

## London Borough of Hammersmith & Fulham

**Report to:** Audit Committee

**Date:** 14/12/2021

**Subject:** Internal Audit Progress Report (September to November 2021)

**Report of:** David Hughes, Director of Audit, Fraud, Risk and Insurance

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### Summary

This report summarises the status of work included in the 2021/22 Internal Audit Plan as at the end of November 2021. Eight audits have been finalised, two of which received a Substantial assurance opinion with six receiving Satisfactory assurance.

The status of audits confirmed for inclusion within the Plan, up to the end of November, is shown in Appendix 2 and the audits for possible inclusion in the final quarter of the year will be updated, following discussions with the services.

### Recommendation

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

**Wards Affected:** None

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### H&F Values

Please state how the subject of the report relates to our values – delete those values which are not appropriate

Our Values	Summary of how this report aligns to the H&F Priorities
<ul style="list-style-type: none"><li>• Being ruthlessly financially efficient</li></ul>	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

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## DETAILED ANALYSIS

### Internal Audit Work September to November 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 calculation of Service Charges.

### 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 November 2021 and the status of the remaining planned audits is shown in Appendix 2.

## **Follow ups**

7. A total of 33 recommendations have been followed up in the year to date. Implementation of medium and high priority recommendations has been consistently effective with 83% of medium and high priority recommendations fully implemented with a further 17% partly implemented.

## **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 (litigation and employment), 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 November 2021
- Appendix 2 Audit Plan 2021-22 Status Report

# APPENDIX 1

## Internal Audit – Finalised Audits

Plan Area	Auditable Area	Issued	Assurance level given	High Priority Recs	Medium Priority Recs	Low Priority Recs	Reported to Committee
<b>Finance</b>	Housing Rents (2020/21)	Sep-2021	Satisfactory	1	4	1	Dec-2021
<b>Resources: Digital Services</b>	Post Implementation Review (Techtonic) (2020/21)	Aug-2021	Satisfactory	0	2	2	Sep-2021
<b>Resources: Democratic Services</b>	Elections Readiness (2020/21)	Aug-2021	<b>Substantial</b>	0	0	0	Sep-2021
<b>Children's Services</b>	Youth Endowment Fund Grant	Jul-2021	Advisory	1	1	0	Sep-2021
	SEN Recoupment	Jul-2021	Satisfactory	0	2	0	Dec-2021
<b>Schools</b>	Avonmore Primary (2020/21)	Jul-2021	Satisfactory	0	5	2	Sep-2021
	John Betts Primary	Jun-2021	Satisfactory	0	1	4	Sep-2021
	Miles Coverdale Primary	Sep-2021	Satisfactory	0	3	1	Dec-2021
	Sir John Lillie Primary	Oct-2021	Satisfactory	0	3	2	Dec 2021
	St Augustine's RC Primary	Sep-2021	<b>Substantial</b>	0	0	2	Dec-2021
	Wendell Park Primary	Sep-2021	<b>Substantial</b>	0	0	2	Dec-2021
<b>Social Care</b>	Supervision – Compliance (2020/21)	Aug-2021	Satisfactory	0	2	7	Sep-2021
	Mosaic Financial Controls (2020/21)	Nov-2021	Satisfactory	0	4	3	Dec-2021
<b>Economy</b>	Integrated Housing Management - Programme Management	Jun-2021	Satisfactory	0	3	6	Sep-2021
	Service Charges (2020/21)	Oct-2021	Advisory	0	0	1	Dec-2021

**APPENDIX 1****Internal Audit – Finalised Audits**

<b>Environment</b>	Grounds Maintenance – Contract Monitoring (2020/21)	Aug-2021	Satisfactory	0	3	1	Sep-2021
	NNDR (2020/21)	Jun-2021	<b>Substantial</b>	0	0	1	Sep-2021
	Property Management (Techforge)System (2021/22)	Oct-2021	Satisfactory	0	2	4	Dec-2021

## Internal Audit Plan 2021/22 – Status of Audits

Not yet due (\* in the table below) includes audits where the timing of the audit or the scope have not yet been agreed and some of these may not be undertaken in the year (shown as TBC).

Following discussions with the services, a small number of audits have been removed from the plan. Some of these may be deferred to a future year depending on the priorities and risks at the time.

