	Audit and Standards Advisory Committee 20 January 2020
	Report from the Director of Legal HR Audit and Investigations

INTERNAL AUDIT PROGRESS REPORT FOR THE PERIOD SEPTEMBER - DECEMBER 2019

Wards Affected:	All
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt:	Open
No. of Appendices:	Three: 1. A - Completed Audits for the period 2. B - Audit Current Status 3. C - Follow Up Reviews
Background Papers:	None
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1. Purpose of Report

1.1. This report provides an update on progress against the Internal Audit Plan for the period 1 September 2019 to 31 December 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 15 audit reviews and advisory pieces of work;

- Completed six follow up reviews;

- Completed a further five 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 With the recruitment of two new auditors in October, the team are now fully resourced. This has brought increased stability and performance. 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 Fifteen audits have been completed during this period (adding to the seven audits completed in Quarter 1). A further six draft reports have been issued awaiting a response from management. A further 12 audits 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, an assurance opinion was given previously. 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, seven follow up reviews have been completed. A further 12 are currently in progress. Details of the completed follow up reviews are set out in Appendix C.

3.9 Of the six completed, one 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.

79 management actions have been reviewed:

Implemented	Partially Implemented	Not Implemented	No Longer Relevant
62	17	0	0

3.10 Revised completion dates have been agreed with management where actions remain partially or not implemented. 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 Following the first two reviews in quarter one, a further five have been completed and raised a number of common findings including:
- Missing references and signed employment contracts for recent starters;
- Absence of formal induction or skills assessment for new governors;
- Missing declarations of interest for Committee members, and
- Incomplete asset registers.

3.13 The remaining school reviews are scheduled to take place during quarter four. There is also a follow up review scheduled in January 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 Six questionnaires have been returned during this period. All responses were very positive with 90% of scores either very satisfied or satisfied.

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. Equality Implications

None

7. Consultation with Ward Members and Stakeholders

None

__Report sign off:__

Debra Norman, Director of Legal HR Audit and Investigations

Appendix A

Completed Audits for the period September to December 2019

Audit Title	Key Findings
'Joint Front Door' approach to assessment (ASC)	Medium risk issues: • Contacts screened by BCS and referred to ASC included incorrect referrals and assessments taking a long time after referral; • The SLA between BCS and ASC is out-of-date and contains some KPIs which are not relevant or suitable; • The ASC subsection of the Council's website is not up-to-date, and • KPIs not monitored for ASC and KPIs for BCS need development.
P2P Project	Issues raised: • Bespoke workflow is being designed without proper process documentation. • Inter-dependency of several systems increases complexity. Ensuring the systems interact with each other consistently and effectively can be challenging. • Kefron is not being implemented off the shelf, requirements are not defined and fixed. • The early payment services, Oxygen, will rely on the new systems and processes. • At design stage, the programme lead and the project manager are mainly consulting with the service providers (Kefron, Oxygen, Barclaycard etc.). It provides greater control to have broader involvement from the in-house team.
Brexit Preparation	High risk: • Brexit governance and tracking, and • risk identification, assessment and alignment; Medium risk: • EU workers and EU Settlement Scheme, and • Supplier risk. Low risk: • modelling implications for budgets and business plan, and • Brexit continuity and wider emergency response.

I4B Acquisitions	High risk:
	  • Acquisition Data - discrepancy between the number of recorded properties acquired on CRM Dynamics and manual spreadsheets kept by i4B, and
	  • Property Sourcing: property acquired outside of the documented acquisition and approval process.
	
	Low risk:
	  • Lack of formal evidence of the performance checklist control.

IT Licencing	High risk:
	  • Tracking of Software Expenditure.
	
	Medium risk:
	  • Ineffective control over Cloud and Web based software.
	  • Lack of a Software Procurement/ Software Asset Management policy.
	
	Low risk:
	  • Lack of a central repository for Contracts.

Licensing of Landlords	Medium risk:
	  • Key licensing documents upload within Acolaid
	  • Approval of changes within Acolaid.
	
	Low risk:
	  • Limited KPIs in place to adequately measure performance.

