

REPORT TO:	DATE	CLASSIFICATION	REPORT NO.	AGENDA NO.
Audit Committee	22nd March 2011			
REPORT OF: Corporate Director, Resources ORIGINATING OFFICER(S): <i>Minesh Jani, Service Head, Risk Management and Audit</i>		Quarterly Internal Audit Assurance Report Ward(s) Affected: N/A		

1. SUMMARY

- 1.1. This report summarises the work of Internal Audit for the period January and February 2011.
- 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 December 2010, 17 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.

- 5.2. **The Audit Committee is 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	-	10	2	-	12
	Moderate	-	5	-	-	5
	Low	-	-	-	-	-
Total Numbers		-	15	2	-	17
Total %		-	88%	12%	-	100%

- 5.4. From the table above it can be seen that of the twelve finalised audits which focused on high risk or high value areas; ten were assigned Substantial Assurance and two received Limited Assurance. A further five audits were of moderate significance and of these, all were assigned Substantial Assurance.
- 5.5. Overall, 88% of audits resulted in an adequate assurance (substantial or full). The remaining 12% 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 February 2011	80%	81%
Percentage of Priority 1 Audit Recommendations implemented by Auditees at six monthly follow up audit stage	100%	95% 19/20
Percentage of Priority 2 Audit Recommendations implemented by Auditees at six monthly follow up audit stage	95%	95% 20/21

- 6.2. The table above shows that the proportion of internal audit work completed to January 2011 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 95%, whereas the percentage of priority 2 recommendations was 95%. Relevant Corporate Directors were sent copies of the final Follow Up audit reports. Details of recommendations not implemented are set out in Appendix 3.

7. Comments of the Chief Financial Officer

7.1. These are contained within the body of this report.

8. Concurrent Report of the Assistant Chief Executive (Legal Services)

8.1. There are no immediate legal implications arising from this report.

9. One Tower Hamlets

9.1. There are no specific one Tower Hamlets considerations.

9.2. There are no specific Anti-Poverty issues arising from this report.

10. Risk Management Implications

10.1. This report highlights risks arising from weaknesses in controls that may expose the Council to unnecessary risk. This risk highlights risks for the attention of management so that effective governance can be put in place to manage the authority's exposure to risk.

11. Sustainable Action for a Greener Environment (SAGE)

11.1. There are no specific SAGE implications.

Local Government Act, 1972 SECTION 100D (AS AMENDED)
List of "Background Papers" used in the preparation of this report

Brief description of "background papers"

Contact :

N/A

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Summary of Audits Undertaken

APPENDIX 1

APPENDIX 1

Assurance level	Significance	Directorate	Audit title
LIMITED	Extensive	Corporate	Establishment Control – Systems Audit
	Extensive	Resources	Payment by CHAPS
SUBSTANTIAL			
	Extensive	Corporate	Management and Control of Leavers
	Extensive	Resources	Council Tax – Systems Audit
	Extensive	Resources	NNDR – Systems Audit
	Extensive	Resources	Debtors – Systems Audit
	Extensive	Tower Hamlets Homes	Gas Repairs and Maintenance
	Extensive	Tower Hamlets Homes	Control of Keys to Decanted Dwellings in Ocean Estate Follow Up Audit
	Extensive	Tower Hamlets Homes	Control of Keys to Void Dwellings Follow Up Audit
	Extensive	Tower Hamlets Homes	Service Charges (Recovery Aspects) Systems Audit
	Extensive	Adults, Health and Wellbeing	Quality Assurance systems
	Extensive	Development and Renewal	St. Paul's Way Current Contract Audit – Building for Schools Programme – Follow up Audit

Summary of Audits Undertaken

APPENDIX 1

Assurance level	Significance	Directorate	Audit title
SUBSTANTIAL	Moderate	Communities, Localities and Culture	Parking permits Follow up audit
	Moderate	Communities, Localities and Culture	Management and Control of CCTV Room
	Moderate	Children, Schools and Families	Children's Social Care Commissioning – Follow Up Audit
	Moderate	Children, Schools and Families	Clara Grant Primary School
	Moderate	Children, Schools and Families	Bonner Primary School

