

REPORT TO: Audit Committee	DATE 21 September 2010	CLASSIFICATION	REPORT NO.	AGENDA NO.
REPORT OF: Corporate Director, Resources		<i>Quarterly Internal Audit Assurance Report</i>		
ORIGINATING OFFICER(S): <i>Minesh Jani, Service Head, Risk Management and Audit</i>				
		Ward(s) Affected: N/A		

1. SUMMARY

- 1.1. This report summarises the work of Internal Audit for the period July to September 2010.
- 1.2. The report sets out the assurance rating of each audit finalised in the period and gives an overall assurance rating. The quarterly assurance report feeds into the annual internal audit opinion which will be produced at the end of the financial year.

2. RECOMMENDATION

- 2.1. The Audit Committee is asked to note the contents of this report and to take account of the assurance opinion assigned to the systems reviewed during the period.

3. Background

- 3.1. From April 2005, we have assigned each review one of four ratings, depending upon the level of our findings. The ratings we use are: -

Assurance	Definition
Full	There is a sound system of control designed to achieve the system objectives, and the controls are being consistently applied;
Substantial	While there is a basically sound system there are weaknesses which put some of the control objectives at risk or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk;
Limited	Weakness in the system of controls are such as to put the system objectives at risk or the level of non-compliance puts the system objectives at risk;
Nil	Control is generally weak leaving the system open to significant error or abuse, or significant non-compliance with basic controls leaves the system open to error or abuse.

- 3.2. In addition, each review is also considered in terms of its significance to the authority in line with the previously agreed methodology. The significance of each auditable area is assigned, based on the following factors: -

Significance	Definition
Extensive	High Risk, High Impact area including Fundamental Financial Systems, Major Service activity, Scale of Service in excess of £5m.
Moderate	Medium impact, key systems and / or Scale of Service £1m- £5m.
Low	Low impact service area, Scale of Service below £1m.

4. Overall Audit Opinion

- 4.1. Overall, based on work performed in the year to date, I am able to give a substantial level of assurance over the systems and controls in place within the authority.

5. Overview of finalised audits

- 5.1. Since the last Assurance Report that was presented to the Audit Committee in July 2010, 32 final reports have been issued. The findings of these audits are presented as follows:
- The chart below summarises the assurance rating assigned by the level of significance of each report.
 - Appendix 1 provides a list of the audits organised by assurance rating and significance.
 - Appendix 2 provides a brief summary of each audit.
 - Appendix 3 provides details of followed up and highlighted as outstanding at the time of the review.
- 5.2. **Members are invited to consider the following:**
- The overall level of assurance provided (para 5.3-5.5).
 - The findings of individual reports. The Audit Committee may wish to focus on those with a higher level of significance and those assigned Nil or Limited assurance. These are clearly set out in Appendix 1.
- 5.3. The chart ranks the overall adequacy and effectiveness of the controls in place. This assurance rating will feed into Internal Audit's overall assessment of the adequacy of governance arrangements that is required as part of the Accounts and Audit Regulations 2003 and the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.

(Please refer to the table on the next page).

Chart 1 Analysis of Assurance Levels

SUMMARY		Assurance				
		Full	Substantial	Limited	Nil	Total
Significance	Extensive	0	10	1	0	11
	Moderate	1	14	5	1	21
	Low	0	0	0	0	0
Total Numbers		1	24	6	1	32
Total %		3%	75%	19%	3%	100%

- 5.4. From the table above it can be seen that of the 11 finalised audits which focused on high risk or high value areas; ten audits were assigned Substantial Assurance and one received Limited Assurance. A further 21 audits were of moderate significance and of these, one was assigned full assurance, fourteen were assigned Substantial Assurance, five received Limited assurance and one was assigned Nil assurance.
- 5.5. Overall, 78% of audits resulted in an adequate assurance (substantial or full). The remaining 22% of audits have an inadequate assurance rating (limited or nil).

6. Performance Indicators

- 6.1. At the start of the year, three performance indicators were formulated to monitor the delivery of the Internal Audit service as part of the Chief Executive's Monitoring process. The table below shows the actual and targets for each indicator for the period:-.

Performance measure	Target	Actual
Percentage of Audit Plan completed up to August 2010	40%	40%
Percentage of Priority 1 Audit Recommendations implemented by Auditees at six monthly follow up audit stage	100%	90% (26 out of 29)
Percentage of Priority 2 Audit Recommendations implemented by Auditees at six monthly follow up audit stage	95%	92% (12 out of 13)

- 6.2. The table above shows that the proportion of internal audit work completed to August 2010 which is broadly in line with the plan. The target for the year is to complete 100% of the plan.
- 6.3. The percentage of priority 1 recommendations implemented at the follow up stage was around 90%, whereas the percentage of priority 2 recommendations was 92%. Relevant Corporate Directors were sent copies of the final Follow Up audit reports. Details of recommendations not implemented are set out in Appendix 3.

Summary of Audits Undertaken

APPENDIX 1

Assurance level	Significance	Directorate	Audit title
NIL			
	Moderate	CSF	Central Foundation Girls' Secondary School
LIMITED			
	Extensive	Corporate	Contract Management and Monitoring – Corporate Review
	Moderate	Resources	AXIS Income Management and e-payments
	Moderate	CSF	Old Church Nursery
	Moderate	CSF	Raines Foundation School
	Moderate	CSF	Thomas Buxton Infant School
	Moderate	CSF	Swanlea Secondary School
SUBSTANTIAL			
	Extensive	Resources	Treasury Management - Systems Audit
	Extensive	Resources	Cashiers- Cash Income
	Extensive	Resources	General Ledger - Systems Audit
	Extensive	Resources	Housing Benefits
	Extensive	Resources	Payroll - Systems Audit
	Extensive	Resources	Business Continuity
	Extensive	Resources	ICT Change Management
	Extensive	Resources	ICT Service Desk
	Extensive	ACE (Legal Services)	Legal Planning Meetings on Child Protection - Follow Up Audit
	Extensive	AHW	Homeless Families – Placing and Payments - Systems Audit

