

Appendix 1 – Internal Audit Activity Progress Update Quarters 1 and 2

A. Core Assurance Work

This section of the plan lists the work that will be undertaken in-year **to provide assurance over the Council’s core/key systems and controls**. In order to ensure a balanced view of assurance is delivered across these areas, a number of core systems and processes have been scheduled for coverage on a periodic basis, rather than on a pure risk basis, with all scheduled to be covered at least once across a three-year period (per schedule agreed in March 2024).

Core System / Process	Status	Progress / Update – as at 31 st August 2024
Key Financial Systems		
◆ General Ledger	Review in Progress	Key control testing. Terms of Reference agreed, with fieldwork due to commence in Q3.
◆ Budgetary Control	Review not proceeding as Planned	Due to cross-over and duplication, evaluation of key budgetary controls will be performed across other reviews, including the General Ledger .
◆ VAT	Review in Progress	Key control testing. Scoping underway, with fieldwork anticipated to commence in Q4.
◆ Treasury Management	Review in Progress	Key control testing. Terms of Reference agreed, with fieldwork due to commence in Q3.
◆ Insurance	Review in Progress	Key control testing. Terms of Reference agreed, with fieldwork due to commence in Q3.
Cyber Security / IT Network and Infrastructure		
◆ Shared Technology Service - Procurement	Review in Progress	Review to evaluate key purchasing and procurement controls in place within STS, including arrangements for supplier selection. Scoping underway, with fieldwork anticipated to commence in Q4.
◆ Shared Technology Service - Project Management	Review in Progress	Review to evaluate management and delivery of key STS ICT projects. Scoping underway, with fieldwork anticipated to commence in Q4.
◆ Additional Review (tbc)	Review Not Yet Commenced	Scoping discussions underway with STS and ICT colleagues (led by an internal audit risk assessment) to identify a third audit review to be undertaken in year.

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Core System / Process	Status	Progress / Update – as at 31 st August 2024
Core Systems and Processes		
◆ Housing Compliance	Review Completed	A review of the “True Compliance” - the application used to monitor and record the Council’s Housing compliance obligations -was undertaken. Outcomes are reported in Appendix B
◆ Recruitment (Vetting, Starters, Leavers)	Review in Progress	Review to provide assurance over the effectiveness and efficiency of key recruitment and vetting controls. Scoping underway, with fieldwork anticipated to commence in Q3.
◆ Adults Safeguarding	Review not proceeding as Planned	A CQC inspection was undertaken in Summer 2024, with the outcome providing a positive rating relating to Safeguarding. This review will therefore no longer proceed as assurance has already been provided in this area.
◆ Health and Safety	Review in Progress	Review to provide assurance over key H&S controls. Scoping underway with management. Fieldwork anticipated to commence in Q4.
◆ School Reviews	Review in Progress	Two Schools have been identified and confirmed for Q3. A school control self-assessment has also been prepared by the team and will be circulated to a cohort of schools in Q3, with outcomes analysed and reported at the end of the year.
◆ Supporting Families	Review in Progress	Independent certification and verification of the supporting families grant. Claims are certified at regular intervals throughout the year.

B. Agile Risk-based Plan

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This section of the plan was designed to be flexible to enable Internal Audit to be responsive to emerging risks and priorities. A list of potential audit areas – determined via a number of methods including a risk assessment, assurance mapping, and consultation with senior management – was presented to the Audit and Standards Advisory Committee in March 2024. However, this was not a rigid plan and it was agreed that the Head of Internal Audit would review, update and re-prioritise this list as appropriate in-year. The below table therefore provides an in-year update in respect of activity in Quarters 1 and 2; as well as the current risk assessment that will be used to guide and determine audit work for Quarters 3 and 4.

