

APPENDIX 1 – INTERNAL AUDIT UPDATE

Internal Audit Interim Report – 2022-23

Audit and Corporate Governance Committee 17th November 2022

1. Introduction

This Appendix provides a summary of the 2022-23 Internal Audit Plan that was agreed by Committee in March 2022. It shows the indicative scope as well as the status of each individual audit. It is included to provide Members with assurance that the Annual Audit Plan, which is the key vehicle for providing the Committee with independent assurance, has been effectively delivered.

*Denotes reviews related to areas of principal risk as listed in the Council's Principal Risk Report.

2. Summary of Assurance Ratings

The table below provides an overall summary of the assurance ratings. A detailed summary of the status and outcomes of individual audit reviews is included at detailed plan update section further below.

No	Ref	Audit Title	Assurance Rating
<i>Planned reviews where an assurance opinion was provided</i>			
3.	CC21-3	Community Investment Programme and Disposals*	Moderate Assurance
4.	CS21 -1b	Key Financial Systems Reviews – Accounts Payable	Moderate Assurance
<i>Planned reviews where an assurance opinion was not provided</i>			
3.	SC22-5	Bus Service Operators Grant	n/a
4.	SP22-2	Schools Financial Value Statements	n/a

3. 2021-22 planned reviews brought forward to 2022-23

Ref	Audit title	Indicative scope	Assurance level	Status – 31 st October 2022
CC21-3	Community Investment Programme and Disposals*	An on-going programme of assurance against this area of principal risk. The scope will focus on key programme risks and will also include a follow up of previous audit recommendations.	Moderate Assurance	Completed. Three medium priority recommendations were made relating to: <ul style="list-style-type: none"> • The mechanism for monitoring risk; • The terms of reference for governance groups; • Reporting of performance to stakeholders.
CS21-1b	Key Financial Systems Reviews – Accounts Payable	Key controls testing.	Moderate Assurance	The draft report has been issued and is awaiting finalisation of management responses. Anticipated completion, November 2022. Two medium priority recommendations were made relating to: <ul style="list-style-type: none"> • Evidence of retention of amendments to supplier standing data; • BACS payment run approvals and reconciliations.

<p>SC21 -6</p>	<p>Tenant Management Organisation (TMO) – Agar Grove</p>	<p>Risk based review to evaluate the effectiveness of the governance framework and key controls in place at one TMO, to ensure that the Council and the TMO are discharging their responsibilities in-line with the Modular Management Agreement (MMA), the document which outlines the roles and responsibilities of the Council and of the TMO. Scope to include a review of the TMOs financial management arrangements, to ensure that funds are managed and spend appropriately and in a way that delivers value-for-money for residents.</p>	<p>Assurance level will be reported upon completion of the review.</p>	<p>The fieldwork has concluded and the report is being drafted. Anticipated completion, November 2022.</p>
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4. 2022-23 Internal Audit Plan Update

4.1. Programme and Cross-Cutting Reviews

Ref	Audit title	Indicative scope	Assurance level	Status – 31 st October 2022
CC22-1	HS2 Extended Follow up*	Review will focus on current programme risks and will also include a follow up of recommendations made in 20-21.	n/a – extended follow up review	Fieldwork is in progress. Anticipated completion, Q3 2022-23.
CC22-2	Savings programme and Medium-Term Financial Risk*	An on-going programme of assurance against this area of principal risk. The scope will focus on key programme risks and will also include a follow up of previous audit recommendations.	Assurance level will be reported upon completion of the review.	The Terms of Reference has been agreed, anticipated start date Q3 2022-23. Anticipated completion, Q4 2022-23.
CC22-3	Partnerships*	A new on-going programme of assurance, focussing on partnership governance arrangements for two key partnerships.	Assurance level will be reported upon completion of the review.	The audit will focus on the following two key partnerships: <ul style="list-style-type: none"> a. Supporting Communities – the partnership arrangements within the parking enforcement and debt collection function. Scoping is in progress, with a planned fieldwork date of Q4 2022-23. Anticipated completion, March 2023. b. Supporting People - a review of the Health and Social Care integration partnership arrangements.