Summary of Audits Undertaken

APPENDIX 1

Assurance level	Significance	Directorate	Audit title
SUBSTANTIAL			
	Moderate	CSF	Children’s House Nursery School
	Moderate	CSF	St John’s CE Primary School
	Moderate	CSF	Sir John Cass Secondary Foundation and Redcoat School
	Moderate	CSF	Bowden House School
	Moderate	CSF	Columbia Market Nursery
	Moderate	CSF	Bishop Challoner Catholic Collegiate Boys School
	Moderate	CSF	Oaklands Secondary School
	Moderate	CSF	Manorfield School - New Build Current Contract Audit
	Moderate	CSF	Implementation of the Common Assessment Framework (CAF)
	Moderate	CLC	Transport Fuel Purchase and Utilisation - Follow Up audit
	Moderate	CLC	Transport Recharges Follow Up Audit
	Moderate	CLC	Street Works – Follow Up
	Moderate	CLC	Street Lighting - Follow Up audit
	Moderate	THH	Strategic Management of SLAs - Follow Up audit
FULL			
	Moderate	CLC	Community Safety Project Management - Follow Up Audit

Summary of Audits Undertaken - Nil Assurance

APPENDIX 2

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Central Foundation Girls' Secondary School	June 2010	<p>The audit was designed to ensure that there were adequate and effective controls over the administration and financial management of the school. 30 recommendations were made, including eight priority 1 issues. The main weaknesses were as follows:-</p> <p>The Governing Body and Resources Committee meeting minutes were clerked by a staff member supervised by the Director of Finance. Furthermore, review of Governing Body minutes showed that decisions were not clearly recorded, for example there was no evidence in the minutes of approval of the 2009/10 budget or the Recovery Plan for the deficit budget. Moreover through discussions with the clerk Audit identified that the clerk did not have any formal training on clerking.</p> <ul style="list-style-type: none"> • Review of the business interest register highlighted that the Governors had not declared business interests for 2009/10. Declaration of business interests had not been included as an agenda item at every Governing Body meeting. Furthermore staff members with financial responsibilities had not completed declarations. • The school failed to provide for its PFI contribution in the 2008/09 budget plan which resulted in the budget deficit. The ordering system was weak and the system for independent certification of invoices was not sufficiently robust. Review of a sample of direct debits found that signed bank mandates were not retained and direct debit payments were not confirmed by supporting payment documents/invoices. Income control was also weak. Neither the school fund nor school journey accounts have been subject to annual independent audits. <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of Governors and the Corporate Director, Children's Services through Education Finance.</p>	Moderate	Nil

Management Comments on Schools Audits

The following comments apply to all the schools assigned Nil and Limited audit assurance in this report :-

All the schools have acted immediately and agreed to complete all agreed actions with a defined timeframe. All these schools and their governing bodies are fully committed to the recommendations made in their respective Audit reports by:

- Tracking all actions within the timeframe provided in the reports, including evidence of actions taken where appropriate.
- Confirming additional steps that each school is planning to take in light of the audit findings.
- Taking immediate action in mitigating exposure to risks arising from weaknesses in the control environment identified by Audit.

In addition to the above measures, each school will complete a re-assessment within six months to evaluate the progress made in implementing audit recommendations. In April 2010, a brief summary of known areas of weakness was sent to all schools having their assessments carried out in 2010-11. In May 2010, the Schools' Finance newsletter carried a good practice guide for "Financial Planning". The issue of weakness in schools from the recent audits reports was raised at the termly secondary bursars meeting and suggested that all secondary schools assisting in drawing up a best practice guide by reviewing all recommendations made by the auditors. A planned meeting is to take place in September 2010.

Schools' Finance are also working on the idea of "Health checks" for Audits in schools. One Schools' Finance Officer had recently assisted a primary school in collecting all the relevant information for their Audit and the school was rated as "substantial assurance".

Summary of Audits Undertaken - Limited Assurance

Title	Date	Comments / Findings	Scale of Service	Assurance Level
Contract Management and Monitoring – Corporate Review	April 2010	<p>The objective of this audit was to provide assurance over systems for contract monitoring at both Corporate and Directorate levels to ensure that objectives of procuring the contracts were achieved and best value was obtained.</p> <p>Our review showed that there was basic corporate guidance on effective contract monitoring. However, these needed to be strengthened further. Improvements were required over corporate control and procedures for storage and security of signed contracts, controlling and approving of contract extensions, variation control and ensuring that enhanced benefits were derived from effective contract management.</p> <p>During our testing of a sample of contracts, we found that in some cases, signed copies could not be easily located from either the Procurement Service or from client officers. Contract Monitoring was not always effective.</p> <p>At Directorate level, responsibility for contract management was inconsistent as responsible officers in some cases did not have signed contract documents and hence they were not clear on contract specification, performance standards and other contract conditions. We have recommended that critical risks should be identified and assessed for each contract, and monitoring should be focussed on key risks to ensure that resources are used efficiently, the Council's interests are safeguarded and best value is obtained.</p> <p>Audit acknowledge that a number of the issues raised in this audit were for contracts that were tendered, agreed, documented or otherwise before the introduction of the tollgate process for contracts and before the introduction of the Competition Board. The checks and balances introduced with the tollgate process and the scrutiny by the Competition Board should significantly enhance the control framework in this areas.</p> <p>All findings and recommendations were agreed with the Service Head Procurement and final report issued to the Chair of the Competition Board and Corporate Director, Resources last April which has since been acted upon.</p>	Extensive	Limited

Management Comments on Contract Management and Monitoring – Corporate Review

Significant progress can be reported in most of the areas highlighted within the report and the Competition Board has taken responsibility to ensure the agreed recommendations are actioned. All recommendations have now been reviewed.

- A plan has been agreed with Legal colleagues with regards to the centralisation of the storage of contracts.
- This will include various measures to ensure that such data as contact end dates and the reprocurement or potential contract extensions are easily accessible
- It has been decided to use a contract database based on the London wide contracts register to aid joint procurement.
- To improve the robustness of contract monitoring within Tower Hamlets various initiatives are being investigated such as a simplistic header sheet that acts as a tick list for staff to ensure that new procedures are followed, e.g. such as the need to send a finalised copy of the contract to legal.
- There are also a variety of Initiatives being explored to improve the robustness of our contract management and monitoring.
- It is also planned to develop a more coherent system of officer training over the next 12 months which could result in a 'license to procure' being issued, possibly with different grades of licences being issued.

A recent Audit Commission review, looking at the authority's procurement process, has shown the authority to be making very good progress on procurement. It is hoped that this brief update serves to reassure management that actions are under way.

