

## Appendix 1: Internal Audit 2020/21 Q2 update

### 1. Progress against internal audit plan 2020/21 as at 30 September 2020

#### Risk and compliance audits

1.1. The following tables detail the changes to the 2020/21 audit plan made in the first two quarters of the year, April to September 2020:

<b>Added</b>	<b>Removed</b>	<b># of 2020/21 audits as at end of Q2</b>
4	7	36

<b>Audit title</b>	<b>Change</b>	<b>Rationale for change</b>
Ethical Hacking	Added	Change to risk environment
Data Privacy	Added	Change to risk environment
Covid-19 Spend Review	Added	Change to risk environment
IT Resilience	Added	Change to risk environment
CM2000 system	Deleted	Delay in system implementation
Homelessness & Temporary Accommodation	Deleted	Changed priorities - deferred to 2021/22
Over/Under Occupation	Deleted	Changed priorities - deferred to 2021/22
Contact Centre	Deleted	Changed priorities - deferred to 2021/22
Barking Market	Deleted	Changed priorities - deferred to 2021/22
Body Worn Equipment	Deleted	Changed priorities - deferred to 2021/22
Pupil Referral Unit	Deleted	Audit completed 2018/19
Liberty Protection Safeguards	Additional Days	Required to sufficiently cover scope.

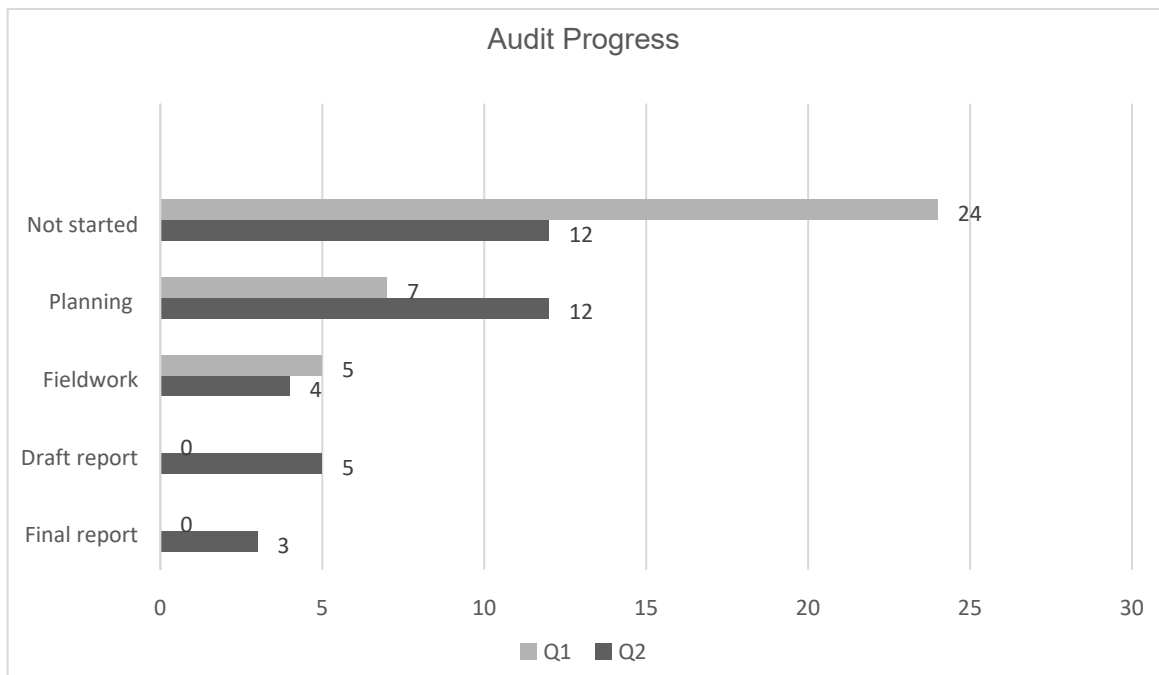
Talent Link System	Additional Days	Required to sufficiently cover scope.
LMS - post implementation review	Additional Days	Required to sufficiently cover scope.
Climate Change	Additional Days	Required to sufficiently cover scope.

The revised internal audit plan is detailed at Appendix 2.

1.2. The table and graph below indicate the progress made against the 2020/21 audit plan as at 30 September 2020.

Not started	Planning	Fieldwork	Draft report	Final report
12	12	4	5	3

Audits identified as 'not started' in the table above will enter the planning and delivery stages during Quarters 3 & 4.