**Summary of Audits Undertaken
Limited Assurance**

APPENDIX 2

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Establishment Control Systems Audit	Feb. 2011 (Final)	<p>The objective of this audit was to provide assurance that systems in place to control and manage the Council's Establishment Lists were sound and secure. The Council's Financial Regulations CR9 requires senior managers to ensure that staffing budget is an accurate forecast of staffing levels and that staffing budget is not exceeded without due authority. The following issues were highlighted:-</p> <ul style="list-style-type: none"> • Audit testing in 12 service areas across six Directorates showed that the Council's Establishment List maintained by HR at the time of audit did not accurately reflect the true operating structure as at that date. There were a number of inconsistencies. For example, number of staff in post were different to the number of posts shown on the List; instances of pay grades being different to the actual grades; some cases of duplicate entries on the List; vacant posts were not correctly identified on the List; vacancies covered by agency staff were not identified; and officers moving across work areas were not reflected on the List. Therefore, Audit could not give assurance that the List accurately reflected the Council's operating structure. • A comprehensive system for creating and deleting posts from the List is needed. • There was also a need to identify long term vacancies on the Establishment List and deciding if the posts were still required or be removed from the structure. • Our analysis of budget reports for the 12 service areas in the audit sample showed that staffing budgets did not always reflect staffing levels, as required by the Council's Financial Regulation CR 9.3. This resulted in staffing budgets being either under funded and over funded in some cases. <p>All findings and recommendations were agreed with the Service Head HR and WD. Final report was sent to the Corporate Director, Resources.</p>	Extensive	Limited

Management Comments

The Human Resources Improvement Programme (HRIP) commenced a process of strengthening the establishment mechanism within the authority. This has involved liaising with directorates to revise and update establishment maps to make the process more robust and has entailed the creation of a more centralised model to ensure consistency, timely and accurate data. New systems are being implemented to ensure that the establishment is monitored on a regular basis at the highest level in the organisation.

Monthly reports and reconciliation actions with Directorates and Finance will be conducted, quarterly reviews will be presented to CMT, an internal audit will be conducted in October 2012 and an annual review will be presented to CMT.

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Payments by CHAPS Systems Audit	Feb. 2011	<p>The Clearing House Automated Payment System (CHAPS) is an electronic payments system for making payments via the Finance Director (FD) system controlled by the Co-Op Bank for values exceeding £1M. Upon requests by Directorate staff, CHAPS payments are initiated, processed and controlled by the Corporate Finance team. During the period April to September 2010, around £340M was paid to creditors via CHAPS by the Council. The objective of this audit was to ensure that systems and controls for initiating, processing, approving, reconciling and accounting for CHAPS payments were sound and secure. Our review showed that although there were adequate controls in place to safeguard the use of CHAPS, there were some key weaknesses in the current system:-</p> <ul style="list-style-type: none"> • Although there was a system in place to reconcile CHAPS payments made via the FD system with the Council's General Ledger system, there was a period of 5 months (April 2010 to September 2010) during which reconciliations were not carried out due to the officer's workload. • As CHAPS payments do not interface with the Council's General Ledger system, a journal transfer has to be made for each payment. Our testing showed that journals were carried out, on average, 7.4 days after CHAPS transmission. The longest journal time in the sample was 18 days. We noted that the cumulative reconciliation for the period April 2010 to February 2011 between cash control account and JDE, showed that some £225.9M of transactions during this period were not posted. Delays in journal transfers can have budgetary control implications. • There was a clear policy and criteria for making CHAPS payments. However, payments which did not meet these criteria were processed via CHAPS. There was no standard system to ensure that each request was supported by an approved AP1 Voucher together with relevant evidence and back up documentation. <p>All findings and recommendations were agreed with the Service Head, Corporate Finance and final report was issued to the Corporate Director, Resources.</p>	Extensive	Limited

Management Comments from Service Head, Corporate Finance

Ideally the CHAPS system needs to be used sparingly and in a controlled and planned way to make major payments to suppliers and other creditors. Some of the issues raised in the report arise from the fact that the system has tended to become a convenient way for officers to make payments quickly as a consequence of poor planning. For this reason, one of the outcomes of the review will be to introduce a small charge to Directorates to CHAPS payments which should discourage unreasonable demands on the system.