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>AXIS Income Management and e-payments</p>	<p>June 2010</p>	<p>The audit was designed to ensure that there were adequate and effective controls over the process for managing the AXIS IT System used for the management of Income within the Council and for the e-payments module which allows the payment for Council Services via the Council's website. Controls were adequate in Data Input Control, Data Processing Controls and Output Controls. However, weaknesses were identified in the following area:-</p> <ul style="list-style-type: none"> • The Council had implemented the Secure Bureau Service and have changed bank accounts from HSBC to RBS, they have not yet completed the PCI DSS Self Assessment Questionnaire to confirm their compliance with the standard. Password Controls and change controls were weak. There was no clear ownership for the system. We also found that there has been no review to confirm the extent of user access on the system. Moreover, the network and e-payments system had not been subject to an Independent Penetration test. No specific rule has been defined on the firewall for the communication between the LBTH server (THVIM01) and the Capita SBS servers. Some data input controls on the online payments interface where users enter data had not been completed and therefore some incorrect data could be entered. • There was no evidence available to confirm that the Council had formal documented policy for refunds. All users within the One Stop Shop user group had permissions to approve refunds and charge backs. Moreover, there was no formal documented strategy in place for the use of e-Payments within the Council to identify how the system may be developed to incorporate future services and payment methods. Although the original agreement with Capita had been signed by the Service Head – Revenues, the Addendum to Agreement dated 11 July 2008 had been signed by a consultant therefore does not have the authority to enter into contractual arrangements on behalf of the Council. Supplier performance against agreed service levels is not monitored on a regular basis. <p>The findings and recommendations were agreed with the ICT Business Support Manager and Service Head – Customer Services</p>	<p>Moderate</p>	<p>Limited</p>

Management Comments on AXIS Income Management and e-payments

PCI DSS Self Assessment Questionnaire – Currently CAPITA have completed the PCI DSS SAQ and meet the standard. We have yet to complete our own SAQ but this will be addressed this year.

Password Controls – The existing levels of control do not have this level of security, but Version 7.2, currently being installed across the borough, does meet these requirements.

Ownership of the System – Head of Revenue Services, does now have ownership of AIMS and Income Management.

No review to confirm the extent of user access on the system – ICT have removed the Administrator Account account and all service desk accounts, except 1. User enrolments forms must be fully completed before creating or amending users.

Independent Penetration test – Agreed to investigate by October 2010. Firewall Rules - Agreed to investigate by October 2010.

Refunds – access to refunds has been withdrawn from all staff except designated managers who will be required to authorise all refunds made using the system.

Development of e-payments – all requests for system enhancements and additional services are now channelled through the Corporate Collection Forum.

Disaster Recovery – The Disaster Recovery Plan will be updated to include AIMS and Income Management.

Supplier performance – The SLA is held and regular meetings are now scheduled to address areas of poor performance.

Limited Assurance

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Old Church Nursery	July 2010	<p>The audit was designed to ensure that there were adequate and effective controls over the administration and financial management of the school. The Nursery School and the adjoining Children's Centre that provides day care and additional services are managed by the same Governing Body and the Head Teacher. Financial Services and administration support is also provided by the same staff. One third of the Head Teacher's and the Office Manager's salaries is recharged to the Children's Centre. 23 recommendations were made, including two Priority 1 and seventeen Priority 2 recommendations. Controls were adequate in School Meals, Voluntary Fund and School Journey. The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • Declarations of interest had not been obtained from four members of the Governing Body and staff with financial responsibilities. The Finance Manual document was unclear with respect to the Scheme of Delegations. • The budget for 2009/10 had been prepared without using the surplus balance brought forward from the previous financial year. • The school did not produce any cash flow forecast reports by profiling income across the year and comparing it to expenditure plans to monitor cash surpluses and deficits. • There was non-compliance with the Code of Finance Practice for the Supply of Goods, Works & Services. • There was no demonstration of separation of duties for some procurement. Orders had not been raised for the majority of procurements in the audit sample and there was no signature for receipt of goods and services in some cases. <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of Governors and the Corporate Director, Children's Services through Education Finance.</p>	Moderate	Limited

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Raines Foundation School	July 2010	<p>The audit was designed to ensure that there were adequate and effective controls over the administration and financial management of the school. The school has submitted an application for a licensed deficit and submitted their recovery plan to the Borough detailing the areas the school is focussing on to reduce expenditure. The school has experienced a high level of deficit due to overspend occurring on salaries, IT, and maintenance and due to pupil numbers reducing. Eight recommendations were made including two Priority 1 issues.</p> <p>Controls were adequate in Procurement, Accounting of Income and Expenditure, Charging Policy, Income Collection and Banking, Personnel and Payroll Management, School Meals, Security of the IT Infrastructure, Disaster Recovery, Data Protection, Risk Management and Insurance. The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • The Governing Body and Finance Committee meetings were clerked by the Bursar. This is not regarded as approved practice as per the Information for School Governors and specifically the 'Clerk to the Governing Body Overview'. • The school budgeted for a deficit of £448,841 for 09/10 due to overspends occurring on salaries, IT, and maintenance. Whilst the Bursar appeared to be monitoring the 2009/10 budget on a monthly basis and reporting this the Governing Body and the Finance Committee, the minutes of these meetings did not reflect how the budget deficit situation was being managed and whether the deficit was being reduced or not. <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of Governors and the Corporate Director, Children, Schools and Families.</p>	Moderate	Limited

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Thomas Buxton Infant School	June 2010	<p>The audit was designed to ensure that there were adequate and effective controls over the administration and financial management of the school. 14 recommendations were made including four Priority 1 issues. Controls were adequate in Accounting of Income and Expenditure, Voluntary Fund and School Journey and Asset Control and Security of Assets. The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • Examination of Financial Procedures Manual, Scheme of Delegation incorporating the Finance Procedures Manual and the Terms of Reference of the Finance & Resources Committee, highlighted significant discrepancies between the limits recorded in relation to expenditure and virements. • Quarterly budget monitoring reports are produced by the external Consultant. However, there was a lack of documentary evidence that these financial reports showing the variances were presented to the Finance Committee on a regular basis. • Procurement testing identified that official orders had not been raised for any of the six transactions sampled for which orders should have been raised. • Controls around pre-recruitment checks required improvement. <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of Governors and the Corporate Director, Children, Schools and Families.</p>	Moderate	Limited

