

## Appendix 1: Internal Audit 2019/20 Q3 update

### 1. Progress against internal audit plan 2019/20 as at 31 December 2019

#### Risk and Compliance audits

1.1. The following tables detail the changes to the 2019/20 audit plan made in the period to December 2019:

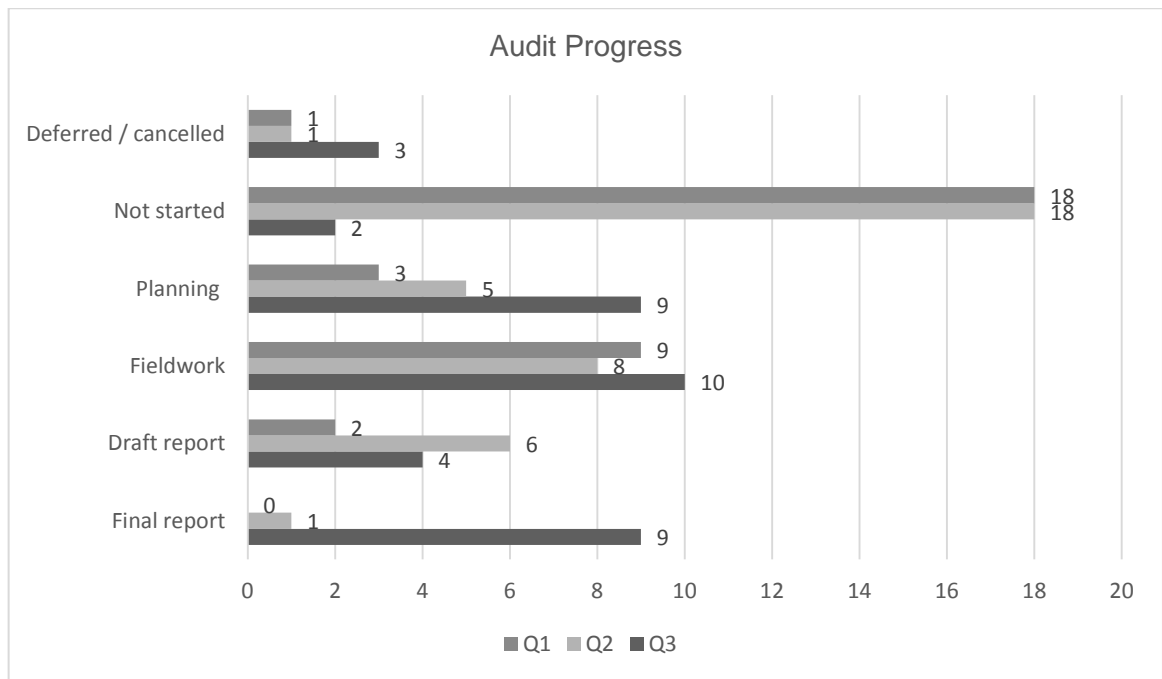
Added	Removed	# of 2019/20 audits as at end of Q3
9	3	34

Audit title	Change	Rationale for change
Social Care Forecasting	Added	Management request.
Education, Health and Care Plans	Added	Management request.
Homelessness - Southwark Judgement	Added	Management request.
Capital Programme	Added	Management request.
Right to Buy & Sales Leasing	Added	Management request.
Stewardship of Council Vehicles	Added	Concerns following fraud referral
Data Transparency	Added	Management request
Retrospective Purchase Orders	Added	Issue identified at Procurement Board
Emergency Planning & Business Continuity	Added	To assess improvements in internal control following previous audit
Adaptations Grant Scheme	Deleted	Scheme ceased.
Special Guardianship Orders	Deleted	Assurance gained from other similar audit
Brexit Impact	Deferred	Delay to Brexit process

The current internal audit plan is detailed at Appendix A.