Audit Activity - Quarters 1 and 2

Audit/Area	Assessed Risk / Assurance Need	Rationale / Indicative Scope	Status	Comments and Update
◆ First Wave Housing i4B Billing Arrangements	High	To provide assurance on the design and effectiveness of the controls in place over the billing arrangements at i4B Holdings Ltd (i4B) and First Wave Housing Ltd (FWH), collectively referred to in this report as “the companies”, for void repair works, legal disrepair cases and council tax payments.	Review Completed	Conclusion of audit carried forward from 2023-24. Outcomes are reported in Appendix B
◆ IT Application Review - NEC Revenues and Benefits	High	<i>Audit brought forward from 23-24.</i> To provide assurance on the effectiveness and robustness of the Council’s systems and processes relating to the NEC Revenues and Benefits application.	Review Completed	Conclusion of audit carried forward from 2023-24. Outcomes are reported in Appendix B
◆ Brent Music Service	Medium	<i>Management request.</i> To provide assurance on the effectiveness and robustness of the Council’s arrangements for the management and monitoring of BMS.	Review Completed	Additional review requested by Management. Outcomes are reported in Appendix B
◆ Brent River College - Annual Certificate of Expenditure	<i>n/a – grant certification</i>	Annual sign off of Certificate of Expenditure	Review Completed	Certification completed.
◆ Barham Park Accounts	<i>n/a – grant certification</i>	Annual sign off of Barham Park Accounts	Review Completed	Certification completed.

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Audit/Area	Assessed Risk / Assurance Need	Rationale / Indicative Scope	Status	Comments and Update
◆ Procurement	High	<p><i>Audit brought forward from 23-24.</i></p> <p>To provide assurance on the effectiveness and robustness of the control framework that supports the delivery of effective and economic procurement that aligns with the Council's key objectives.</p>	Draft Report Issued	<p>Draft Report issued to Management – awaiting responses.</p> <p>Final Report anticipated to be issued by early October 2024.</p>
◆ Public Health Contract Management	High	<p><i>Audit brought forward from 23-24.</i></p> <p>To provide assurance on the management of the Tri-Borough inter-authority agreement of the commissioned integrated SRH service that London North-West University Healthcare NHS Trust provide.</p>	Draft Report Issued	<p>Draft Report issued to Management – awaiting responses.</p> <p>Final Report anticipated to be issued by early October 2024.</p>
◆ Direct Payments (Adults)	High	<p>To provide assurance on the effectiveness and robustness of the control framework and Council's arrangements for the administration and payment of direct payments using PFS pre-paid cards.</p>	Draft Report Issued	<p>Draft Report issued to Management – awaiting responses.</p> <p>Final Report anticipated to be issued by early October 2024.</p>
◆ Temporary Accommodation	High	<p>To provide assurance on the effectiveness and robustness of the Council's arrangements to provide temporary accommodation including procurement and governance.</p>	Draft Report Issued	<p>Draft Report issued to Management – awaiting responses.</p> <p>Final Report to be issued by end September 2024.</p>
◆ S106/CIL	High	<p>To provide assurance that the processes and controls around S106/CIL are operating robustly and effectively.</p>	Draft Report Issued	<p>Draft Report issued to Management – awaiting responses.</p> <p>Final Report anticipated to be issued by early October 2024.</p>

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Audit/Area	Assessed Risk / Assurance Need	Rationale / Indicative Scope	Status	Comments and Update
◆ Financial Resilience / Sustainability	High	To provide assurance over the Council's financial resilience and sustainability controls, including long-term planning, reserves strategy, deferring/scaling back projects / programmes etc.	Review in Progress	Draft Terms of Reference prepared. A workshop with Finance colleagues to take place in Q3 2024-25.
◆ Section 20/20B – Major Works and Improvement Re-charges	High	<i>Management Request.</i> To provide assurance on the operating effectiveness of key controls in place around the Section 20/B major works and improvement charges to ensure that actions taken are appropriate and decisions are made in line with delegated officer responsibilities and guidance.	Review in Progress	Fieldwork is underway, with completion anticipated by early October.
◆ Discretionary Housing Payments	High	To provide assurance on the effectiveness and robustness of the Council's arrangements for the governance and issue of DHPs.	Review in Progress	Fieldwork is concluded. Draft report being prepared.
◆ Parking Services	High	To provide assurance on the effectiveness and robustness of the control framework or arrangements for Event Day (ED) parking permits.	Review in Progress	Fieldwork is underway, with completion anticipated by end Q3.
◆ Social Housing (Regulation) Act – inspection preparedness	High	<i>Management Request</i> To determine the extent to which the Council is prepared to meet the new regulatory requirements of the Social Housing Act, with a focus on reviewing the adequacy and effectiveness of key processes involved in identifying and managing ASB cases.	Review in Progress	Fieldwork is underway, with completion anticipated by end Q3.