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Swanlea Secondary School	July 2010	<p>The audit was designed to ensure that there were adequate and effective controls over the administration and financial management of the school.</p> <p>12 recommendations were made, including two Priority 1 issues. Controls were adequate in School Meals, Voluntary Fund and School Journey, Security of the IT Infrastructure, Disaster Recovery, Data Protection, Risk Management and Insurance. The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • The School Development Plan needed to be reported and approved by the full Governing Body. The scheme of delegation also needed to be approved by the Governing Body . • Budget virements had been made without documenting them or obtaining approval from the Governing Body. Moreover, the monthly bank reconciliations and VAT reports had not been reviewed by an independent officer and had not been sent to the Local Authority promptly. • In the last financial year there were six instances where the school had made procurements between £1,500 and £5,000 without obtaining the minimum two written quotations as per the School's Finance Policy. There were also three instances where the school had made procurements between £5,000 and £25,000 without obtaining the minimum three written quotations as per the School's Finance Policy. Furthermore, there was no evidence of undertaking any tendering exercise for photocopier contract. • Orders are not raised on RM Finance System. It is the view of Audit that this is an inefficient use of resources not to use the commitment facility of the RM System. <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of Governors and the Corporate Director, Children, Schools and Families.</p>	Moderate	Limited

Substantial Assurance

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Treasury Management Systems Audit	July 2010	<p>This audit sought to provide assurance that systems and procedures for controlling, monitoring and reporting treasury management transactions were sound, secure and adequate</p> <p>The Council has appointed Sector Treasury Services as its Cash Portfolio Management Partner. All services to be provided by Sector had been written into a formalised schedule of services document. Meetings were held to monitor the performance of the provider, however, these meetings required to be formally minuted. Our review also showed that investments were being made in accordance with the Council's Treasury Management Strategy and Policy, which was approved by the Cabinet. Overall, there were adequate systems and controls in place for managing the Treasury functions and procedures were being complied with. Some minor issues were identified around recording of interest rates offered on call accounts, certification of monthly reconciliations of control accounts by an independent officer not involved in the treasury function and accurate projection and calculation of cash requirements and balances available for investment on a daily basis.</p> <p>All findings and recommendations were agreed with the Service Head, Corporate Finance and reported to the Corporate Director, Resources.</p>	Extensive	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Cashiers – Cash Income Systems Audit	June 2010	<p>The Cashiers function is responsible for the collection, receipt and banking of monies due to the Council in the form of cash, cheques, BACS and CHAPS payments, and standing orders.</p> <p>Our review found that controls were adequate in Policies and Procedures, Banking and Unpaid Cheques, IT Systems and Security. The main weaknesses are identified below:-</p> <ul style="list-style-type: none"> • Cashiers do not receive updated approved signatory lists. Currently, the existing authorised signatory list is manually added to with new signatories when identified. However, no routine information is provided to Cashiers regarding authorised signatories that have left the Council or whether their delegated limits have changed. • End of day cash balancing is routinely undertaken, and it was found that ‘cash-up reports’ had been signed by two Cashiers in most cases, but there were a few occasions when these were signed by only one officer. • Bank and General Ledger reconciliations required to be completed and reviewed in a timely manner. <p>The findings and recommendations were agreed with the Service Head - Revenues and reported to the Corporate Director, Resources.</p>	Extensive	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
General Ledger Systems Audit	July 2010	<p>The authority is required to make arrangements for the proper administration of its financial affairs and to ensure the accuracy of the General Ledger to ultimately present its financial accounts. The General Ledger system in place at the Authority is the JD Edwards OneWorld system (JDE), which is the main accounting system and is fed by a number of other financial systems including Council Tax, Housing Benefits, Housing Income, Payroll, e-Billing, Revenues, Purchase Card Payments, Housing Rent and Cash collections. Feeder systems interface with the General Ledger to upload financial data on a regular basis. The audit found that controls were adequate in policies and procedures, completeness and accuracy of coding, and end of year procedures. The main weaknesses are identified below:-</p> <ul style="list-style-type: none"> • The suspense account was not cleared in a sufficiently timely manner. At the time of the audit, the total balance on the suspense account was £35,222,261.49. Approximately £33m had only recently been posted (less than six weeks old) however 56 items dated back to the year 2006. • Although there was adequate segregation of duties surrounding the input and approval of journal entries, Audit found that there were currently no financial limits for officers in respect of journal approvals. Sample testing of 25 journal postings identified three entries that were approved by junior officers (i.e. Assistant Accountant and a Trainee Accountant). • Although areas of significant over/under spends were reported to the Cabinet on a quarterly basis, we found that Finance Officers responsible for overseeing the budget did not prepare an action plan which documents how areas of significant under/overspends were to be managed. <p>The findings and recommendations were agreed with the Service Head – Corporate Finance and reported to the Corporate Director, Resources.</p>	Extensive	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Housing and Council Tax Benefits	June 2010	<p>The Authority is responsible for assessing and paying claims to HB claimants under regulations and guidance issued by the DWP. Benefit calculation is organised into four area teams with a central control function. Housing Benefits (HB) is a means-tested benefit that is paid to tenants with low income and limited capital, to help them to pay their rent. Housing benefits may be paid to council tenants as rent rebates and to other tenants, (Housing Associations and private sector), as rent allowances.</p> <p>Controls were adequate in policies and procedures, benefit and claim processing (including allowances), benefit calculation and accuracy (including allowances) coding, and management information. The main weaknesses are identified below:-</p> <ul style="list-style-type: none"> • There were no escalation procedures in place if overpayment of benefits was not recovered by the housing benefit officers. The housing benefit officers did not have the capability to take further action, including the use of Court Orders, where a debtor refuses to repay the overpayment through liaising with the housing benefit officers. • It was found that no reconciliations between the GL (One World) system and the Northgate Benefits system had been completed from September 2009 up to the date of the audit. <p>All findings and recommendations were agreed with the Service Head Customer Access & ICT and reported to the Corporate Director, Resources.</p>	Extensive	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Payroll Systems Audit	June 2010	<p>The objective of the Payroll system is to ensure that that the correct salaries and other monies payable are paid to the correct employees promptly in accordance with policies and procedures. During the main payroll run in January 2010, a total of £16,577,253 was paid out to a total of 10,674 employees. Controls were adequate in policies and procedures, amendments, payroll run, reconciliation and year end procedures, verification and validation of accuracy of standing data, performance management and management information. The main weaknesses are identified below:-</p> <ul style="list-style-type: none"> • There were weaknesses in the administration of starters and leavers. Key documentation had not been retained on personnel files. In particular, the following could not be identified on file: <ul style="list-style-type: none"> - One out of 20 new starters' forms; - One opt-out form from the LGPS, out of the 10 applicable cases; - Two out of the 20 leavers' forms; - Copies of three out 20 leavers' P45; and - One out of 20 loan application forms. • There were weaknesses in the administration of starters and leavers. Key documentation had not been retained on personnel files for items in the audit sample. These included documents such as new starters' forms, opt-out form from the LGPS, leavers' forms; leavers' P45; and loan application forms. • Sample testing of 20 staff reimbursements in January 2010 found an expense claim for additional hours worked which should have been processed as overtime. In addition, an expense claim for a telephone bill did not have sufficient detail/information (i.e. itemised bill) to establish if the costs were incurred for wholly for Council business. <p>The findings and recommendations were agreed with the Interim Service H.R. and Organisational Development, and reported to the Corporate Director, Resources.</p>	Extensive	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Business Continuity Planning (BCP)	June 2010	<p>The audit was designed to ensure that there were adequate and effective controls over the administration of Business Continuity Planning processes.</p> <p>Controls were adequate in Business Continuity Processes. Critical Functions, Disaster Escalation and Emergency Action Procedures, Business Continuity Plan Updates, Temporary and Salvage Temporary Finance Arrangement. However, weaknesses were identified in the following area:-</p> <ul style="list-style-type: none"> • Inspection of the Business Continuity Operational Procedures, identified that contact details for third parties have only been documented for ICT within the Resources Directorate and are not contained within the procedures for the other Directorates. <p>The findings and recommendation were agreed with the Corporate Safety and Civil Protection Manager.</p>	Extensive	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
ICT Change Management	June 2010	<p>The audit was designed to ensure that there were adequate and effective controls over the process for managing Changes to the IT Infrastructure and that change were adequately controlled.</p> <p>Weaknesses were identified in the following areas:-</p> <ul style="list-style-type: none"> • Of the three Council IT systems tested all use a different process to control system changes. The APP Environmental Protection system, which is administered outside of ICT, has different processes, while JD Edwards and Siebel CRM use different versions of the Application Change Request form and slightly different system development methodologies. • Sample testing of three approved changes showed approval for changes to be incomplete, indicating that either the flags are not used consistently, the required reviews are not taking place or changes rejected by these areas are still being approved for implementation • There are no Change testing standards defined within the user guide or change management documentation to provide guidance to ICT teams as to appropriate testing principles required for system changes. • The Change Control Meeting (CCM) requires change submissions to indicate the impact of the proposed change on the existing environment, however, these details are often omitted or limited as there is a lack of shared Configuration Management within ICT. Currently, Configuration Management is ad hoc and based on the knowledge of individuals around individual systems. 	Extensive	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
ICT Change Management		<ul style="list-style-type: none"> • When Service Desk and IT Moves are informed of the requirement to dispose of hardware, this information is not communicated to the staff maintaining the Asset Register. Therefore, scrapped assets are not always being marked as disposed of in the Asset Register. • The Service Desk is not receiving regular and periodic leavers' lists from HR and communication to individual application teams regarding leavers is inadequate. <p>The findings and recommendation were agreed with the ICT Business Support Manager and ICT Service Delivery Manager.</p>		