Ref	Audit title	Indicative scope	Assurance level	Status – 31 st October 2022
				Scoping discussions are currently underway, exploring options for Internal Audit and Risk Management input.
CC22-4	Community Investment Programme and Disposals*	An on-going programme of assurance against this area of principal risk. The scope will focus on key programme risks and will also include a follow up of previous audit recommendations.	n/a – extended follow up review	<p>Following discussions with the auditee and a review of areas audited in recent years, the 2022-23 review will consist of a follow up only.</p> <p>The 2021-22 review was finalised in September 2022, with actions agreed for implementation by 31st December 2022. Therefore follow-up activity will be undertaken in January 2023.</p> <p>Anticipated completion, February 2023.</p>

4.2. Corporate Services

Ref	Audit title	Indicative scope	Assurance level	Status – 31 st October 2022
CS22-1	Key Financial System (KFS) Reviews*	Key controls testing of the following Key Financial Systems <ul style="list-style-type: none"> a. Capital accounting (asset management); b. Investment and treasury management; c. Pensions; and d. VAT. 	Assurance level will be reported upon completion of the review.	<ul style="list-style-type: none"> a. Capital accounting (asset management) The review has been scoped to focus on data and records management for land and building assets. The Terms of Reference have been agreed, awaiting fieldwork to start in November 2022. Anticipated completion, January 2023 b. Treasury management The Terms of Reference have been agreed, awaiting fieldwork to start in in Q3 2022-23. Anticipated completion, Q4 2022-23. c. Pensions Scoping is in progress, anticipated start date in Q4 2022-23. Anticipated completion, Q4 2022-23. d. VAT The Terms of Reference have been agreed, awaiting fieldwork to start in January 2023. Anticipated completion, Q4 2022-23.

CS22-2	2021-22 KFS Follow-ups*	<p>Follow up of findings from the Key Financial Systems reviews</p> <ul style="list-style-type: none"> a. General Ledger; b. Accounts Payable; c. Accounts Receivable; d. Bank Reconciliation; and e. Council Tax and Business Rates. 	n/a – follow-up reviews.	<p>The status of each follow up is as follows:</p> <ul style="list-style-type: none"> a. General Ledger In progress, scheduled for completion in November 2022. b. Accounts Payable Not started, actions were agreed for implementation by 31st December 2022. Anticipated completion, Q4 2022-23. c. Accounts Receivable In progress, scheduled for completion in December 2022. d. Bank Reconciliation In progress, scheduled for completion in November 2022. e. Council Tax and Business Rates In progress, scheduled for completion in December 2022.
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CS22-3	IT reviews*	Two risk-based IT reviews, the scope of which will be agreed in year based on identified risk areas discussed with stakeholders within the Council.	Assurance level will be reported upon completion of the review.	<p>Following a risk assessment and discussion with key stakeholders, the following two reviews have been agreed:</p> <p>a. Application licence consumption: joiners, movers and leavers Scoping is in progress, anticipated start date in Q3 2022-23. Anticipated completion, February 2023.</p> <p>b. Data Management Not started. A scoping meeting is planned for November 2022. Anticipated fieldwork start date in Q4 2022-23. Anticipated completion, March 2023.</p>
CS22-4	Mosaic Financial Process and Extended Follow up –	A risk-based review of the end-to-end Mosaic payments process. The scope will also include follow up of the 2020-21 review.	<p>a. Assurance level will be reported upon completion of the review.</p> <p>b. n/a – follow-up review.</p>	<p>Mosaic is the primary case management system used by the Council’s Children’s and Adult’s services. This audit consists of the following two elements:</p> <p>a. End-to-end payments process Scoping is in progress, anticipated start in Q3 2022-23 (focussing on Children’s end to end processes). Anticipated completion, January 2023.</p> <p>b. Extended follow up Fieldwork is in progress. Anticipated completion, November 2022.</p>

CS22-5	Compliance with CIPFA Financial Management Code	A risk-based review to assess compliance with CIPFA's Financial Management Code.	Assurance level will be reported upon completion of the review.	Fieldwork is in progress. Anticipated completion, December 2022.
CS22-6	Procurement – Extended Follow up*	An extended follow up of the procurement review completed in 2021-22 to assess whether recommendations have been implemented.	n/a – follow-up review.	Fieldwork is in progress. Anticipated completion, January 2023.

