

APPENDIX 1 – INTERNAL AUDIT UPDATE

Internal Audit Annual Report – 2022-23

Audit and Corporate Governance Committee 15 June 2023

1. Introduction

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

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 in the detailed plan update section further below.

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

No	Ref	Audit Title	Assurance Rating
<i>Planned reviews where an assurance opinion was provided</i>			
1.	CC21-3	Community Investment Programme and Disposals*	Moderate Assurance
2.	CS21 -1b	Key Financial Systems Reviews – Accounts Payable	Moderate Assurance
3.	SC21-6	Tenant Management Organisation (TMO) – Agar Grove	Moderate Assurance
4.	SC21-1	Housing Revenue Account (HRA) – Voids and Repairs	Limited Assurance
5.	CS22-1a	Capital Accounting (Asset Management)	Moderate Assurance
6.	CS22-1b	Treasury Management	Moderate Assurance
7.	CC22-2	Savings programme and Medium-Term Financial Risk*	Moderate Assurance
8.	SC22-2	Health and Safety: Asbestos*	Moderate Assurance
9.	CS22-4	Mosaic – Financial Process – Children's Safeguarding and Social Work	Limited Assurance

10.	SC22-1	Medical Assessment (Housing)	Limited Assurance
<i>Planned reviews where an assurance opinion was not provided **</i>			
11.	SP21-3	Mental health and Learning Disabilities*	n/a
12.	CC22-1	HS2 – Extended Follow up*	n/a
13.	CC22-4	Community Investment Programme and Disposals follow up*	n/a
14.	SC22-5	Bus Service Operators Grant	n/a
15.	SP22-2	Schools Financial Value Statements	n/a
16.	CC22-3	Partnerships*	n/a
17.	CS22-2	Key Financial System Follow-up reviews: a. General Ledger; b. Accounts Payable; c. Accounts Receivable; d. Bank Reconciliation; and e. Council Tax and Business Rates.	n/a
18.	CS22-5	Compliance with CIPFA Financial Management Code	n/a
19.	SC22-6	Voluntary Sector Organisations	n/a
20.	CC22-3	Partnerships*	n/a
21.	CS22-3a	IT Review - Oracle Licences	n/a
22.	CS22-3b	IT Review - Data Governance	n/a
23.	CS22-6	Procurement – Extended Follow up*	n/a
24.	SP22-5	Supporting Families	n/a

** It was considered apt to produce a management letter rather than an assurance report based on the nature of the work and the outcomes. Further detail on the individual review is included in the sections below.

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

Ref	Audit title	Indicative scope	Assurance level	Status – 31 st May 2023
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. Outcomes were reported to ACGC in November 2022.
CS21-1b	Key Financial Systems Reviews – Accounts Payable	Key controls testing.	Moderate Assurance	Completed. Outcomes were reported to ACGC in November 2022.
SC21-6	Tenant Management Organisation (TMO) – Agar Grove	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	Moderate Assurance	Completed. No high priority recommendations were made. Three medium priority recommendations were made.

		in a way that delivers value-for-money for residents.		
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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 May 2023
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	Completed. The review focused on four recommendations raised in the original review that were not previously implemented. The follow up review identified that good progress had been made in relation to implementation.
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.	Moderate Assurance	Completed. No high priority recommendations were made. Five medium priority recommendations were made.
CC22-3	Partnerships*	A new on-going programme of assurance, focussing on partnership governance arrangements for two key partnerships.	n/a – an advisory review was conducted which did not result in an assurance opinion.	Completed. Resource was utilised as follows: a) Supporting Communities – A review of the partnership arrangements within the parking enforcement and debt collection function was initially planned. However on discussion with the service, it was agreed that a partnership review was not appropriate as the arrangement operates as a contract management relationship, which had been subject to previous audit