1.2. The table and graph below indicate the progress made against the 2019/20 audit plan as at 31 December 2019.

Not started	Planning	Fieldwork	Draft report	Final report
2	9	10	4	9



### **School audits**

- 1.3. Historically, schools within the Borough have been audited on a cyclical basis of once every three years using a standard scope and approach for all schools. These audits and the risk assessment had previously been fully outsourced to Mazars.
- 1.4. This year the Head of Assurance has undertaken his own risk assessment to inform a risk-based approach to schools' audits. The output of this work forms the schools audit plan for 2019/20.
- 1.5. The following tables detail the changes to the 2019/20 schools audit plan made in the period to December 2019:

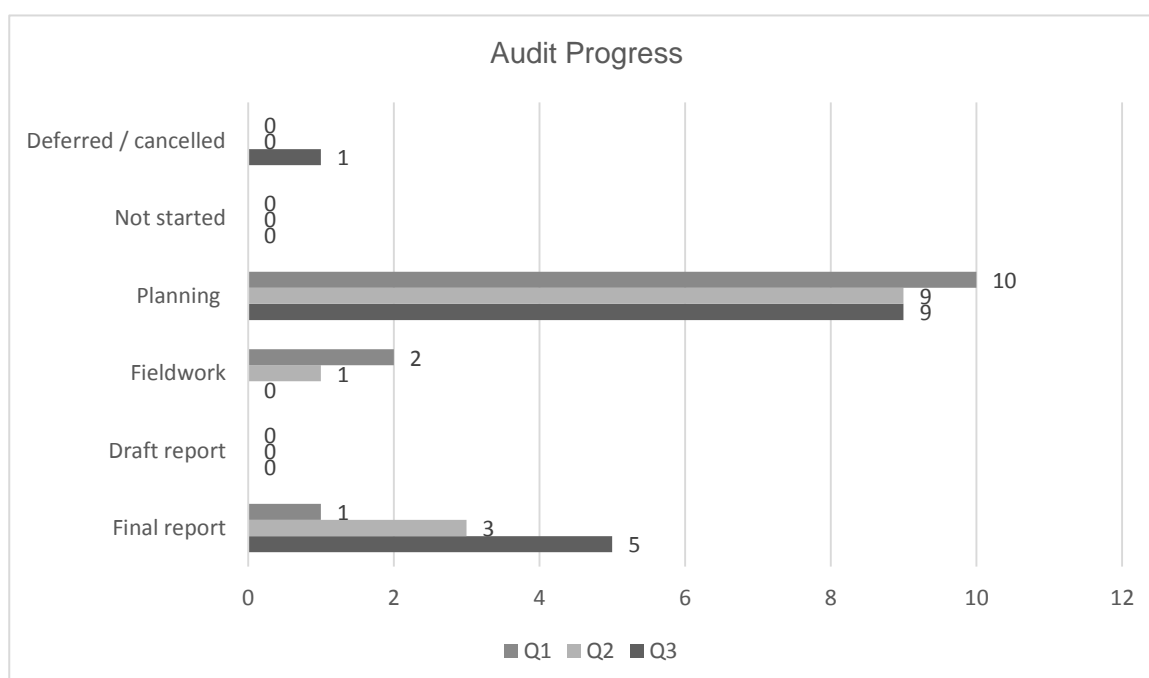
<b>Added</b>	<b>Removed</b>	<b># of 2019/20 audits as at end of Q3</b>
5	0	14

<b>School</b>	<b>Change</b>
All Saints Catholic Secondary	Use of original days
Beam Primary	Use of original days
Becontree Primary	Use of original days
Dagenham Park Secondary	Use of original days
Grafton Primary	Use of original days
Hunters Hall Primary	Use of original days
Jo Richardson Community	Use of original days

Richard Albion Primary	Use of original days
Ripple Primary	Use of original days
School Follow-ups	Use of original days
Robert Clack Secondary	Added
Southwood Primary	Added
Marks Gate Junior	Added
George Carey Primary	Added
Eastbury School	Added

1.6. The table and graph below indicate the progress made against the 2019/20 audit plan as at 31 December 2019.

Not started	Planning	Fieldwork	Draft report	Final report
0	9	0	0	5



## 2. Progress in implementation of audit findings as at 31 December 2019

2.1. The table below summarises the high-risk findings, as at 31 December 2019, that have reported as final, been implemented, are outstanding and are beyond their due date:

	Reported	Implemented	Outstanding	Beyond due date
2018/19	10	10	0	0
2019/20	15	2	13	0
<b>Total:</b>	<b>25</b>	<b>12</b>	<b>13</b>	<b>0</b>

2.2. The current progress in implementing the previously reported overdue high-risk recommendations has been reported by management to be as detailed in the following table:

Finding	Agreed Action	Latest progress
<b>Reported 2018/19</b>		
<b>Asset Management: New Housing Assets and Surveys</b>		
<p>Evaluation of the documented process for the handover of housing assets and adding them to the Housing Asset Register identified the following issues:</p> <ol style="list-style-type: none"> <li>1. Timeframes had not been defined for the handover of housing and updating of the housing register.</li> <li>2. There was no plan for any tracking of houses being received, to ensure that management had sufficient sight of when they were being handed over and that all relevant processes to enable this had been completed.</li> <li>3. There were no plans to ensure that key stages of the handover process, such as updating the housing asset register, were signed off.</li> <li>4. Management's process map for the new onboarding process had not been signed off by all of the departments involved.</li> <li>5. The process map did not include any checks to ensure that only authorised changes were made to the asset register.</li> </ol>	<p>The documented process will be developed as follows:</p> <ol style="list-style-type: none"> <li>1. Defined target timeframes for handover.</li> <li>2. Monitoring of performance against the defined timeframes.</li> <li>3. Tracking of new housing stock, identifying when housing is due to be on boarded and when the key on boarding tasks need to be completed by.</li> <li>4. Formal sign-off of each stage of new housing handover to evidence completion.</li> <li>5. Processes required to update the housing records, including defined timeframes and agreed with all relevant business units and the service level directorate.</li> <li>6. The process to audit a sample of changes to the asset register should be documented.</li> </ol> <p>Target 30/06/19</p>	<p><b>Implemented December 2019:</b> My Place have developed and documented a revised process and sign-off form for new build handovers.</p>
<p>Implementation of appropriate controls and processes should prevent or detect key risks to the process objectives.</p>	<p>A timeframe for the implementation of the new handover process will be defined and action owners</p>	<p><b>Implemented December 2019:</b> My Place have developed and documented a revised process and sign-</p>

<p>We were informed by My Place staff that the design of the handover process had not yet been implemented at the time of our audit work in March 2019.</p> <p>We noted that houses were already being received from BeFirst, with 10 properties being onboarded as of the beginning of March 2019. There were no formal processes to ensure that these houses were correctly identified, their condition checked back to the Employer's Requirements or that they were added to the housing register.</p>	<p>set out for each stage.</p> <p>Target 30/06/19</p>	<p>off form for new build handovers.</p>
<p><b>My Place BDMS Contract Management</b></p>		
<p>BDMS are the main provider of maintenance services for LBBB housing stock. There are a number of critical services being provided such as repair of boilers in the homes of more vulnerable residents that have to continue even if there is major disruption to the Council or BDMS. Our review of the contract confirmed that it stipulates that BDMS should provide a business continuity plan to ensure that the services can continue in the event of major disruption. However, we identified that this plan had not yet been produced. This meant that there was no documented plan in place to recover these services in the timeframes required by the Council.</p>	<p>A Business Continuity Plan from BDMS will be completed and provided to the Council. The Council will review the BDMS Business Continuity Plan, including reviewing for alignment with the Council's own assessment of the criticality of services.</p> <p>Target: 31/05/19</p>	<p><b>Implemented December 2019:</b> BCP has now been completed and signed off.</p>

### 3. Internal audit performance as at 31 December 2019

Purpose	Target	Performance & RAG Status	What it measures
<b>Output Indicators (Efficiency)</b>			
% of 2019/20 Audit Plan completed (Audits at draft report stage)	>25% by 30/9/19	26% - GREEN	Delivery measure
	>50% by 31/12/19	45% - AMBER	
	>80% by 31/3/20	N/A	
	100% by 31/5/20	N/A	
Meet standards of Public Sector Internal Audit Standards	Substantial assurance or above from annual review	Confirmed * - GREEN	Compliant with professional standards
<b>Outcome Indicators (Effectiveness - Adding value)</b>			
High Risk Recs not addressed within timescale	<5%	0% - GREEN	Delivery measure
Overall Client Satisfaction	> 85% ratings excellent, good or adequate (i.e. not rated poor)	100% for 2018/19 – GREEN No 2019/20 returns to date.	Customer satisfaction

\*Internal Audit for 2019/20 is being provided by a combination of the in-house team, Mazars LLP and PwC LLP. All teams have confirmed ongoing compliance with the Public Sector Internal Audit Standards.