>Two of the partially implemented actions will be revisited as part of the ongoing Contract Management audit (CC20-6). Updates will be sought on the remaining partially implemented recommendations after the revised implementation date. Outstanding actions will be revisited regularly until they are closed.</p> |

1.2 RESOURCES

| Number | Audit title | Indicative scope | Assurance rating | 2020-21 follow up outcomes |
|--------|-------------------------------|---|--------------------|---|
| FR18-1 | Payroll – key controls review | Review of the administration of salaries, addition of staff to payroll, removal, amendments, payroll payments, deductions, overpayments, overtime. Review of staff expenses | Limited assurance. | <p>Completed.</p> <p>The original report, finalised in August 2019, raised 11 findings (four high priority and seven medium priority).</p> <p>Based on the evidence reviewed during the follow up audit, we noted that:</p> |

| Number | Audit title | Indicative scope | Assurance rating | 2020-21 follow up outcomes |
|--------|-------------|--|------------------|--|
| | | and any special payments to staff. Include maintenance of master establishment list and processing and recording of holiday pay. | | <ul style="list-style-type: none"> • Recommendations relating to one medium priority finding have been implemented. • Recommendations relating to three findings (two high priority and one medium priority) have been partially implemented. Partially implemented high priority findings related to: <ul style="list-style-type: none"> - Overpayments (revised implementation date 30 November 2020); and - Leavers (revised implementation date 30 November 2020). • Recommendations relating to six findings (four high priority and two medium priority) have not been implemented. High priority findings that we not implemented related to: <ul style="list-style-type: none"> - Policies and procedures (revised implementation date 31 December 2020); - Changes to standing data (revised implementation date 30 November 2020); - IT contingency planning (revised implementation date 30 November 2020); and - Expenses (revised implementation date 31 December 2020). • Recommendations relating to one medium priority finding (that the service should maintain a risk register) were not accepted |

| Number | Audit title | Indicative scope | Assurance rating | 2020-21 follow up outcomes |
|--------|------------------------------------|---|---------------------|--|
| | | | | <p>by management during the original audit and did not require follow up.</p> <p>Updates will be sought on the remaining not implemented and partially implemented recommendations after the revised implementation date. Outstanding actions will be revisited regularly until they are closed.</p> |
| FR18-4 | Procurement | Risk-based review of the end-to-end procurement process. | Moderate assurance. | <p>Completed.</p> <p>The original report, finalised in December 2019, raised three findings (one medium priority and two low priority).</p> <p>Based on the evidence reviewed during the follow up audit, we noted that recommendations relating to all findings have been implemented.</p> |
| FR18-5 | Capital expenditure | Risk based review of the effectiveness of key controls in place surrounding the Council's capital programme. | Moderate assurance. | Follow up work was originally scheduled to take place in Q2 20/21, however at the request of the auditee this work has been deferred to Q4 20/21 to accommodate additional pressures on the team due to Covid-19. |
| 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 | Limited assurance. | Outcomes of the original audit review were shared with the new Director of Human Resources in November 2020 and the follow up audit is scheduled to take place in Q1 21/22. |

| Number | Audit title | Indicative scope | Assurance rating | 2020-21 follow up outcomes |
|--------|--|--|--------------------|---|
| | | legislative requirements. Review to cover controls surrounding right to work checks for internal staff, agency staff, contractors and voluntary sector organisations. | | |
| FR19-1 | Continuous Auditing and Monitoring (CAM) | Review of three key financial systems in line with the rolling CAM plan: <ul style="list-style-type: none"> • Accounts Payable • Cash Management • Treasury | Limited assurance. | Follow up work scheduled to take place in Q4 20/21. A meeting was held with the Corporate Director of Resources to discuss the report and actions, with a tracker taken to the Finance Management Team (FMT) meeting in November 2020 to ensure that implementation of actions is tracked by FMT. |

