

London Borough of Hammersmith & Fulham

Report to: Audit Committee

Date: 14/09/2021

Subject: Internal Audit Progress Report (April to August 2021)

Report of: David Hughes

Responsible Director: Director of Audit, Fraud, Risk and Insurance

Summary

This report summarises the work of Internal Audit in the period April to August 2021. Good progress has been made in completing the audit work that started late in the last financial year due to the Covid-19 pandemic. In addition, audits in a number of different areas of the 2021/22 plan have commenced. Although no overall opinion is given at this time on the adequacy and effectiveness of the Council's governance, risk management and controls, it should be noted that all audits finalised in the period received a positive assurance opinion.

Recommendations

1. For the Committee to note and comment on the report.

Wards Affected: None

H&F Values

Our Values	Summary of how this report aligns to the H&F Values
<ul style="list-style-type: none">• Being ruthlessly financially efficient	The work undertaken by Internal Audit helps to ensure that management have robust controls and practices in place to safeguard the Council's assets, controlling expenditure and maximising potential income to protect and invest in essential frontline services which are in place to meet the Council's priorities

Contact Officer:

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Background Papers Used in Preparing This Report

None.

DETAILED ANALYSIS

Internal Audit Work April to August 2021

1. The Audit Committee are provided with updates at each meeting on progress against the Annual Audit Plan and on any limited or no assurance audits issued in the period.
2. The Audit Plan for 2021/22 was reviewed by the Audit Committee in March 2021. To ensure that the Annual Audit Plan is more responsive to changing risks and challenges, it has been developed as a '3 plus 9-month' plan. This approach allows for the first three months to be identified in detail with the remaining nine months being more flexible to suit the needs of the Council at the time. The Plan is reviewed and updated following discussions with Directors, taking into account changing risks and priorities. The revised Plan is reported to the Committee on a quarterly basis and any significant changes in the coverage of the Plan will be highlighted.
3. Since the last report to Committee, eight audits have been completed, two of which received a **Substantial Assurance** opinion.
4. In addition, an advisory review has been completed on the quality and accuracy of data in respect of the Youth Endowment Fund Grant.

Internal Audit Opinion

5. Although no overall assurance opinion can be given at this stage, the S151 Officer and the Committee can be assured that sufficient internal audit work is in progress to ensure an appropriate assurance opinion can be provided by the end of the financial year.
6. Appendix 1 shows the finalised audits as at the end of August 2021 and the status of the remaining planned audits is shown in Appendix 2.

Ruthlessly Financially Efficient

7. As part of the Council's drive to be Ruthlessly Financially Efficient (RFE), Internal Audit have been asked to undertake a continuous programme of testing of key financial controls. This testing is currently in progress and outcomes will be reported later in the financial year.

Consultation

8. The report has been subject to consultation with the Strategic Leadership Team.

Legal Implications

9. Regulation 3 of the Accounts and Audit Regulations 2015 sets out the Council's responsibility for ensuring that it has a sound system of internal control which:
 - a. facilitates the effective exercise of its functions and the achievement of its aims and objectives;
 - b. ensures that the financial and operational management of the authority is effective; and,
 - c. includes effective arrangements for the management of risk.
10. Regulation 5 requires the Council to ensure that it undertakes an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
11. There are no particular legal implications arising from this report.

Implications verified by Grant Deg, Chief Solicitor, 07798 588 766.

Financial Implications

12. The Internal Audit Plan is delivered within the revenue budget for the service. Actions required as a result of audit work, and any associated costs, are the responsibility of the service managers and directors responsible for the areas which are reviewed.
13. The proposals contained in this paper have no additional resource implications for the audit service.

Implications completed by Andre Mark, Finance Business Partner, 020 8753 6729 and verified by Emily Hill, Director of Finance, 0208 753 3145.

Risk Management

14. The Internal Audit Plan is developed and delivered to cover the key risks faced by the Council, to provide assurance on the key controls in operation and the effective management of key risks.

Implications verified by Moira Mackie, Head of Internal Audit, 07800 513 192.

List of Appendices:

- Appendix 1 Summary of Audit Reports finalised as at end of August 2021
- Appendix 2 Audit Plan 2021-22 Status Report as at end of August 2021

**Internal Audit – Finalised Audits
(to end of August 2021)**

Plan Area	Auditable Area	Issued	Assurance level given	No of High Priority Recs	No of Med. Priority Recs	No of Low Priority Recs	Reported to Committee
Resources – Digital Services	Post Implementation Review (Tectonic) (2020/21)	Aug-2021	Satisfactory	0	2	2	Sep-2021
Resources – Democratic Services	Elections Readiness (2020/21)	Aug-2021	Substantial	0	0	0	Sep-2021
Children’s Services	Youth Endowment Fund Grant	Jul-2021	Advisory	1	1	0	Sep-2021
Schools	Avonmore Primary (2020/21)	Jul-2021	Satisfactory	0	5	2	Sep-2021
	John Betts Primary	Jun-2021	Satisfactory	0	1	4	Sep-2021
Social Care and Public Health	Supervision – Compliance (2020/21)	Aug-2021	Satisfactory	0	2	7	Sep-2021
Economy	Integrated Housing Management System (IHMS) Programme Management	Jun-2021	Satisfactory	0	3	6	Sep-2021
Environment	Grounds Maintenance – Contract Monitoring (2020/21)	Aug-2021	Satisfactory	0	3	1	Sep-2021
	NNDR (2020/21)	Jun-2021	Substantial	0	0	1	Sep-2021