Ref	Audit title	Indicative scope	Assurance level	Status – 31 st May 2023
				<p>activity. The resource was therefore re-directed to provide advice to the Voluntary Sector Organisation team including reinforcing themes of previous Internal Audit reviews, the purpose of which was to enhance the monitoring framework.</p> <p>b) Supporting People – A review of the health and social care integration was initially planned. However, on discussion with the service and given changes underway in 22/23, an assurance review was planned for 23/24 (as included on the 23/24 plan presented to the Committee in March 2023). Activity in 22/23 comprised of support and engagement provided by the Council's Risk Manager in relation to risk management activity.</p>
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>Completed. Following discussions with the auditee and a review of areas audited in recent years, it was agreed that the 2022-23 review would consist of follow up activity only.</p> <p>The 2021-22 review (reported as CC21-3 above) was finalised in September 2022, with actions agreed for implementation by 31 December 2022. Therefore a follow-up review, to assess the level of implementation of</p>

Ref	Audit title	Indicative scope	Assurance level	Status – 31 st May 2023
				<p>recommendations, was undertaken in Q4 22/23.</p> <p>The follow up review identified that limited progress had been made in relation to implementation of recommendations. A further follow up is planned for 23/24.</p>

4.2. Corporate Services

Ref	Audit title	Indicative scope	Assurance level	Status – 31 st May 2023
CS22-1	Key Financial System (KFS) Reviews*	<p>Key controls testing of the following Key Financial Systems</p> <ul style="list-style-type: none"> a. Capital accounting (asset management); b. Investment and treasury management; c. VAT; d. Pensions 	<ul style="list-style-type: none"> a. Moderate Assurance b. Moderate assurance c. n/a- assurance will be reported on completion of the review. d. n/a- assurance will be reported on completion of the review. 	<ul style="list-style-type: none"> a. Capital accounting (asset management) Completed. The review focussed on data and records management for land and building assets. Three medium priority recommendations were made. b. Treasury management Completed. The review focussed on the internal control framework in relation to treasury management activities. Two medium priority recommendations were made. c. VAT A two part review was conducted: <ul style="list-style-type: none"> i) Input VAT – the draft report has been issued and is awaiting an exit meeting. The assurance opinion will be shared with ACGC following the exit meeting. Anticipated completion June 2023. ii) Partial exemption – the review was deferred to 23-24 at management's request. The review is in progress in May

Ref	Audit title	Indicative scope	Assurance level	Status – 31 st May 2023
				<p>2023. Anticipated completion June 2023.</p> <p>d. Pensions</p> <p>Camden's pension function is delivered by a shared pensions service. An internal audit review, focussing on Camden, was initially scoped in Q3 22/23 with fieldwork planned for Q4 22/23. However, on issue of the Terms of Reference, the auditee raised concerns related to duplication of work given that an audit of the pensions shared service was underway by another provider. It was therefore agreed that the Camden Internal Audit would not proceed, and recommendations made by the other provider, in relation to Camden, would be subject to a follow up audit by Camden Internal Audit.</p> <p>The other provider's report was received in May 2023 and it was noted that Camden data had not been included in the review. Camden Internal Audit are therefore in consultation with the auditee to resume the initially planned audit. Anticipated completion July 2023.</p>

Ref	Audit title	Indicative scope	Assurance level	Status – 31 st May 2023
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> <p>a) General Ledger – Completed. The follow up review identified that moderate progress has been made in relation to implementation of recommendations. A further follow up review is being undertaken in Q1 2023/24.</p> <p>b) Accounts Payable – The follow up review is currently in progress.</p> <p>c) Accounts Receivable – Completed. The follow up review identified that all recommendations have been implemented or superseded by changes in process which address the risks identified.</p> <p>d) Bank Reconciliation – Completed. The follow up review identified that all recommendations have been implemented or superseded by changes in process which address the risks identified.</p> <p>e) Council Tax and Business Rates – Completed. The follow up review identified that all recommendations have been implemented or superseded by changes in process which address risks identified.</p>