4.3. Supporting Communities

Ref	Audit title	Indicative scope	Assurance level	Status – 31 st October 2022
SC21-1	Housing Revenue Account (HRA) – Voids and Repairs	<p>A risk-based review of the key controls and processes in place for Housing Voids and Repairs.</p> <p>The scope will also include a follow-up review of the recommendations raised within the 2020-21 review of HRA.</p>	Assurance level will be reported upon completion of the review.	<p>The review was deferred from 21-22 to 22-23 as the Voids process was undergoing a review in 21-22.</p> <p>A Terms of Reference has been drafted, anticipated start date Q3 2022-23.</p> <p>Anticipated completion, April 2023.</p>
SC22-1	Medical Assessment	A risk-based review of the Council's key controls in place surrounding the medical assessment and the allocation of points.	n/a – advisory activity will not result in an assurance opinion.	<p>The Terms of Reference have been agreed, awaiting fieldwork start in January 2023 (at the request of auditee).</p> <p>Anticipated completion, March 2023.</p>
SC22-2	Health and Safety: Asbestos*	A risk-based review of the Council's controls to mitigate the risk of Health and Safety incidents due to asbestos in Council owned residential properties.	Assurance level will be reported upon completion of the review.	<p>A Terms of Reference has been agreed, fieldwork commences in November 2022.</p> <p>Anticipated completion, February 2023.</p>

SC22-3	Tenant Management Organisation*	Risk based review to evaluate the effectiveness of the governance framework and key controls in place at one TMO, to ensure that the Council and the TMO are discharging their responsibilities in-line with the Modular Management Agreement (MMA). Scope to include a review of the TMO's financial management arrangements, to ensure that funds spend appropriately and in a way that delivers value-for-money for residents.	Assurance level will be reported upon completion of the review.	<p>Tenant Management Organisation - Godwin and Crowndale.</p> <p>The Terms of Reference have been agreed. Fieldwork is scheduled to take place in January 2023.</p> <p>Anticipated completion, March 2023.</p>
SC22-4	Coroner's Court Accounts	Annual certification of accounts, to include follow up of recommendations made during the 21-22 review.	n/a – certification of grant.	<p>The Terms of Reference have been agreed, awaiting fieldwork start in November 2022.</p> <p>Anticipated completion, January 2023.</p>

SC22-5	Bus Service Operators Grant (BSOG)	Review and sign off of claims.	n/a – certification of grant.	<p>Completed.</p> <p>The Department for Transport pays the BSOG to Camden for the provision of community transport services. Internal Audit review the claim to confirm that expenditure meets the requirements of the grant. The certification of grant has been completed for the 2021-22 financial year.</p>
SC22-6	Voluntary Sector Organisations	A deep-dive review focussing on controls at one voluntary sector organisation within Camden, to be determined following a joint risk assessment considering the impact on both People and Communities.	n/a – advisory activity will not result in an assurance opinion.	<p>Awaiting fieldwork start date in Q3 2022-23.</p> <p>Discussions with the auditee established that the service has implemented an annual review process. Data from these reviews is being analysed in October 2022.</p> <p>Following a joint risk assessment, the Internal Audit review will focus on key themes and areas of concern following the annual review.</p> <p>Anticipated completion, March 2023.</p>

4.4. Supporting People

Ref	Audit title	Indicative scope	Assurance level	Status – 31 st October 2022
SP21-3	Mental health and Learning Disabilities*	A risk-based review of governance arrangements in place for mental health and learning disabilities care. The scope will include a review of controls related to approval, funding and monitoring of care plans/packages.	Assurance level will be reported upon completion of the review.	The review was deferred from 21-22 to 22-23 due to pressures relating to the availability of the auditee. Fieldwork is currently in progress. Anticipated completion, December 2022.
SP22-1	Safeguarding Adults*	Risk based review focussed on the effectiveness of the Council's approaches to managing specific risks that have emanated as a result of the pandemic.	Assurance level will be reported upon completion of the review.	The Terms of Reference has been agreed, awaiting fieldwork start in January 2023. Anticipated completion, March 2023.
SP22-2	Schools Financial Value Statements	Review and sign off of 2021-22 statements produced by schools.	n/a – only sign off required.	Completed. The Council is required to submit an assurance statement to the Department for Education each year confirming that a system is in place for the audit for schools, which provides assurance over the standards of financial management. The Internal Audit service supports this process and has completed the work required to support the 2021-22 return.