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
ICT Service Desk	August 2010	<p>The audit was designed to ensure that there were adequate and effective controls over the process for managing the provision of the IT Service Desk. Controls were adequate in Back-up and Recovery, Scope of Service Desk Activity. However, weaknesses were identified in the following areas:-</p> <ul style="list-style-type: none"> • Password Controls on the system could be improved. The Service Desk engineers have access to Council applications for support purposes in some cases such as Income Management this was a generic account which provides little accountability. There is a weakness in the process for notifying the Service Desk and application support of leavers from the Council. • The ICT SLA was accepted by all of the Departments within the Council in 2004, but has not been formally reviewed and updated. The SLA does not adequately address the scope of support to be provided by ICT with respect to the systems to be supported and any specific service level requirements for each Directorate. It was noted that service level management has not been in place. • Records are maintained of the Service Desk's year-to-date performance, but evidence that formal trend analysis is performed on this data could not be obtained. The September minutes indicated that the yearly trend shows improvements to ICT's overall performance figures but does not specifically note the Service Desk's year-to-date performance. Whilst some of the Service Desk's August statistics improved, it was noted that there were also declines in some statistics for the same month. Actions to stabilise the performance of the Service Desk have not been noted within the action log. 	Extensive	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
ICT Service Desk		<ul style="list-style-type: none"> <li data-bbox="584 379 1653 751">• The existing categorisation of priority levels does not reflect the severity of the calls falling within the specified categories due to the definition of these based on the number of users impacted instead of business impact. For example, a priority one call is an incident that affects more than ten users but the impact of this on the service is not explicitly considered. Furthermore, it was noted that the response and resolution times for calls is relatively lengthy. Comments within the Customer Satisfaction surveys indicate that users are dissatisfied with the length of time it takes to resolve calls. Of the users who responded to the September 2009 SOCITM survey questionnaire, 17.7% found the resolution of their calls during the first call to be unsatisfactory. <li data-bbox="584 788 1653 922">• Inspection of the Customer Satisfaction Surveys indicated that staff have raised concerns around the number of times they are required to chase calls to obtain information about the progress being made to resolve the issue that has been raised. <li data-bbox="584 959 1653 1161">• The interim escalation process does not provide for the follow up of non-major incident calls subsequent to escalation to ensure that they are appropriately resolved. As per inspection of the performance monitoring data, it was noted that several calls were in breach of SLA by the second-line staff and the KPI targets were not being reached by the Service Desk as a whole. <p data-bbox="584 1198 1653 1262">The findings and recommendation were agreed with the ICT Business Support Manager and Service Desk Manager.</p>		