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.	a) n/a – advisory review b) n/a – advisory review	<p>Following a risk assessment and discussion with key stakeholders, the following two reviews were agreed:</p> <p>a. Application licence consumption: joiners, movers and leavers Completed. The review focussed on the approach taken by the Council in assessing and remediating its license utilisation for the Oracle ERP applications. Medium priority recommendations were raised in relation to:</p> <ul style="list-style-type: none"> - The documentation of role-based access control (RBAC); - Improving the effectiveness of user role assignment; and - Documentation of business user role specifications. <p>b. Data Management Completed. The review focussed on controls in place relating to the Council's current data governance challenges, initiatives and goals, and assessing whether the design of those controls are fit-for-purpose. Medium priority recommendations were raised in relation to:</p> <ul style="list-style-type: none"> - Data governance policies; - Maintenance of the Information Asset Register;
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				<ul style="list-style-type: none"> - Data flows for key organisational functions; - Visibility of data risks; and - Oversight of data governance practices.
CS22-4	Mosaic Financial Process and Extended Follow up	<p>– 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>	<p>a. End to end payments review – Limited assurance</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 Completed. Limited assurance. The review focussed on Child Safeguarding and Social Work (CSSW) financial processes. High priority findings are included at Appendix 2.</p> <p>b. Extended follow up Internal Audit met with the service in Q3 2022/23 to undertake an initial follow up. It was noted that further work to implement recommendations needed to be undertaken. A further follow up review is tabled for Q2 2023/24.</p>

CS22-5	Compliance with CIPFA Financial Management Code	A risk-based review to assess compliance with CIPFA's Financial Management (FM) Code.	n/a – advisory review	<p>Completed. The review assessed the Council's ability to demonstrate compliance with the 17 standards set out in the FM Code. Outcomes were as follows:</p> <ul style="list-style-type: none"> • High compliance with ten standards; • Medium compliance with seven standards, with recommendations for further actions to be considered by management. <p>None of the standards were assessed as having processes that demonstrated Low compliance.</p>
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	Completed. The follow up noted that moderate progress has been made to implement the recommendations with revised implementation dates for Q3 23/24.

4.3. Supporting Communities

Ref	Audit title	Indicative scope	Assurance level	Status – 31 st May 2023
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>	Limited Assurance	<p>The reported is at draft stage awaiting management responses. Limited assurance. High priority findings are included at Appendix 2.</p> <p>The review was deferred from 21-22 to 22-23 as the Voids process was undergoing a review in 21-22. The review focussed on repairs and governance around voids. A further review of the allocation and management information processes is included on the 23-24 audit plan.</p>
SC22-1	Medical Assessment (Housing)	A risk-based review of the Council's key controls in place surrounding the medical assessment and the allocation of points.	Limited Assurance	The reported is at draft stage awaiting management responses. Limited assurance. High priority findings are included at Appendix 2.
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.	Moderate assurance	Completed. Two medium priority recommendations were made.

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.	A review was undertaken of Godwin and Crowndale TMO. Fieldwork was initially planned for January 2023 but was deferred to April 2023 at the TMO's request. Fieldwork was completed in May 2023 and the report is currently being drafted. Anticipated completion June 2023.
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.	Fieldwork was initially planned for November 2022 but was deferred to Q1 23-24 at the auditee's request. Fieldwork was completed in May 2023 and the memorandum is currently being drafted. Anticipated completion June 2023.

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 has been completed.</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>Completed.</p> <p>Discussions with the auditee established that the service had implemented an annual review process. Data from those reviews were being analysed in October 2022 at the time of the last report to Committee.</p> <p>Internal Audit has since supported the service by reviewing and providing advice from a financial viability perspective on the Annual Review Questions that are discussed with VSOs.</p>

4.4. Supporting People

Ref	Audit title	Indicative scope	Assurance level	Status – 31 st May 2023
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.	n/a – advisory review.	Completed. A management letter was provided to the service including an action plan to improve the design of controls. One high priority finding was made as included in Appendix 2.
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	Fieldwork was initially planned for January 2023 but was deferred to Q1 23-24 at the auditee's request. Fieldwork is in progress in May 2023. Anticipated completion June 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 completed the work required to support the return in 2022-23.