<p>SP 21-5 SP 22-3</p>	<p>Schools – establishment reviews*</p>	<p>Risk-based review school establishments. On conclusion of this programme of work, a common findings report will also be prepared.</p>	<p>Assurance levels will be reported upon finalisation of the individual school reports</p>	<p>The status of 2022-23 school establishment reviews is listed below:</p> <ul style="list-style-type: none"> - Argyle Primary The Terms of Reference have been agreed, awaiting fieldwork in December 2022 Anticipated completion, February 2023. - New End Primary The Terms of Reference have been agreed, awaiting fieldwork in January 2023 Anticipated completion, March 2023. - Parliament Hill Secondary Fieldwork has concluded and the report is being drafted Anticipated completion, December 2022. - St. Joseph Roman Catholic Primary The Terms of Reference have been drafted, awaiting fieldwork in in December 2022 Anticipated completion, February 2023. - St. Mary's Kilburn Church of England Primary The Terms of Reference have been drafted, awaiting fieldwork in Q4 2022-23 Anticipated completion, May 2023.
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			<ul style="list-style-type: none"> - Netley Primary School The draft report has been issued and is awaiting the finalisation of management responses. Anticipated completion, December 2022. - Christ Church Primary School The draft report has been issued and is awaiting the finalisation of management responses. Anticipated completion, December 2022. <p>The status of open 2021-22 school establishment reviews is listed below:</p> <ul style="list-style-type: none"> - Hampstead Parochial Church of England School Report issued, awaiting finalisation of management response. Anticipated completion, November 2022. - Hawley Primary School Report issued, awaiting finalisation of management response. Anticipated completion, November 2022. - West Hampstead Primary School Report issued, awaiting finalisation of management response.
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			<p>Anticipated completion, November 2022.</p> <ul style="list-style-type: none"> - Royal Free Hospital School Report issued, awaiting finalisation of management response. Anticipated completion, November 2022. - Emmanuel Church of England Primary School Report issued, awaiting finalisation of management response. Anticipated completion, November 2022. - St. George the Martyr Primary School Report issued, awaiting finalisation of management response. Anticipated completion, December 2022. <p>As detailed above, fieldwork for all 2021-22 reviews has been completed and reports are awaiting the finalisation of management responses (owing to the summer 2022 break and a moderation process to ensure the consistency of assurance ratings).</p> <p>Follow up activity</p> <p>Follow up reviews will be scheduled from Q1 2023-24, based on implementation dates.</p>
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SP22-4	Health and Care Act*	Internal Audit will provide continuing advice on risk and control in relation to the planned design of controls to support the implementation of the Act.	n/a – advisory activity will not result in an assurance opinion.	This is an advisory review that will take place throughout Q4 22-23. Anticipated completion, March 2023 (advisory).
SP22-5	Supporting Families	A review to provide assurance that the service retains a robust level of scrutiny and oversight in light of Earned Autonomy.	n/a – advisory activity will not result in an assurance opinion.	Awaiting fieldwork to start in December 2022. Anticipated completion, December 2022 (advisory).

5. Additions and deferrals

This section outlines additions and deferrals that were made to the plan as approved by the Committee in March 2022.

5.1. Additions

Ref	Audit title	Additional information
AD22-1 (Certification) AD22-8 (Supplementary review)	Healthy Activities and Food Programme	Internal Audit undertook a certification of the Health Activities and Food Programme (HAF) grant funding in May 2022. Subsequently, Internal Audit were commissioned by the service to undertake a one-off supplementary review of oversight controls in relation to the HAF provision. Fieldwork on the supplementary review will commence in November 2022 and is due to complete in January 2023.

5.2. Deferrals

No deferrals of audits within the plan approved by the Committee in March 2022 are anticipated as at 31st October 2022.

APPENDIX ENDS