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Legal Planning Meetings on Child Protection</p> <p>Follow Up Audit</p>	<p>Aug 2010</p>	<p>The key objective of this audit was to evaluate the action taken since the original audit review in November 2009 and to ensure that recommendations had been implemented as agreed.</p> <p>We have reported that out of seven priority 1 recommendations, all had been actioned and out of the six priority 2 recommendations all had been progressed but new recommendations emerged in some areas. The review identified that Legal Services produced a procedure note for the handling of Legal Planning Meetings (LPM). The procedure note clearly specified the roles and responsibilities of officers including specific performance standards for LPM's. Monitoring of performance against the performance standards specified in the LPM procedure note was robust. Adequate segregation of duties was enforced to ensure that the officer undertaking the initial assessment of risk was different to the officer who was allocated the case. However, we noted that on one occasion the officer undertaking the file review had also been allocated the case. Overall, we noted significant improvement in control.</p> <p>All findings and recommendations were agreed with Head of Legal Services – Community and final report was issued to the Assistant Chief Executive – Legal Services.</p>	<p>Extensive</p>	<p>Substantial</p>

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Homeless Families – Placing and Payments Systems Audit	July 2010	<p>The objective of this audit was to assure management that the systems of control for placing homeless families in suitable temporary accommodation and for making the agreed payments to various providers for the length of time the families stay in the accommodation are sound, secure and in accordance with the statutory requirements. There are satisfactory controls in place for the selection and payment of providers. The authorisation and payment of invoices is timely in the majority of cases and charges were within the set tariffs.</p> <p>Our review found that systems for placing and recording applications within the required timescale and criteria were satisfactory. Pre-inspections and managing agent inspections were being carried out. There were satisfactory controls in place for the selection and payment of providers. The authorisation and payment of invoices was timely in the majority of cases and charges were within the set tariffs. However, there were some weaknesses in the system, including gaps in recording of dates of inspections which meant that not all properties were being inspected by Managing Agents in accordance with the required 8-week visiting cycle. In terms of the required 3 monthly visits by the Council, our review showed that this objective was not being met due to resource implications, but we understand that a restructuring proposal was in place.</p> <p>All findings and recommendations were reported to the Head of Homelessness, Service Head Resources and the Corporate Director – D&R.</p>	<p>£37 M 2010/11 budget for Homeless and housing Advice</p> <p>1500 private leased dwellings</p>	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Children's House Nursery School	July 2010	<p>The audit was designed to ensure that there were adequate and effective controls over the administration and financial management of the school. Children's House is a mixed nursery school. Nine recommendations were made as a result of the audit work, including one priority 1 issue. Controls were adequate in Operation of Governance Processes, Procurement, Accounting of Income and Expenditure, School Meals, Voluntary Fund and School Journey, Security of the IT Infrastructure, Disaster Recovery, Data Protection and Risk Management and Insurance. The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • Signed salary assessments had not been given to teachers. HR functions of the school are carried out by the LA. • Review of Governing Body minutes for the previous twelve months confirmed that there was no documentary evidence that the School's Development Plan had been approved by the full Governing Body. • Review of the three bank reconciliations for the months from November 2009 to January 2010 identified that they were not signed by the Finance Consultant who undertakes the monthly reconciliations although these were signed by the Head Teacher as evidence of independent review. <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of Governors and the Corporate Director, Children, Schools and Families.</p>	Moderate	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
St John's CE Primary School	July 2010	<p>The audit was designed to ensure that there were adequate and effective controls over the administration and financial management of the school. 12 recommendations were made as a result of the audit work, although there were no priority 1 issues. Controls were adequate in Accounting of Income and Expenditure, School Meals, Asset Control and Security of Assets, and Risk Management and Insurance. The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • The school has developed a Code of Practice for Financial Management & a Delegation of Financial Authority. However, there were no procedures or limits specified in this document for writing off of debts and disposal of equipment. Furthermore procurement procedures for values between £10,000 and £15,000 were not included in this document. • The Terms of Reference of the Resources Committee and the Community Committee does not have a quorum requirement or frequency of meetings to be held. Furthermore, the Terms of Reference of the Resources Committee did not outline the delegated financial thresholds. The Community Committee had not met regularly during 2008 and the Resources Committee had met only three times within the last two years. None of the minutes are sufficiently detailed and signed by the relevant Chairs. • Testing of five staff starters identified that: None of the five starters had evidence of ID checks on files such as photocopies of passport, driving licences. Three starters did not have evidence of obtaining references on file. None had evidence of medical checks. One starter form was not available. <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of Governors and the Corporate Director, Children, Schools and Families.</p>	Moderate	Substantial