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Risk Assessment – to inform audit activity in Quarters 3 and 4

The table below lists the potential audit areas identified as part of the rolling internal audit risk assessment, with priority given to those areas with the highest assurance need.

This list is fluid and therefore subject to change/amendment as required by the Head of Internal Audit in respect of new, emerging and changing risks. The table does not purport to be rigid plan of audit activity that will be delivered, and instead has been included to provide assurance to the Audit and Standards Advisory Committee as to how the work of Internal Audit in Quarter 3 and 4 will be determined.

Audit/Area	Assessed Risk / Assurance Need	Rationale / Indicative Scope
♦ Budget Pressures	High	To perform a deep-dive review into an area of budgetary/ financial pressure to determine whether this is being managed effectively. Proposed to focus on <i>Exempt Support Accommodation</i> , which has been identified as an emerging budget pressure.
♦ Child to Adult Transition	High	Audit originally proposed for Q2, however timescales were adjusted at Management's request due to the CQC inspection. Review to be carried out in Q4 to provide assurance on the effectiveness and robustness of the Council's arrangements for child to adult care transition.
♦ Performance Management (Cross-cutting)	High	To provide assurance over the Council's Performance Management framework, including data quality/integrity over a sample of KPIs.
♦ Redefining Local Services (RLS) – Contract Management	High	To provide assurance over the contract management arrangements in place surrounding the RLS contracts (including Waste and Recycling, Street Cleansing, Grounds Maintenance, Highways Services and Parking Services).
♦ Direct Payments (Childrens)	High	Assurance need increased following findings identified in Adults Direct Payments. Review to provide assurance on key controls surrounding processing of payments.
♦ Income Management/ Strategy	Medium	To provide assurance over the Council's Income Management Strategy and Action Plan, across the six key areas of billing, payment, allocation, reporting, recovery and governance.

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Audit/Area	Assessed Risk / Assurance Need	Rationale / Indicative Scope
◆ Commissioning and Placements (Childrens)	Medium	To provide assurance on the effectiveness of key controls surrounding commissioning and placements, including payments to providers.
◆ Support for Carers (Adults)	Medium	To provide assurance around the arrangements for carer support including assessment, payments and monitoring.
◆ Looked After Children and Permanency	Medium	To provide assurance around the controls and processes in place around Looked After Children, including the Fostering Team, and Leaving Care Teams and budgets for client subsistence.
◆ Contractors/Temporary Workers	Medium	To provide assurance around the controls and processes in place to monitor contractors/temporary workers, including spend controls and plans to permanently fill the posts.
◆ Communities and Regeneration - Contract Management	Medium	To provide assurance that the processes and controls around contract management within Communities and Regeneration are operating robustly and effectively.
◆ Recruitment and Retention	Medium	To provide assurance over the Council's recruitment and retention processes to ensure that the Council has the necessary knowledge, skills and experience to fulfil its responsibilities and achieve its objectives.
◆ Contract Management – Social Value and Contract Variations	Medium	To provide assurance that the processes and controls around contract management - social value/variations are operating robustly and effectively.
◆ Equal Pay	Medium	To provide assurance around the controls and processes in place to ensure the right to equal pay.
◆ Care Homes (residential care and nursing care) (Adults)	Medium	To provide assurance around residential and nursing care providers including payments for services and mitigations in place to respond to supplier failure.
◆ Home Care	Medium	To provide assurance over the key controls to monitor the quality and consistency of services provided.
◆ Project Management	Medium	A cross-cutting review to provide assurance over the Council's Project Management framework within Communities and Regeneration and Property and Assets.