It is unacceptable for officers to fail to undertake key control processes on the basis of workload. If such occasions should arise unavoidably, they should always be reported upwards so that managers can respond appropriately, and Finance officers are now aware of this.

Management Comments from Chief Financial Strategy Officer

The majority of the recommendations have already been implemented and the remainder are being progressed actively. SMART targets have been set to ensure the remaining recommendations are implemented by the end of June 2011.

Substantial Assurance

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Management and control of leavers</p> <p>Systems Audit</p>	<p>Feb. 2011</p>	<p>The objective of this audit was to provide assurance that systems of control around the Management and Control of Leavers were sound and secure.</p> <p>Our review showed that overall there were adequate controls in place. However, the following issues were raised:-</p> <ul style="list-style-type: none"> • Policy and procedures for Leavers were contained in the document called “Exit Procedure” and “Exit Procedures – Guide for Managers”. These documents were dated August 2004 and required to be reviewed and updated to ensure that they reflect current procedures for managers. Moreover, the local procedures for administering leavers at HR level needed to be developed to help ensure coherency and standardisation. • There was no evidence on file to show that switchboard, IT, and procurement sections were notified of the leaver promptly. This increased the risk of a leaver still having access to the IT systems and the building. The ‘return of Council property’ section of the leavers form which is required to be completed by the line managers was incomplete/unavailable for review in 26 of 50 cases tested. • From our testing we established that in 44 of 50 cases the correct amount of salary was paid to the leaver based on their last working day. In the remaining six cases, there were four overpayments and two underpayments made to leavers. The reason was that line managers had failed to notify payroll of the leaver promptly. We have verified that all overpayments in our sample had been recovered and that all sums underpaid had been settled. <p>All findings and recommendations were agreed with the Service Head, HR and WD. Final report was issued to the Corporate Director, Resources.</p>	<p>Extensive</p>	<p>Substantial</p>

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Council Tax – Systems Audit	Feb. 2011	<p>The objective of this audit was to provide assurance that systems and controls for collecting Council Tax were sound and secure.</p> <p>Our review showed that there was a service plan in place which documented the team's objectives. There was a procedure manual covering main aspects of the council tax process (i.e. billing, collection, discounts, exemptions, enforcement and recovery). However we noted that quality checks covering all officers within the Council Tax section were not being undertaken on a periodic basis.</p> <p>Procedures for amendments to standing data, billing, payments and recovering of arrears were adequate. Our testing of a sample of 40 cases of single persons discounts showed that controls were adequate in this area. In addition, testing of a sample of 40 cases of refunds showed that these were supported by notification by the taxpayer and all were appropriately approved and certified. Reconciliation of cash movements in respect of council tax was undertaken on a daily basis and the working papers were signed by the Senior Revenues Officer and the Revenues Support Manager. Management information was being produced on a regular basis. Collection as at the end of October 2010 was 54.05% against 55.15% when compared to the same period last year.</p> <p>We raised one recommendation which was agreed with the Head of Revenues and the final report was issued to the Corporate Director, Resources.</p>	Extensive	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>NNDR Systems Audit</p>	<p>Feb. 2011</p>	<p>This audit was designed to provide assurance that controls around raising of NNDR accounts and for collecting and recovering NNDR payments were sound and secure.</p> <p>Our review showed that there was a team plan in place which documented the team's key activities and performance objectives. The team's key processes covering main aspects such as billing, collection, discounts, exemptions, enforcement and recovery were clearly documented. However we noted that quality checks covering all officers within the team were not being undertaken on a periodic basis.</p> <p>Procedures for setting up NNDR account and for amending standing data and account details were adequate. Our testing of a sample of 40 cases of refunds showed that these were correctly processed. In all cases each account was in credit (i.e. recording a balance due) before the refund was paid. Prior to payment of each refund, the NNDR team had received documentation from the ratepayer and necessary documentation (an AP1 form) was completed by one officer who was responsible for calculating the overpayment and checked and signed by a more senior officer. All refunds were correctly assessed in accordance with procedures. Systems for assessing liability and relief were adequate. Recovery of arrears and write-offs were in accordance with procedures. Regular reconciliations were undertaken with the general ledger system and management information was being produced on a regular basis. Collection rate as at the end of October 2010 was 68.58% against a target of 57.4%.</p> <p>We raised one recommendation which was agreed with the Head of Revenues and the final report was issued to the Corporate Director, Resources.</p>	<p>Extensive</p>	<p>Substantial</p>