<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>n/a- see individual assurance ratings</p>	<p>In 2022-23, there continued to be delays in planned school audits, partly as a result of the continuing impact of the pandemic.</p> <p>The status of 2022-23 school establishment reviews is listed below:</p> <ul style="list-style-type: none"> - Argyle Primary Fieldwork was initially planned for December 2022 but was deferred to Q1 22-23 at the school's request. Fieldwork has been completed and the report is currently being drafted. Anticipated completion June 2023. - New End Primary The review was rescheduled at the request of the auditee. Fieldwork was completed in Q1 2023-24. The report is currently being drafted. Anticipated completion June 2023. - Parliament Hill Secondary Completed. Moderate Assurance. No high priority findings were noted. - St. Joseph Roman Catholic Primary Fieldwork was initially due to take place in December 2022. However the review has been re-scheduled for Q2 2023-24.
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				<ul style="list-style-type: none"> - St. Mary's Kilburn Church of England Primary Fieldwork was initially due to take place in Q4 22-23. However the review was re-scheduled for Q2 2023-24. - Netley Primary School Completed. Limited assurance. Two high priority recommendations were made in relation to i) recruitment and employee records and ii) data protection policy and procedures. - Christ Church Primary School Completed. Moderate assurance. One high priority recommendation was made in relation to financial regulations. <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 Completed. Moderate assurance. One high priority recommendation was made in relation to DBS checks in relation to governors. - Hawley Primary School Completed. Limited assurance. One high priority recommendation was made in relation to pre-employment checks.
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				<ul style="list-style-type: none"> - West Hampstead Primary School Completed. Moderate assurance. One high priority recommendation was made in relation to pre-employment checks. - Royal Free Hospital School Completed. Limited assurance. Two high priority recommendations were made in relation to the renewal of DBS checks and the HMRC employment status indicator. - Emmanuel Church of England Primary School Completed. Moderate assurance. One high priority recommendation was made in relation to employee files. - St. George the Martyr Primary School Completed. Moderate assurance. No high priority findings were noted. <p>Follow up activity</p> <p>Follow up reviews will be scheduled for 2023-24, based on implementation dates.</p>
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	Central government have delayed Adult Social Care reform. Internal Audit met with the service throughout the year to discuss implications and have been provided with the project report. This area was kept under review to support the service as required.

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	Completed. A management letter was issued.
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Additions and deferrals

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

4.5. Additions

Ten special reviews were commissioned in year in addition to the work agreed in the annual plan. This work ranged from shorter advisory pieces and guidance on developing controls to wider reviews. While this meant re-assessment of priorities and reallocation of audit resources in some instances; overall audit resource continued to be focussed on the highest risk areas. A key additional review included:

Ref	Audit title	Additional information
i) AD22-1 (Certification)	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 has been completed and a draft report issued to the auditee.
ii) AD22-8 (Supplementary review)		

4.6. Deferrals

The following four reviews were deferred to 23/24 (for the reasons outlined above):

- 1) The Partial Exemption element of the VAT review;
- 2) St Mary's Kilburn primary school;
- 3) St Joseph's primary school;
- 4) Pensions.

4.7. Plan completion Performance Indicator (calculated as draft report issued to the auditee)

31st March 2023 – 85 % plan completion (22 of 26 audits)

31st May 2023* – 92% plan completion (24 of 26 audits)

30th June 2023 (forecast) – 100% plan completion

*As at 31st May 2023, the draft reports that are due to be issued as part of the 22/23 plan are as follows:

- 1) Safeguarding Adults;
- 2) Godwin and Crowndale TMO.

Draft reports are currently being prepared and will be shared with auditees in June 2023.

APPENDIX ENDS