London Borough of Culture	Medium risk:
	  • LBoC programme does not have defined RM procedure and no clear process for risks feeding upwards to the engagement and SRO boards;
	  • Do not have centralised process for managing key documents;
	  • Monthly reporting pack produced for the SRO board is causing resource constraints within the LBoC team, and
	  • LBoC team have limited capacity and technical PM support causing delays in updating project documents and supporting the programme.
	
	Low risk:
	  • ToR for SRO and Project Board governance meetings does not formally outline the meeting frequency, membership and reporting requirements.

Enforcement Agents	Medium risk: • Management should hold regular meetings with the outsourced providers to discuss performance.
Procurement	High risk: • Procurement Strategy should be updated to ensure alignment with the Borough Plan, and • The contract register online portal, Due North, is not up to date. Medium risk: • Central log for waivers and a new waiver policy and procedure is required, and • Supplier spend analysis spreadsheet should be completed with regular reporting to the service responsible. • All procurement policy, procedures and guidelines needs to reviewed, and • Procurement and contract documents need to be properly recorded and retained.
Recruitment and Retention	Medium risk: • No formalised, documented and enforced exit interview process.
Key Financial systems - General Ledger	High risk: • No bank reconciliations have taken place since April 2019 due to ongoing issues with AIMS. Medium risk: • Year-end procedures have a number of outstanding tasks mainly due to problems with reconciliations. Low risk: • Journal materiality and Suspense Account.
Prevent	Medium risk: ▪ No overarching/strategic policy to support the Prevent Delivery Plan; ▪ No contingency plan for a substantial change in the current level of funding; ▪ A gap in responsibilities and partnership support in respect of the Safer Brent Partnership Board oversight in holding the Prevent team to account, and ▪ No assessment of training needs or a process to identify received training. Low risk: ▪ Prevent risks not being collated for the purposes of monitoring, and ▪ Actions are not being recorded in a structured way.

Payroll	High risk: • Oracle payroll agent's management access controls are not robust; • No actions taken to recover overpayments from ex-employee, and • Discrepancies identified in payments bank account reconciliation. Medium risk: • Off-cycle (emergency BACS) payments due to payroll errors; • Regular performance reports not presented to senior management, and • Thresholds required for acceptable levels of overtime and overtime requests and trends should be highlighted. Low risk: • No procedures for document retention and disposal.
Capital Programme Project	Consultancy work around the project to move the capital finance programme from Oracle Projects model to the General Ledger.
Quintain Financial Model	High risk: • Assumption testing and setting of the income and capital growth. Medium risk: • Model findings.

Appendix B

Audit	Current Status
IT Access and Identity Management	Draft Report issued to Management
G2 Purchase Order Consultancy work	Draft Report issued to Management
First Wave Housing Rent Collection	Draft Report issued to Management
Housing Allocation	Draft Report issued to Management
Apprenticeships	Draft Report issued to Management
VAT	Draft Report issued to Management
Staff Benefits	Fieldwork Completed
Car Parks	Fieldwork Completed
Attendance Management	Fieldwork Completed
Pension Fund	Fieldwork in progress
IT Sourcing & Procurement	Fieldwork in progress
Highways	Fieldwork in progress
Children Disability Placements	Fieldwork in progress
Schools Capital Programme	Fieldwork in progress
Voluntary Sector Funding	Terms of Reference Issued to Management
Safeguarding Partnerships and Strategy - Performance and Information Management	Draft Terms of Reference issued to Management
Legal Services Case Risk Management	Draft Terms of Reference issued to Management

Appendix C

Follow Up Reviews

Audit Title	Management Actions			
	Implemented	Partially Implemented	Not implemented	No Longer relevant
Introductory Tenancies*	14	6	-	-
Unaccompanied Asylum Seeking Children	5	-	-	-
Mosaic	6	4	-	-
Northgate	12	3	-	-
Looked After Children	5	-	-	-
Property Asset Register	15	-	-	-
IR35	5	4	-	-

*Introductory Tenancies – Since the original audit in 2018 and the follow up review in early 2019, a new CRM system has been introduced for the management and review of Introductory Tenancies. A new Policy is currently out for consultation and once finalized, a new procedure will be communicated to staff. A further audit will be considered for 2020/21.