	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Sir John Cass Secondary Foundation and Redcoat School	June 2010	<p>The audit was designed to ensure that there were adequate and effective controls over the administration and financial management of the school. Nine recommendations were made as a result of the audit work, including three priority 1 issues. Controls were adequate in Operation of Governance Processes, Control and Monitoring of School's Bank Account, Accounting of Income and Expenditure, Charging Policy, Income Collection and Banking, Voluntary Fund and School Journey, Security of the IT Infrastructure, Disaster Recovery, Data Protection and Risk Management and Insurance. The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • Audit identified the following procurements where the school had not complied with the Financial Code of Practice: Three instances during the period from 1 April 2009 to 3 November 2009 where there was no evidence of obtaining at least two quotations for procurements over £5,000; and two contracts over £10,000 where there was no evidence of obtaining a minimum of three quotations as required by the Finance Code of Practice. • At the time of audit, all salary assessments for 2009/ 2010 which should be issued to all teachers on 1 September 2009 were unsigned. • The Bursar stated that the school updates the inventory with new purchases annually at the time of the annual stock take. This is not a satisfactory arrangement. Furthermore, Audit identified that one of the ten inventory items tested from around the school had not been recorded in the inventory and only one had been visibly security marked. <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of Governors and the Corporate Director, Children, Schools and Families.</p>	Moderate	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Bowden House School	June 2010	<p>The audit was designed to ensure that there were adequate and effective controls over the administration and financial management of the school. Bowden House is a residential special school that offers education to boys between the ages of 9 to 16 years. 11 recommendations were made as a result of the audit work, although there were no priority 1 issues. Controls were adequate in Financial Planning and Budgetary Control, Control and Monitoring of School's Bank Account, Accounting of Income and Expenditure, School Meals, Voluntary Fund and School Journey, Security of the IT Infrastructure, Disaster Recovery, Data Protection and Risk Management and Insurance. The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • Whilst the school has an approved Scheme of Delegations the levels of delegated financial limits for authorising expenditure and virements were not consistent with the recommended LA financial procedures. • The Chair of Governors was paid approximately £9,000 per annum school to provide consultancy service which was declared in the business interest register. However, the service commissioned from the Chair was not market tested and there was no specification for the work required. The Chair of the Finance Committee had not attended a meeting within the last year and had not been part of the financial decision making process. • A register of business interest is maintained. The school's Finance Officer and the Domestic Bursar have the delegated authority to assess bids for the school's contract opportunities but, have not made a declaration of pecuniary interest. <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of Governors and the Corporate Director, Children, Schools and Families.</p>	Moderate	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Columbia Market Nursery	June 2010	<p>The audit was designed to ensure that there were adequate and effective controls over the administration and financial management of the school. Columbia Market Nursery School is a community school which caters for boys and girls from the ages of 2 to 7 years with 80 children on roll.</p> <p>12 recommendations were made as a result of the audit work, although there were no priority 1 issues. Controls were adequate in Control and Monitoring of School's Bank Account, Personnel and Payroll Management, Voluntary Fund and School Journey, Security of the IT Infrastructure, Disaster Recovery, Data Protection and Risk Management and Insurance. The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • The Terms of Reference for the Finance and Premises committee did not specify the frequency of committee meetings and quorum requirements. Furthermore, Terms of Reference were not in place for other Committees. • Some of the Finance and Premises Committee meeting minutes do not adequately detail the decisions made, discussions held, documents approved and actions required. Finance and Premises Committee minutes had not been signed by the Chair to confirm the accuracy of the minutes of meetings held from November 2008. • The School could not produce evidence of authorisation of virements. <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of Governors and the Corporate Director, Children, Schools and Families.</p>	Moderate	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Bishop Challoner Catholic Collegiate Boys School	July 2010	<p>The audit was designed to ensure that there were adequate and effective controls over the administration and financial management of the school. The federated school encompasses separate boys' and girls' schools and a mixed sixth form on the same site. They are under the management of the same Governing Body and the Executive Head. 10 recommendations were made as a result of the audit work, although this did not include any priority 1 issues. Controls were adequate in Financial Planning and Budgetary Control, Accounting of Income and Expenditure, Personnel and Payroll Management, School Meals, Security of the IT Infrastructure, Disaster Recovery, Data Protection and Risk Management and Insurance. The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • The school's Finance Policy which contains the Scheme of Delegations had been reviewed in December 2009 and approved by the full Governing Body on 1 March 2010. It was identified that the Finance Policy did not contain the authorisation limits and protocol for the use of credit cards and authorisation of signatories for signing bank documents. • Terms of references of all Committees did not state the frequency of meetings to be held. However, it was noted that the Committees had met at least once a term during 2009. Further, the Terms of Reference of the Finance and Premises Committee did not outline the delegated financial limits. • The Charging Policy has not been updated since 15 May 2006. <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of Governors and the Corporate Director, Children, Schools and Families.</p>	Moderate	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Oaklands Secondary School	July 2010	<p>The audit was designed to ensure that there were adequate and effective controls over the administration and financial management of the school. 12 recommendations were made as a result of the audit work, including one priority 1 issue. Controls were adequate in Accounting of Income and Expenditure, School Meals, Voluntary Fund and School Journey, Security of the IT Infrastructure, Disaster Recovery, Data Protection and Risk Management and Insurance. The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • The Code of Financial Practice and the Scheme of Delegations had not been approved by the full Governing Body. The Finance Committee had reviewed and approved the document at the meeting on 22 September 2009. • Review of the Code of Financial Practice and Scheme of Delegation documents identified that whilst the Bursar and Budget holders are given delegations to approving orders no maximum limit had been specified. • Terms of references of Committees did not state the frequency of meetings to be held. However, it was noted that the Committees had met at least once a term during 2009. • Review of the School Improvement Plan identified that whilst there is a 'Costs' section in the plan, the objectives are not clearly costed hence not linked to the budget. <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of Governors and the Corporate Director, Children, Schools and Families.</p>	Moderate	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Manorfield School</p> <p>New Build Current Contract Audit</p>	<p>June 2010</p>	<p>The objective of this audit was to assure management that the systems for controlling the cost and programme of works during the currency of the contract was sound and secure.</p> <p>Our review showed that controls in place for managing the works programme, making payments and controlling variations were sound. Health & Safety requirements were in accordance with Construction Design and Management Regulations. However, the review showed weaknesses in the tendering process around the control and monitoring of addendums sent to the contractor after the tenders were received and opened.</p> <p>All findings and recommendations were agreed and reported to the CSF Service Head Resources and Procurement Manager.</p>	<p>£3.6M</p>	<p>Substantial</p>

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Implementation of the Common Assessment Framework (CAF)	June 2010	<p>The objective of this review was to provide assurance that the system of CAF was implemented adequately across the Council.</p> <p>CAF is a standardised approach to conducting assessments of children's additional needs and deciding how these should be met. Intended for use by all practitioners across all services that come into contact with children in England, the system should promote more effective, earlier identification of additional needs, particularly in universal services.</p> <p>Our review showed that there was good quality project planning and there was evidence of continuous updating of objectives and outputs as the project progressed in its life-cycle. The framework for coordinating the implementation was well organised. There was also sound programme of training to embed CAF. Methods and systems for monitoring and evaluating the impact of CAF were set up. Monitoring reports were issued to the DMT, the Voluntary Sector Forum and management teams within Children and Adult Services. Monitoring enabled the project board to target managers who were still not using CAF or those who were carrying out CAFs but not logging them.</p> <p>Some minor weaknesses were identified including keeping a clear record of minutes of the steering group meetings and producing periodic progress reports which compare actual project outcomes against those planned.</p> <p>All findings and recommendations were agreed and reported to the Corporate Director – Children's Schools and Families.</p>	Moderate	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Transport Fuel Purchase and Utilisation</p> <p>Follow Up audit</p>	<p>June 2010</p>	<p>A review of the processes in place for managing and monitoring Fuel Purchases and utilisation was undertaken in August 2009. A number of recommendations were made following the audit. The objective of the Follow Up audit was to provide assurance that the recommendations made within the Audit report were implemented as agreed.</p> <p>The follow up audit found that out of four priority 1 recommendations 3 had been implemented and that out of three priority 2 recommendations good progress had been made by the Transport Fleet Management Service in addressing the weaknesses identified in the original Audit report, specifically in the area of ensuring that line managers across the Council carry out proper investigations and action planning to improve fuel utilisation of the fleet of vehicles under their management.</p> <p>The findings and recommendations of the follow up audit were agreed with the Transport Manager and the Service Head Public Realm, and final report was issued to the Corporate Director, Communities, Localities and Culture.</p>	<p>Moderate</p>	<p>Substantial</p>