1.3 PEOPLE

| Number | Audit title | Indicative scope | Assurance rating | 2020-21 follow up outcomes |
|----------|------------------------|--|------------------|---|
| CS18-6-6 | Holloway (Beacon High) | Risk based review of school/childrens' centre. | No assurance. | Completed. The original report, finalised in July 2019, raised 14 findings (nine high priority and five medium priority). Based on the evidence reviewed during the follow up audit, we noted that: <ul style="list-style-type: none"> • Recommendations relating to six findings (three high priority and three medium priority) have been implemented. |

| Number | Audit title | Indicative scope | Assurance rating | 2020-21 follow up outcomes |
|--------|-------------|------------------|------------------|--|
| | | | | <ul style="list-style-type: none"> • Recommendations relating to seven findings (five high priority and two medium priority) have been partially implemented. Partially implemented high priority findings related to: <ul style="list-style-type: none"> - Invoice payments (revised implementation date 31 March 2021); - Income and banking (revised implementation dates 1st September 2020 and 31 October 2020); - Income receipts (revised implementation date 1 September 2020); - HR and payroll (revised implementation date 1 September 2020); and - Data protection (revised implementation date 30 September 2020). • Recommendations relating to one high priority finding have not been implemented. The not implemented high priority finding related to: <ul style="list-style-type: none"> - Lettings (revised implementation date 31 October 2020); <p>Updates will be sought on the remaining not implemented and partially implemented recommendations after the revised implementation date. Outstanding actions will be revisited regularly until they are closed.</p> |

| Number | Audit title | Indicative scope | Assurance rating | 2020-21 follow up outcomes |
|----------|---|---|--------------------|---|
| CS17-2 | SEN transport | To review the impact of increasing costs and demographic issues on service delivery as well as arrangements for ensuring ongoing viability. | No assurance. | <p>The original report, finalised in June 2018, raised nine findings (seven high priority and two medium priority).</p> <p>Based on the evidence reviewed during the follow up audit, we noted that:</p> <ul style="list-style-type: none"> • Recommendations relating to five high priority findings have been implemented. • Recommendations relating to four findings (two high priority and two medium priority) have been partially implemented. Partially implemented high priority findings related to: <ul style="list-style-type: none"> - Management information and budgetary control (revised implementation date 31 January 2021); and - Passenger profiles and risk assessments (revised implementation date 31 December 2020 and 31 January 2021). <p>Updates will be sought on the remaining not implemented and partially implemented recommendations after the revised implementation date. Outstanding actions will be revisited regularly until they are closed.</p> |
| CS18-6-4 | Christ the King Roman Catholic Primary School | Risk based review of school/childrens' centre. | Limited assurance. | <p>Completed.</p> <p>The original report, finalised in June 2019, raised 10 findings (three high priority and seven medium priority).</p> |

| Number | Audit title | Indicative scope | Assurance rating | 2020-21 follow up outcomes |
|--------|--|---|--------------------|--|
| | | | | Based on the evidence reviewed during the follow up audit, we noted that recommendations relating to all findings have been implemented. |
| PS19-1 | Placement Commissioning 16-17 year olds* | 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. | Limited assurance. | <p>Completed</p> <p>The original report, finalised in August 2019, raised six findings (three high priority and three medium priority).</p> <p>Based on the evidence reviewed during the follow up audit, we noted that:</p> <ul style="list-style-type: none"> • Recommendations relating to four findings (three high priority and one medium priority) have been partially implemented. Partially implemented high priority findings related to: <ul style="list-style-type: none"> - Placement request referral forms (revised implementation date 31 October 2020); - Risk assessment forms (revised implementation date 30 November 2020); and - Housing benefit (revised implementation date 30 November 2020). • Recommendations relating to two medium priority findings have not been implemented. <p>Updates will be sought on the remaining not implemented and partially implemented recommendations after the revised</p> |

| Number | Audit title | Indicative scope | Assurance rating | 2020-21 follow up outcomes |
|----------|----------------------------|--|---------------------|--|
| | | | | implementation date. Outstanding actions will be revisited regularly until they are closed. |
| CS18-6-5 | Rotherfield Primary School | Risk based review of school/childrens' centre. | Moderate assurance. | <p>Completed.</p> <p>The original report, finalised in August 2019, raised six findings which were accepted by management (one high priority, three medium priority and two low priority).</p> <p>Based on the evidence reviewed during the follow up audit, we noted that:</p> <ul style="list-style-type: none"> • Recommendations relating to three findings (one medium priority and two low priority) have been implemented. • Recommendations relating to three findings (one high priority and two medium priority) have been partially implemented. The partially implemented high priority finding related to: <ul style="list-style-type: none"> - Management information and budgetary control (revised implementation date 30 November 2020). <p>Updates will be sought on the remaining not implemented and partially implemented recommendations after the revised implementation date. Outstanding actions will be revisited regularly until they are closed.</p> |