1.3. Of the three audits that have reached the final report stage, two of these were awarded Reasonable Assurance and one was awarded Limited Assurance:

Finding	Agreed Action
<b>Special Guardianship Orders – Limited Assurance</b>	

<p>Whilst payments to Guardians are calculated, recorded and approved within the Liquid Logic System, the payments themselves are actually made through the Oracle financial system using the Liquid Logic.</p> <p>There were however no reconciliations taking place between the two systems to ensure that amounts paid matched those authorised.</p>	<p>The two system totals should be reconciled on a monthly basis to ensure that amounts paid match amount authorised.</p>
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### **School Audits**

- 1.4. 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.
- 1.5. This year the Head of Assurance has undertaken a risk assessment to inform a risk-based approach to schools' audits. This has now been completed and the output of this work, including a proposed schools' audit plan for 2020/21 has been determined.
- 1.6. The following table details the changes to the 2020/21 schools audit plan made since the start of the year, to September 2019:

<b>Added</b>	<b>Removed</b>	<b># of 2020/21 audits as at end of Q2</b>
1	0	<b>12*</b>

\* This consists of eleven schools and a follow-up project on prior year reports.

- 1.7. The only changes to the schools' audit plan were the determination of the original use of 55 days (ten schools and the follow-up work) and the addition of a further school as detailed in the following table:

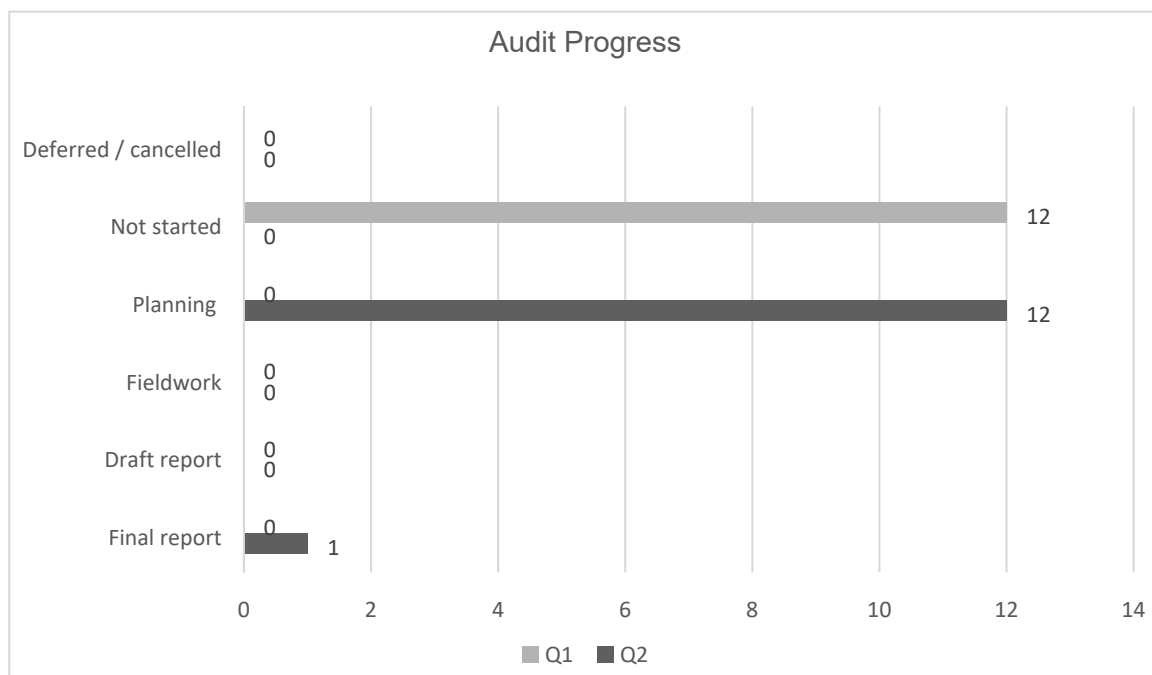
<b>School</b>	<b>Change</b>
Rose Lane Primary	Use of original days
Beam Primary School	Use of original days
Southwood Primary School	Use of original days
Eastbury (all through) School	Use of original days

Leys Primary Schools	Use of original days
Manor Infant School	Use of original days
Marsh Green Primary Schools	Use of original days
Monteagle Primary Schools	Use of original days
St Peter's Catholic Primary Schools	Use of original days
William Bellamy Primary Schools	Use of original days
Manor Junior School	Added
School Follow-ups	Use of original days

The current internal audit plan is detailed at Appendix 2.