Plan Area	Draft Report Issued	In Progress	*2021/22 - Not Yet Due	Removed from Plan
<b>Cross-cutting</b>	<b>2020/21:</b> <ul style="list-style-type: none"> <li>Contract Management (Apr-2021) – awaiting peer review</li> <li>Waivers (Oct)</li> </ul>	<b>2020/21:</b> <ul style="list-style-type: none"> <li>DPO/ GDPR Support (Information Assets)</li> </ul> <b>2021/22:</b> <ul style="list-style-type: none"> <li>RFE – Financial /HR Compliance</li> <li>Debt Management</li> <li>VAT</li> <li>Governance &amp; Compliance (gifts &amp; hospitality) – ongoing as required.</li> </ul>	<ul style="list-style-type: none"> <li>Contract Management Framework – TBC</li> <li>Programmes &amp; Project Management – TBC</li> <li>Business Continuity - TBC</li> </ul>	
<b>Finance</b>	<b>2020/21:</b> <ul style="list-style-type: none"> <li>Treasury Management (draft Oct)</li> <li>Use of &amp; Control of Purchasing Cards (Oct)</li> </ul>			
<b>Resources</b>		<b>2021/22:</b> Transformation, Talent & Inclusion: <ul style="list-style-type: none"> <li>Overtime</li> <li>Employment Tribunals</li> <li>Agency Spend</li> </ul> Legal Services: <ul style="list-style-type: none"> <li>Disrepair Legal Claims</li> </ul>	Transformation, Talent & Inclusion: <ul style="list-style-type: none"> <li>Equalities Impact Assessments - TBC</li> </ul> Legal Services: <ul style="list-style-type: none"> <li>Accessibility Requirements - TBC</li> </ul>	Transformation, Talent & Inclusion: <ul style="list-style-type: none"> <li>Sickness Absence</li> <li>Performance Management</li> <li>Annual Leave</li> </ul>

## Internal Audit Plan 2021/22 – Status of Audits

Plan Area	Draft Report Issued	In Progress	*2021/22 - Not Yet Due	Removed from Plan
		Digital Services: <ul style="list-style-type: none"> <li>IT Asset Management</li> <li>Ransomware</li> </ul>	Digital Services: <ul style="list-style-type: none"> <li>Remote Working Resilience - TBC</li> <li>IT Audit Needs Assessment - TBC</li> <li>IT Service Continuity Plans – TBC</li> </ul>	
<b>Children's Services</b>	<b>2020/21:</b> <ul style="list-style-type: none"> <li>Placements – Advisory (Jul-2021)</li> <li>Use of Spot Contracts – Advisory (Oct)</li> </ul>	<b>2021/22:</b> <ul style="list-style-type: none"> <li>Supporting People Claims (on-going)</li> <li>No Recourse to Public Funds (to include Economy &amp; CAFS)</li> <li>Raising Payments on Mosaic/ IBC</li> </ul>		
<b>Schools</b>	<b>2020/21:</b> <ul style="list-style-type: none"> <li>St John's XXIII Primary (Jun-2021)</li> <li>Flora Gardens Primary (Jun-2021)</li> <li>School Bursarial Service (Oct)</li> </ul> <b>2021/22:</b> <ul style="list-style-type: none"> <li>Vanessa Nursery (Oct 2021)</li> </ul>	<b>2021/22:</b> <ul style="list-style-type: none"> <li>St Paul's C of E Primary</li> <li>Brackenbury Primary</li> <li>Larmenier Sacred Heart Primary</li> <li>Old Oak Primary</li> <li>William Morris 6<sup>th</sup> Form</li> <li>Schools Thematic Work (VAT)</li> </ul>	<ul style="list-style-type: none"> <li>Bayonne Nursery (Q4)</li> </ul>	
<b>Social Care &amp; Public Health</b>		<b>2021/22:</b> <ul style="list-style-type: none"> <li>PFI Programme</li> </ul>	<ul style="list-style-type: none"> <li>Commissioning &amp; Procurement - TBC</li> <li>Learning Disabilities (CLCH) - TBC</li> <li>S75 Agreement – West London NHS Trust - TBC</li> </ul>	<ul style="list-style-type: none"> <li>Integrated Care Partnership (2022/23)</li> </ul>



## Internal Audit Plan 2021/22 – Status of Audits

Plan Area	Draft Report Issued	In Progress	*2021/22 - Not Yet Due	Removed from Plan
<b>Economy</b>	<b>2020/21:</b> <ul style="list-style-type: none"> <li>Housing Decants (Jun-2021)</li> <li>Security – Resource Management (Aug-2021)</li> <li>Homelessness (Oct)</li> <li>Service Charges – Advisory (Oct)</li> </ul>	<b>2020/21:</b> <ul style="list-style-type: none"> <li>Corporate Health &amp; Safety</li> <li>Maintenance of Play Equipment (report drafted)</li> </ul> <b>2021/22:</b> <ul style="list-style-type: none"> <li>DLO Communal &amp; Programmed Remedial Works</li> <li>Fire Safety</li> <li>Workzone</li> <li>Lift Maintenance</li> <li>Housing Repairs</li> <li>Gas Safety</li> </ul>	<ul style="list-style-type: none"> <li>Tenant Service Charges &amp; Leaseholder Debt - TBC</li> <li>Capital Projects – Post Completion Records - TBC</li> <li>HRA Cost Apportionment - TBC</li> <li>Capitalisation of Works - TBC</li> </ul>	
<b>Environment</b>	<b>2020/21:</b> <ul style="list-style-type: none"> <li>Parking – PRP Scheme (Jun-2021)</li> <li>CCTV Contract Management (Oct)</li> </ul>	<b>2021/22:</b> <ul style="list-style-type: none"> <li>Leisure Centres</li> <li>FOI/SARs – Compliance</li> <li>NNDR</li> <li>Council Tax</li> <li>Housing Benefits</li> </ul>		