| Number | Audit title | Indicative scope | Assurance rating | 2020-21 follow up outcomes |
|----------|--------------------------------------|--|---------------------------|---|
| CS18-6-7 | Winton Primary School | Risk based review of school/childrens' centre. | Moderate assurance. | <p>Completed.</p> <p>The original report, finalised in July 2019, raised eight findings (one high priority, five medium priority and two low priority).</p> <p>Based on the evidence reviewed during the follow up audit, we noted that:</p> <ul style="list-style-type: none"> • Recommendations relating to seven findings (one high priority, four medium priority and two low priority) have been implemented. • The recommendations relating to one medium priority finding has not been implemented. <p>Updates will be sought on the remaining not implemented and partially implemented recommendations after the revised implementation date. Outstanding actions will be revisited regularly until they are closed.</p> |
| CS18-6-2 | St John Evangelist RC Primary School | Risk based review of school/childrens' centre. | Moderate assurance. | Follow up work is underway, with reporting scheduled for December 2020. |
| CS18-6-3 | Highbury Quadrant Primary School | Risk based review of school/childrens' centre. | Moderate assurance. | Follow up work scheduled to take place in Q1 21/22. |
| CS18-3 | Schools Financial Monitoring | Risk based review of the schools' finance team to review the Council's | Management letter issued. | Completed. |

| Number | Audit title | Indicative scope | Assurance rating | 2020-21 follow up outcomes |
|--------|----------------------------|--|---------------------------|--|
| | | ongoing financial monitoring arrangements in respect of schools. | | <p>The original report, finalised in August 2019, raised one medium priority finding.</p> <p>Based on the evidence reviewed during the follow up audit, we noted that:</p> <ul style="list-style-type: none"> Recommendations relating to the medium priority finding have been partially implemented. <p>Updates will be sought on the remaining not implemented and partially implemented recommendations after the revised implementation date. Outstanding actions will be revisited regularly until they are closed.</p> |
| AD19-2 | Conewood Children's Centre | Risk based review of school/childrens' centre. Audit following concerns. | Management letter issued. | Follow up work scheduled to take place in Q4 20/21. |
| 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. | Limited assurance. | Follow up work scheduled to take place in Q1 21/22. |

1.4 ENVIRONMENT AND REGENERATION

| Number | Audit title | Indicative scope | Assurance rating | 2020-21 follow up outcomes |
|---------------|---------------------------------|--|---------------------------------------|---|
| ER18-1 | Blue Badge | Risk based review surrounding the administration and issue of blue badges. To include a review of controls surrounding enforcement. | Moderate assurance. | Follow up work is underway, with reporting scheduled for December 2020. |
| ER18-5 | Greenspace Income | Risk based review. | n/a – a management letter was issued. | The follow up is scheduled for Q1 21/22 (follow up is not due till Q1 21/22). |
| 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. | Moderate assurance. | Follow up work is underway, with reporting scheduled for January 2021. |
| ER19-4 | S106 | Risk based review surrounding the Council's arrangement for managing and monitoring S106 obligations in accordance with Council policy and legislation. | Moderate assurance. | Follow up work scheduled to take place in Q1 21/22. |

1.5 HOUSING

| Number | Audit title | Indicative scope | Assurance rating | 2020-21 follow up outcomes |
|----------|---|--|---------------------|---|
| HASS18-6 | Voluntary Sector Organisation (VSO) – Hilldrop Area Community Association (ACA) | Risk-based review of VSO monitoring arrangements. To include a visit to one VSO. | Limited assurance. | <p>Completed</p> <p>The original report, finalised in November 2018, raised six findings (two high priority and four medium priority).</p> <p>Based on the evidence reviewed during the follow up audit, we noted that:</p> <ul style="list-style-type: none"> • Recommendations relating to six findings (two high priority and one medium priority) have been implemented. • Recommendations relating to three medium priority findings have been partially implemented. <p>Updates will be sought on the remaining partially implemented recommendations after the revised implementation date. Outstanding actions will be revisited regularly until they are closed.</p> |
| 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. | Moderate assurance. | <p>Completed.</p> <p>The original report, finalised in August 2019, raised five findings (one high priority, three medium priority and one low priority).</p> <p>Based on the evidence reviewed during the follow up audit, we noted that:</p> <ul style="list-style-type: none"> • Recommendations relating to two findings (one medium priority and one low priority) have been implemented. |