Internal Audit Plan 2021/22 Status Report (as at end of August 2021)

Plan Area	Draft Report Issued	In Progress	2021/22 - Not Yet Due
Cross-cutting	2020/21: <ul style="list-style-type: none"> • Contract Management (Apr-2021) 	2020/21: <ul style="list-style-type: none"> • DPO/ GDPR Support (Information Assets) • Waivers (report drafted) 2021/22: <ul style="list-style-type: none"> • RFE – Financial /HR Compliance • Debt Management • VAT 	<ul style="list-style-type: none"> • Contract Management Framework • Governance & Compliance (gifts & hospitality, declarations of interest)
Finance	2020/21: <ul style="list-style-type: none"> • Housing Rents (Aug-2021) 	2020/21: <ul style="list-style-type: none"> • Treasury Management (report drafted) 2021/22: <ul style="list-style-type: none"> • Use of & Control of Purchasing Cards (report drafted) 	
Resources		2021/22: <p>People & Talent:</p> <ul style="list-style-type: none"> • Overtime • Employment Tribunals • Agency Spend • Sickness Absence <p>Digital Services:</p> <ul style="list-style-type: none"> • IT Asset Management • Ransomware 	<p>People & Talent:</p> <ul style="list-style-type: none"> • Performance Management • Equalities Impact Assessments • Annual Leave <p>Legal Services:</p> <ul style="list-style-type: none"> • Disrepair Legal Claims • Accessibility Requirements <p>Digital Services:</p> <ul style="list-style-type: none"> • Remote Working Resilience • IT Audit Needs Assessment • IT Service Continuity Plans

Internal Audit Plan 2021/22 Status Report (as at end of August 2021)

Plan Area	Draft Report Issued	In Progress	2021/22 - Not Yet Due
Children's Services	2020/21: <ul style="list-style-type: none"> • Placements – Advisory (Jul-2021) • Recharging for SEN (Jun-2021) 	2020/21: <ul style="list-style-type: none"> • Use of Spot Contracts (report drafted) 2021/22: <ul style="list-style-type: none"> • Supporting People Claims (on-going) • No Recourse to Public Funds (to include Economy & CAFS) 	<ul style="list-style-type: none"> • Raising Payments on Mosaic/ IBC
Schools	2020/21: <ul style="list-style-type: none"> • St John's XXIII Primary (Jun-2021) • Flora Gardens Primary (Jun-2021) 2021/22: <ul style="list-style-type: none"> • Miles Coverdale Primary (Jul-2021) • St Augustine's RC Primary (Aug-2021) 	2020/21: <ul style="list-style-type: none"> • School Bursarial Service (report drafted) 2021/22: <ul style="list-style-type: none"> • Sir John Lillie Primary • St Paul's C of E Primary • Vanessa Nursery • Wendell Park Primary 	<ul style="list-style-type: none"> • Bayonne Nursery • Brackenbury Primary • Larmenier Sacred Heart Primary • Old Oak Primary • William Morris 6th Form • Schools Thematic Work (VAT)
Social Care & Public Health	2020/21: <ul style="list-style-type: none"> • Mosaic Financial Controls (draft to be updated) 	2021/22: <ul style="list-style-type: none"> • PFI Programme 	<ul style="list-style-type: none"> • Commissioning & Procurement • Learning Disabilities – CLCH • S75 Agreement – West London NHS Trust • Integrated Care Partnership
Economy	2020/21: <ul style="list-style-type: none"> • Housing Decants (Jun-2021) • Security – Resource Management (Aug-2021) 	2020/21: <ul style="list-style-type: none"> • Corporate Health & Safety (report drafted) • Homelessness • Service Charges (report drafted) • Maintenance of Play Equipment (report drafted) 2021/22: <ul style="list-style-type: none"> • Techforge Property System • DLO Communal & Programmed Remedial Works • Fire Safety 	<ul style="list-style-type: none"> • Leaseholder Debt • Capital Projects – Post Completion Records • Lift Maintenance • HRA Cost Apportionment • Capitalisation of Works • Housing Repairs • Gas Safety

Internal Audit Plan 2021/22 Status Report (as at end of August 2021)

Plan Area	Draft Report Issued	In Progress	2021/22 - Not Yet Due
Environment	2020/21: <ul style="list-style-type: none">Parking – PRP Scheme (Jun-2021)	2020/21: <ul style="list-style-type: none">CCTV – Contract Management (report drafted) 2021/22: <ul style="list-style-type: none">Leisure Centres	<ul style="list-style-type: none">NDRCouncil TaxHousing Benefit