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Transport Recharges Follow Up Audit	July 2010	<p>This follow up audit assessed the progress made in implementing 6 recommendations made at the conclusion of the original audit in August 2009.</p> <p>Our review found that all five priority 1 recommendations had been implemented and one priority 2 recommendation had still to be implemented. Overall we found that good progress had been made by the Transport Fleet Management Service in addressing the weaknesses identified in the original Audit report. Guidance notes / procedures for the TSU Budget Management & Monitoring had been developed and documented. A detailed review of the TSU had been undertaken to ensure compliance with accounting standards and to identify opportunities for improvement in accounting and recharging procedures. The TSU Budget for 2010 / 11 showed that the operational costs relating to the management and administration of the service had been clearly apportioned across the Fleet, Passenger and Workshop budgets. Detailed notes accompanying the accounts gave explanation for the various entries in the build up for transport expenditure, which increased the transparency of the process. However, the Budget Monitoring reports for the Passenger Transport and Fleet Management budget needed to be broken down by vehicles, so the monitoring information at individual vehicle level was more meaningful to the Transport Service Manager.</p> <p>All findings and recommendations were agreed with the Finance Manager and Service Head, Public Realm and final report was issued to the Corporate Director, Communities, Localities and Culture</p>	Moderate	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Street Works – Follow Up	July 2010	<p>This audit was a second follow-up to the audit review and was undertaken as part of the 20010/11 Audit Plan. The key objective of this audit was to evaluate the action(s) taken since the original audit review and to ensure that the recommendations were implemented as agreed.</p> <p>Our review has shown that out of seven priority 1 recommendations followed up, six had been implemented. The one outstanding recommendation related to carrying out of a risk assessment to identify areas of work priorities for the Council. We also noted that a system of local performance indicators with targets had been set up and we recommended that it should now be ensured that performance is measured, monitored and reported to an appropriate level of management.</p> <p>All findings and recommendations were agreed with the Service Head, Public Realm, and final report was issued to the Corporate Director, Communities, Localities and Culture.</p>	Moderate	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Street Lighting Follow Up audit	Aug 2010	<p>This audit was a second follow-up to the audit review and was undertaken as part of the 20010/11 Audit Plan. The key objective of this audit was to evaluate the action(s) taken since the original audit review and to ensure that the recommendations were implemented as agreed.</p> <p>The follow up audit showed that out of eight priority 1 recommendations made at the conclusion of the first follow up audit, five had been implemented. The three outstanding recommendations had been partially implemented and further work was required to improve the control environment within these areas. We noted that a system of local performance indicators had been set up and it should now be ensured that performance is measured, monitored and reported to an appropriate level of management.</p> <p>All findings and recommendations were agreed with the Service Head, Public Realm, and final report was issued to the Corporate Director, Communities, Localities and Culture.</p>	Moderate	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Strategic Management of SLAs Follow Up audit Tower Hamlets Homes	Aug 2010	<p>The objective of this audit was to follow up recommendations made at the conclusion of an earlier audit in September 2009.</p> <p>This follow up review showed that six out of the seven previous audit recommendations had been implemented and one recommendation was in the process of being implemented. We reported that the majority of SLAs had been reviewed by THH and all SLA reviews were due to be completed by September 2010 which was in accordance with the current timetable agreed by Board Members. Our testing showed that Service Specification had been revised in order to include the cost of service provision, performance standards and performance targets and the processes for dealing with any issues of poor performance. All SLAs, which had been finalised, had been signed by both organisations.</p> <p>All findings and recommendations were agreed by the THH Director of Finance and Resources. Final audit report was sent to the Chief Executive.</p>	Moderate	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Community Safety Project Management Follow Up Audit	July 2010	<p>This follow up audit assessed the progress made in implementing 6 recommendations made at the conclusion of the original audit in May 2009.</p> <p>Our review showed that out of two priority 1 recommendations, both had been actioned. Of the four priority 2 recommendations followed up, all had been implemented. Agreed Project Management Framework document had been put in place which included governance arrangements for programme and project management. Signed SLAs were in place for all projects examined by audit. The delivery agent monitoring returns were consistently recorded and assessed in all Strategic Partnership groups and the Programme Board Action Plans were amended to include all the necessary monitoring information. Overall, our review showed significant improvement had been achieved in all of the areas examined by audit.</p> <p>All findings were reported to the Service Head Crime Reduction.</p>	Moderate	Full

APPENDIX 3

Follow Up Audits – List of Priority 1 Recommendations still to be Implemented

Audit Subject	Recommendation	Service Head	Officer Name
Purchase and Utilisation of Transport Fuel	In order to ensure that line managers carry out proper investigations and action planning to improve fuel utilisation, Fleet Management should send copies of monitoring reports highlighting excessive fuel usage to Directorate Finance Managers and Service Heads.	Jamie Blake Communities, Localities and Culture.	John Stevens
New Street Works	Risk assessment should be carried out to identify areas of work which are the key priorities for the Council.	Jamie Blake Communities, Localities and Culture	Margaret Cooper
Street Lighting	Consideration should be given to analyse the actual costs to the authority as a result of the scouting operation being passed on to the contractor to assess if value for money is being achieved.	Jamie Blake Communities, Localities and Culture.	Margaret Cooper

Follow Up Audits – List of Priority 2 Recommendation still to be Implemented

Audit Subject	Recommendation	Service Head	Officer Name
Transport Recharges	The Finance Manager should ensure Budget Monitoring reports for the Passenger Transport and Fleet Management budget should be broken down by vehicles, so the monitoring information is more meaningful to the Transport Service Manager.	Luke Cully – Finance Manager	Luke Cully