1.8. The table and graph below indicate the progress made against the 2020/21 audit plan as at 30 September 2020.

Not started	Planning	Fieldwork	Draft report	Final report
0	12	0	0	1



## 2. Progress in implementation of audit findings as at 30 September 2020

2.1. The table below summarises the high-risk findings, as at 30 September 2020, that have reported as final, been implemented, are outstanding and are beyond their due date:

	<b>Reported</b>	<b>Implemented</b>	<b>Outstanding</b>	<b>Beyond due date</b>
2019/20	34	27	7	3
2020/21	1	0	1	0
<b>Total:</b>	<b>35</b>	<b>27</b>	<b>8</b>	<b>7</b>

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

<b>Finding</b>	<b>Agreed Action</b>	<b>Latest progress</b>
<b>Reported 2019/20</b>		
<b>Liquid Logic – Limited Assurance</b>		
<p>Liquid Logic can produce automated reports of management information for key stakeholders. This information is confidential as in some cases it contains sensitive information.</p> <p>Access to these reports needs to be restricted and they should only be produced when there is a clear requirement.</p> <p>Internal Audit has seen evidence that those requesting information are being robustly challenged before they get access to it and that all those with access to these reports must have the appropriate training to handle sensitive information.</p> <p>However, once access has been given to reports there is currently no inventory that the team has to show what</p>	<p>It was agreed that management would maintain an inventory of all reporting produced by Liquid Logic. This was to include a record of those who receive the report and the reason for this and be subject to annual recertification.</p>	<p><b>Risk Accepted</b></p> <p>The service have determined that reviewing and monitoring produced and shared reports on an ongoing basis would be an impossible task that is resource demanding and cumbersome. Based in the presumed 800-900 reports currently present in the system, plus the pre-built ones in LiquidLogic – possibly about 15% of which are scheduled in various frequencies- a conservative estimate would suggest that the number of reports produced that would need to be monitored, tracked and traced during a twelve months period, would be between 4000 and 5000; maintaining an inventory</p>

<p>reports are being produced and who receives them.</p>		<p>log of such dimension that includes a recipients, justification, reason, with annual recertification would be onerous, resource demanding and can only be done manually.</p>
<p><b>Right to Buy and Sales Leasing – Limited Assurance</b></p>		
<p>Updating the Land Registry - the applicant's solicitors are currently responsible for updating the Land Registry following the completion of a sale. Testing of a random sample of 20 cases confirmed that only one had any evidence that the necessary charges had been filed on the Land Registry.</p>	<p>The Local Land Charges Team will add the property charges to Land registry.</p> <p>On completion a memo will be sent of each sale requesting that the charge is added to the property and confirmation of this being completed will be received and verified.</p> <p>As back-up we will also seek assurances from the buyers' solicitors that all appropriate charges have been added to the land registry once the sale has been completed.</p> <p>Agreed Date: 31 January 2020</p>	<p><b>Follow-up in progress, expected completion November 2020:</b> A team review is taking place which will see the recruitment of a part time conveyancing solicitor to undertake all reserved activities. This will be done as part of a wider My Place restructure which has been put on hold due to COVID-19. As an interim measure there is now oversight from Legal Services who sign off the Land Registry changes and closing cases.</p>
<p>Conveyancing - discussion with the Interim Head of Leasehold Services and Reside confirmed that currently the conveyancing part of Right to Buy and Buy Backs is performed by a Team with no supervision from a legal professional. The Legal Services Act 2007 lists any activity which involves preparing an "instrument" relating to "property" as a reserved activity which must</p>	<p>We will ensure that the RTB officers are not carrying out reserved activity, regulated by the Legal Services Act 2007, without appropriate supervision from someone with a legal qualification.</p> <p>Consultation with Legal Services to continue.</p> <p>Agreed Date: 31 January 2020</p>	<p><b>Follow-up in progress, expected completion November 2020:</b> A team review is taking place which will see the recruitment of a part time conveyancing solicitor to undertake all reserved activities. This will be done as part of a wider My Place restructure which has been put on hold due to COVID-19. As an interim measure there is now oversight from</p>

be completed at least under the supervision of a qualified legal professional.		Legal Services who sign off the Land Registry changes and closing cases.
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### 3. Internal audit performance as at 30 September 2020

Purpose	Target	Performance & RAG Status	What it measures
<b>Output Indicators (Efficiency)</b>			
% of 2020/21 Audit Plan completed (Audits at draft report stage)	>25% by 30/9/20	22% - AMBER	Delivery measure
	>50% by 31/12/20	N/A	
	>80% by 31/3/21	N/A	
	100% by 31/5/21	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%	21% - RED	Delivery measure
Overall Client Satisfaction	> 85% ratings excellent, good or adequate (i.e. not rated poor)	100% for 2019/20 – GREEN No 2019/20 returns to date.	Customer satisfaction

\*Internal Audit for 2020/21 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.