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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Sundry Debtors Systems Audit	Feb. 2011	<p>The objective of this audit was to provide assurance that systems for raising sundry debtors, collection of debt income and recovering of arrears are sound and secure. The Council's Financial Procedures provide an overarching framework for debt management. These are supported by local procedures for invoicing, collection, reconciliation, recovery and write off. Our testing showed that accurate invoices had been raised in all 20 cases we reviewed. Invoices had been raised in a timely manner with correct debtor name, amount and general ledger code. Testing of a sample of 20 credit notes showed that cancellation notifications were referenced to original invoices, and credit notes were appropriately raised. The control account balance on JDE was being reconciled to balances on IBS Income System on a monthly basis. Working papers were signed by the officer preparing the reconciliation, however, these were not signed to confirm independent review.</p> <p>We found adequate segregation of duties between officers raising invoices, officers receipting the payments and officers accounting for payments. A sample of 20 receipts was selected to assess the effectiveness of the interface between AIMS and IBS system and we found that all receipts had been correctly allocated to the debtor account. Unallocated items had been posted to suspense and cleared to the right account. Recovery of arrears was adequate, each debt sampled had been allocated various codes over the recovery process. A sample of 20 write offs was tested and all had been appropriately authorised.</p> <p>Adequate management information was being produced. Collection rates as at October 2010 showed that the Council remained on target to achieve the end of year target of 88%.</p> <p>We raised one recommendation which was agreed with the Head of Revenues and the final report was issued to the Corporate Director, Resources.</p>	Extensive	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Gas Repairs and Maintenance</p> <p>Systems Audit</p>	<p>Dec. 2010</p>	<p>The objective of this audit was to provide assurance that systems for ordering, inspecting, paying and monitoring the repairs and service works are sound and secure.</p> <p>Our review showed that generally there were adequate systems in place to control and monitor gas servicing and repairs works. At the time of audit, 99.98% of all properties had a valid CP12 Gas Safety certificate. The systems for scheduling servicing and for ordering repairs works were satisfactory. Works were generally specified and charged in accordance with the contract conditions. However, we were unable to verify the Schedule of Rates items used for gas servicing repairs on demand and gas servicing to occupied properties, as the documentation which supported these items as being an addendum to the contract was not available for inspection. There were no specific post-inspection criteria and thresholds for gas repairs and servicing works as post-inspections were carried out on the same basis as responsive repairs. Although there was some assurance that gas repairs and servicing works were carried out by accredited operatives, we found that the checking and monitoring of accreditation levels needed to be improved.</p> <p>We have recommended that the overall findings and recommendations made in this audit would apply to the new gas servicing contract which is due to commence in April 2011. Therefore, if the same workflows are transferred across to the new contract, the recommendations should be reflected within new monitoring procedures to support the new Clienting model.</p> <p>All findings and recommendations were agreed with the Director of Asset Management and final report was issued to the Chief Executive, THH.</p>	<p>Extensive</p>	<p>Substantial</p>

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Control of Keys to Decanted Dwellings in Ocean Estate Follow Up Audit	Nov. 2010	<p>The objective of this audit was to assess the progress made in implementing the recommendations made at the conclusion of the original audit finalised in January 2010.</p> <p>From our testing, it was confirmed that all seven recommendations had been progressed and implemented. Written procedures for securing and decommissioning dwellings earmarked for decanting had been put in place. The contract for providing 24 hour patrols at the Ocean Estate was regularised. The funding for the works was agreed with LBTH.</p> <p>All findings were agreed with the Director of Housing and Customer Services and final report was issued to the THH Chief Executive.</p>	Extensive	Substantial