| Number | Audit title | Indicative scope | Assurance rating | 2020-21 follow up outcomes |
|----------|---------------------------------------|---|---------------------------|---|
| | | | | <ul style="list-style-type: none"> • Recommendations relating to two medium priority findings have been partially implemented. • Recommendations relating to one high priority finding have not been implemented. The partially implemented high priority finding related to: <ul style="list-style-type: none"> - Rent level calculations (revised implementation date 31 December 2020). <p>Updates will be sought on the remaining not implemented and partially implemented recommendations after the revised implementation date. Outstanding actions will be revisited regularly until they are closed.</p> |
| HASS18-2 | Mental Health Safeguarding Processes* | Risk based review of the arrangements and processes in place surrounding mental health safeguarding. | Management letter issued. | Follow up work was originally scheduled to take place in Q3 20/21, however at the request of the auditee this work has been deferred to Q4 20/21 to accommodate additional pressures on the team due to Covid-19. |
| HASS18-4 | Housing Voids | Risk based review to ensure that the following key objectives are being met: <ul style="list-style-type: none"> • Sound policies and procedures in place for the management of | Moderate assurance. | Completed. The original report, finalised in May 2019, raised six findings (five medium priority and one low priority). Based on the evidence reviewed during the follow up audit, we noted that: |

| Number | Audit title | Indicative scope | Assurance rating | 2020-21 follow up outcomes |
|------------|--|---|--------------------|--|
| | | <p>empty Council properties (voids) and these are adhered to by all staff;</p> <ul style="list-style-type: none"> • 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; <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> | | <ul style="list-style-type: none"> • Recommendations relating to three findings (two medium priority and one low priority) have been implemented. • Recommendations relating to two medium priority findings have been partially implemented. • Recommendations relating to one medium priority finding have not been implemented. <p>Updates will be sought on the remaining not implemented and partially implemented recommendations after the revised implementation date. Outstanding actions will be revisited regularly until they are closed.</p> |
| HASS18-5-2 | Gambier House Tenant Management Organisation (TMO) | Risk based review of TMO. | Limited assurance. | Follow up work scheduled to take place in Q1 21/22. |

| Number | Audit title | Indicative scope | Assurance rating | 2020-21 follow up outcomes |
|------------|--|--|---------------------------|---|
| HASS17-2 | Annual Service Charges | To review the methodology for calculation to assess whether reasonable, fair and complete. To assess the adequacy of supporting documentation for charges. To determine whether income is maximised. | Limited assurance. | Follow up work scheduled to take place in Q1 21/22. |
| HASS19-2-1 | Newbery House Tenant Management Organisation (TMO) | Risk based review of TMO. | No assurance. | Follow up work scheduled to take place in Q4 20/21. |
| HASS19-2-4 | Arch Elm Tenant Management Organisation (TMO) | Risk based review of TMO. | No assurance. | Follow up work scheduled to take place in Q4 20/21. |
| HASS19-5 | Disability Action in Islington – Voluntary Sector Organisation (VSO) | Risk-based review of VSO monitoring arrangements. | Management letter issued. | Follow up work scheduled to take place in Q4 20/21. |

1.6 PUBLIC HEALTH

| Number | Audit title | Indicative scope | Assurance rating | 2020-21 follow up outcomes |
|--------|-------------|------------------|------------------|----------------------------|
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| Number | Audit title | Indicative scope | Assurance rating | 2020-21 follow up outcomes |
|--------|---------------|---|---------------------|---|
| PH18-1 | Public Health | Risk based review based on risk assessment conducted in-year. The review focussed on key controls surrounding partnership arrangements, with a focus on sexual health services. | Moderate assurance. | Follow up work scheduled to take place in Q4 20/21. |

* Denotes a principal risk

APPENDIX ENDS