



**Audit and Standards Advisory
Committee
26 September 2019**

**Report from the Director of Legal
HR Audit and Investigations**

For Information

Wards Affected: ALL

Internal Audit Progress Report for the Period April – August 2019

Wards Affected:	N/A
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	1. Completed Audits from 2019/20 Audit Plan (A) 2. Audit Current Status (B)
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Michael Bradley Head of Audit and Investigations 020 8937 6526, Michael.Bradley@brent.gov.uk

1. Summary

- 1.1. This report provides an update on progress against the Internal Audit Plan for the period 1 April 2019 to 31 August 2019.

2. Recommendations

- 2.1. The Audit Committee note the content of the report.

3. Internal Audit Performance

- 3.1 During this period Internal Audit have:

- Completed seven audit reviews and advisory pieces of work;
- Completed 12 follow up reviews;
- Completed two school audits from this year's program of 10 school audits and
- Completed grant claim certifications for the Troubled Families Programme.

The team has also been able to react to urgent management requests when required. Further details are set out below.

- 3.2 The team has been functioning below its budgeted resource and this was supplemented by temporary staff in the final quarter of 2018/19. Recruitment of new permanent staff has now brought increased stability and performance with two new auditors joining the team, one in April and a further one in July. The team continues to be supplemented by a contracted resource from PWC.

Audit Work Undertaken

- 3.3. The Internal Audit Plan for 2019/20 initially comprised 55 audits excluding school reviews, follow ups and advisory work.
- 3.4 Seven audits have been completed with a further two draft reports issued awaiting a response from management. A further 17 are nearing completion or are in progress. Resources have been allocated to allow full completion of the plan.
- 3.5 For each audit where controls have been analysed and a report agreed with management, previously an assurance opinion was given. This grading mechanism provided an indication of the level of confidence in the controls in operation and the extent to which they are being applied. For 2019/20 this grading system is no longer being used and an indication of the level of confidence is now gained by examining the number of issues raised and their associated risk level.
- 3.6 Details of the audits and the key findings are set out in Appendix A. Details of the audits currently in progress are set out in Appendix B.

Follow up Reviews

- 3.7 As part of the audit process, follow-up reviews are carried out to ensure that agreed management actions in respect of significant risks have been implemented.
- 3.8 During the period, 12 follow up reviews have been completed. A further 10 are currently in progress. Details of the completed follow up reviews are set out in Appendix C.
- 3.9 Of the 12 completed, three had high risk issues and associated actions that had not been implemented or only partially implemented. Details of these actions are included in Appendix C.

A total of 95 management actions have been reviewed (high risk actions are shown in brackets):

Implemented	Partially Implemented	Not Implemented	No Longer Relevant
70	19	5	1

- 3.10 Where actions remain partially or not implemented, revised completion dates have been agreed with management when Audit will revisit to confirm implementation

where appropriate.

Schools

- 3.11 The program of school audits focuses on governance, financial processes and accompanying back office resources.
- 3.12 The first two reviews have been completed and raised a number of findings including:
- Missing references and signed employment contracts for recent starters;
 - Overpayments of salary to members of staff;
 - Absence of formal induction or skills assessment for new governors;
 - No declarations of interest for Committee members, and
 - Asset register did not contain all high value assets.
- 3.13 The remaining school reviews are scheduled to take place during quarters three and four. There is also a follow up review scheduled in September at Leopold Primary School, following a 'No Assurance' rating given last year. Internal Audit are also attending Teachers' Panel and School Information Exchange meetings to discuss the audit process, key risk areas and any other concerns raised by schools.

Customer Satisfaction

- 3.14 Management are asked to provide feedback on individual audits completed and the feedback is incorporated into the continuous improvement of the service. Questionnaires issued at the end of each audit ask the auditees to provide feedback on areas including usefulness of the audit, quality of the report and usefulness of any recommendations made.
- 3.15 One questionnaire has been returned. This was very positive with all responses satisfied or very satisfied. However, due to this very low return rate only limited reliance can be placed on the result. Audit will continue to encourage clients to respond on their experience of the service and are looking at alternative ways to receive feedback in the future.