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Audit/Area	Assessed Risk / Assurance Need	Rationale / Indicative Scope
◆ Environmental Reporting	Medium	To provide assurance around the controls and processes in place for environmental reporting including effective follow up and enforcement and management of third parties.
◆ Corporate Landlord Function	Medium	To provide assurance over the Council's Corporate Landlord responsibilities, including building/health and safety compliance.
◆ Climate Change Programme	Medium	To provide assurance this area of strategic risk.
◆ Health Inequalities	Medium	To provide assurance on the effectiveness of the Council's strategy and programme to address health inequalities.
◆ IT Asset Management	Medium	To provide assurance over the key controls around new device rollout/programme.

c. Consultancy and Advice

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This work is often reactive to requests from senior management, and therefore we have retained a portion of time within our resourcing to meet these request. Below lists the consultancy and advisory engagements that have been requested/undertaken in Quarters 1 and 2.

Audit/Area	Rationale / Indicative Scope	Status	Comments and Update
♦ Parks/Open Spaces - Invoicing	<i>Management Request.</i> To provide assurance that the invoicing and collection of income was being carried out appropriately and in line with the License to Occupy.	Review Completed	Consultancy and Advice memo provided to Management.

D. Follow-up Work

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* Follow-up outcomes reported in the table below are as at the time of concluding our follow-up review. As a result, owing to the time that may have elapsed since, the status of implementation may have since changed. Internal Audit continue to review implementation of recommendations with Management, and in line with usual practice, will report any instances of persistent non-implementation of recommendations to the Committee.

** The numbers in brackets are high risk actions that are partially or not implemented. All outstanding recommendations will continue to be monitored and reported via Departmental Management Teams.

Audit/Area	Status	Total Actions	Implemented	Partially Implemented	Not Implemented	Comments
◆ NEG2 Overpayment May 2023	Completed	3	3	-	-	
◆ Property Valuations	Completed	7	-	2	5	Revised target dates of October and December 2024 Agreed.
◆ Information Governance Data Breaches	Completed	1	1	-	-	
◆ Licensing	Completed	4	1	1	2 (1)	Revised target dates of January 2025 Agreed.
◆ KFC Payroll	Completed	6	3	-	3 (3)	Revised target dates of October and December 2024 Agreed.
◆ Planning Enforcement	Completed	4	4	-	-	
◆ Digital Strategy	Review in Progress					To be concluded in Q3.
◆ Website	Review in Progress					To be concluded in Q3.
◆ Private Sector Property Licensing (HMO)	Review in Progress					To be concluded in Q3.
◆ NRPF and Intentionally Homeless	Review in Progress					To be concluded in Q3.

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Audit/Area	Status	Total Actions	Implemented	Partially Implemented	Not Implemented	Comments
♦ TMO - Kilburn	Review in Progress					To be concluded in Q3.
♦ TMO - Watling Gardens	Review in Progress					To be concluded in Q3.
♦ Housing Compliance FRAs	Review in Progress					To be concluded in Q3.
♦ ASC Supported Living	Review in Progress					To be concluded in Q3.
♦ Pension Fund	Review in Progress					To be concluded in Q3.
♦ ITDR	Review in Progress					To be concluded in Q3.
♦ FWH/i4B Billing Arrangements	Review in Progress					To be concluded in Q3.
♦ IT Application Review – NEC Revenues and Benefits	Review in Progress					To be concluded in Q3.
♦ Financial Planning – DSG High Needs Block	Review Not Yet Commenced					Target implementation dates not yet passed. Follow-up to commence in Q3
♦ Brent Music Service	Review Not Yet Commenced					Target implementation dates not yet passed. Follow-up to commence in Q3
♦ True Compliance	Review Not Yet Commenced					Target implementation dates not yet passed. Follow-up to commence in Q3
♦ Cyber 3rd Party Risk	Review Not Yet Commenced					Target implementation dates not yet passed. Follow-up to commence in Q4

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Audit/Area	Status	Total Actions	Implemented	Partially Implemented	Not Implemented	Comments
♦ Accounts Payable	Review Not Yet Commenced					Target implementation dates not yet passed. Follow-up to commence in Q4
♦ Accounts Receivable	Review Not Yet Commenced					Target implementation dates not yet passed. Follow-up to commence in Q4