4. Financial Implications

The report is for noting and so there are no direct financial implications

5. Legal Implications

The report is for noting and so there are no direct legal implications

6. Diversity Implications

None

7. Background Papers

None

8. Contact Officer Details

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Appendix A

Completed Audits from 2019/20 Audit Plan

Audit Title	Scope	Key Findings
IR35	Governance Review of Existing Engagements Review and Monitoring of Future/Ongoing Engagements Monitoring of Council Establishments	Four medium risk findings: <ul style="list-style-type: none"> • Insufficient oversight of individuals due to documents not being retained. • lack of evidence held on file regarding the decision for IR35. • Incomplete listing of Agency workers • Not all “temporary workers” have documented IR35 assessments.
Virtual School	Compliance with DfE; Management reporting; Key data and information; Training; Personal Education Plans: Pupil premium, and SEND (Special Educational Needs or Disability).	One advisory risk finding: The inconsistency of information across the various systems.
Cemeteries	Buying a Grave; Income Management; Contract Management; Ownership of a grave; Health and Safety, and Transfer of waste.	Two medium and one low risk issue identified: Medium: <ul style="list-style-type: none"> • Information not being received regularly from Contractor to ensure work is being carried out to required standards. • Cheques received by the Registrar are not always banked on a weekly basis. Low: <ul style="list-style-type: none"> • Maintaining manual diaries and a computerised system may create issues over storage and reconciliation.
Disabled Facilities Grants	Policies and Procedures; Application Screening; Contracts; Payments, and Management Information.	Two low risk findings: <ul style="list-style-type: none"> • No procedures in place for the DDAG. • No improvement plan in place to raise service performance to meet KPI targets.
Discretionary Housing Payments	Policies and procedures Eligibility criteria and exclusions Processing of application Awarding of DHP	Four medium risk issues identified: <ul style="list-style-type: none"> • The local DHP guidance had not been updated since 2012; • Lack of segregation of duties in processing and awarding a DHP payment; • No evidence that a review is being carried out before extending DHP awards:

	Payments, and DHP returns and management information.	<ul style="list-style-type: none"> • No evidence of actions having been taken to recover overpayments.
Brexit Preparation	Governance and Mobilisation Brexit Impact Areas.	<p>Two high risk issues:</p> <ul style="list-style-type: none"> • Brexit governance and tracking and • risk identification, assessment and alignment; <p>Two medium risk issues relating to the specific Brexit impact areas of:</p> <ul style="list-style-type: none"> • EU workers and EU Settlement Scheme and • supplier risk; <p>Two low risk issues:</p> <ul style="list-style-type: none"> • modelling implications for budgets and business plan and • Brexit continuity and wider emergency response; <p>One advisory issue of targeted external communications.</p>
Barham Park Accounts	n/a	Review of the annual Barham Park Accounts.

Appendix B

Audit	Current Status
Joint Front Door	Draft Report issued to Management
P2P Program	Draft Report issued to Management
I4B Acquisitions	Fieldwork Completed
London Borough of Culture	Fieldwork Completed
Bailiffs	Fieldwork Completed
IT Licensing	Fieldwork Completed
Licensing of Landlords	Fieldwork Completed
Recruitment and Retention	Fieldwork Completed
Procurement	Fieldwork in progress
Car Parks	Fieldwork in progress
General Ledger	Fieldwork in progress
IT Access and Identity Management	Fieldwork in progress
Prevent	Fieldwork in progress
Payroll	Fieldwork in progress
Staff Benefits	Fieldwork in progress
IT Sourcing & Procurement	Terms of Reference Issued to Management
Safeguarding Partnerships and Strategy	Draft Terms of Reference issued to Management
VAT	Draft Terms of Reference issued to Management
First Wave Housing Rent Collection	Draft Terms of Reference issued to Management

Appendix C

Follow Up Reviews

Audit Title	Management Actions			
	Implemented	Partly Implemented	Not implemented	No Longer relevant
RBV Benefits	1	6 (1)		
Safeguarding Adults	8			1
Single Pathway	8		2 (1)	
Libraries Stock Control		3		
Trading Standards	1	1	1	
Digital Strategy	10	1		
Emergency Planning	2			
Property Payments	13			
Licensing	14	6 (2)		
Community Safety	3	1		
Corporate Governance – Decision Making	9	1	2	
Data Security	1			

Numbers in brackets show where 'high' risk actions have not yet been fully implemented. Details are listed below:

RBV Benefits

The high priority finding related to Management ensuring sufficient information is provided to applicants to ensure compliance with GDPR. The follow-up review identified that this has been raised with the software supplier IEG4 but is still awaiting a definitive response. Whatever the outcome from IEG4, the information made available to the customer about how their data is held and used will be reviewed. Revised target date 30 September 2019.

Single Pathway

The high priority finding related to Management producing and implementing a risk register in relation to the 'Single Pathway' programme. Risk Register is under development with a revised target date of 31 August 2019.

Licensing

The high priority actions partially implemented relate to ensuring fees are documented to enable prompt enforcement action where fees have not been received to be taken. Also management were to ensure that regular reconciliations take place between the fees spreadsheet and the online register to ensure invoices are raised for all premises within the borough.

Fees are now documented on Tascomi and Management are able to run reports of fees due but further training is required for staff. Further development of the annual fee process on Tascomi is required in order to successfully complete regular reconciliations. Revised completion date of March 2020.