Substantial Assurance

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Control of Keys to Void Dwellings Follow Up Audit	Nov. 2010	<p>The objective of this audit was to assess the progress made in implementing the recommendations made at the conclusion of the original audit finalised in January 2010.</p> <p>From our testing, it was confirmed that of the twelve recommendations made, eleven had been implemented and one priority 1 recommendation was partly implemented. Overall, we found that improvement had been made in the control and security of void keys. Written procedures for guiding officers on key control issues and on logging and monitoring of keys had been developed. There was some monitoring of void keys. However, we recommended that the results of periodic audits and spot checks should be reported to the SMT and/or Voids Panel on a regular basis</p> <p>All findings were agreed with the Director of Housing and Customer Services and final report was issued to the THH Chief Executive.</p>	Extensive	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Service Charges (Recovery Aspects)</p> <p>Systems Audit</p>	<p>Oct. 2010</p>	<p>The objective of this audit was to provide assurance to management on whether the systems of control around Service Charges (Recovery Aspects) at Tower Hamlets Homes (THH) were sound, secure and adequate.</p> <p>A 2010/11 Leaseholder Services Team Plan was compiled detailing key deliverables and milestones. Whilst it was noted that most of the milestones were on schedule to be achieved or had already been achieved ahead of target, there were some milestones which had slipped including resolving misallocations on SX3 Northgate, and increasing the number of standing orders and direct debit.</p> <p>It was noted that the Leaseholders Services Management team needed to continue to improve arrears performance so that it complied with the documented processes including the timeliness of chasing historical arrears. Due to systems incapability, automatic reminder letters for missed payments and other appropriate recovery action were not being sent to leaseholders to recover the arrears. This can have implications including not being able to pursue effective and efficient recovery options and that any non payment is not resolved accurately, adequately and in a timely manner.</p> <p>We also found examples of cases where due to the significant time taken to resolve a dispute, the write-off made on the account significantly exceeded the amount recovered from the leaseholder. Whilst it was acknowledged that the amount held in the suspense account had been reduced from £506,288.98 to £405,582.49, a substantial balance still remained on the system.</p> <p>All findings and recommendations were agreed with the Head of Leaseholder Services at THH and a final report was issued to the Director of Housing and Customer Services at THH.</p>	<p>Extensive</p>	<p>Substantial</p>

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Quality Assurance systems	Feb. 2011	<p>The objective of this audit was to provide assurance that the Quality Assurance Framework system within Adults, Health and Wellbeing Directorate was effective.</p> <p>The Directorate has clear governance framework for Quality Assurance at strategic and operational levels incorporating both a Quality Board and a Performance Board. A Quality Assurance Framework, which underpins the quality agenda has been developed. Policies and procedures supporting the quality agenda are being developed. A Quality Team has been set up to oversee, support and work with teams to ensure that quality is at the heart of good practice and excellent service delivery across the Directorate. The Quality Team has a clear team plan for 2010/11, which identifies a number of key activities, progress milestones and responsible officers to achieve the milestones. Regular monitoring of the progress in achieving the quality standards is being undertaken by the Team and reported to the Quality Board.</p> <p>However, our review showed that there may be some overlap between the two Boards and hence we have recommended that the arrangements for Performance Board be reviewed. Although policies and procedures for the whole Directorate were published on the LBTH intranet, some of these were out of date and needed to be reviewed. There was no formal risk assessment of the Quality Team's team plan and hence any operational and cross-Directorate risks had not been identified, assessed and placed in the appropriate Risk Register. While Service Standards were in place for the majority of front line services, the process of having Standards for all teams and services within the Directorate has yet to be completed. A wide range of quality control methods, including Audit Case Record (CRA) tool, have been identified and are being used for monitoring purposes. However, individual team managers and service managers were not fully compliant with the CRA process due to work pressure. We also noted that other quality control methods such as satisfaction surveys, mystery shopping and one-to-one service user interviews have yet to be developed.</p> <p>All findings and recommendations were agreed with the Interim Service Head, Disabilities and Health and final report was issued to the Corporate Director, Adults, Health and Wellbeing.</p>	Extensive	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>St. Paul's Way School</p> <p>BSF Contract Audit</p> <p>Follow Up</p>	<p>Dec. 2010</p>	<p>This review followed up recommendations made at the conclusion of the original audit finalised in April 2010. Our review has shown that of the four priority 2 recommendations we followed up, all of these had been implemented.</p> <p>Our review showed that reports on monthly progress of works completed to verify the validity of the milestone payments were included within the monthly financial review reports from the Independent Certifier. The Head of Building Schools for the Future had advised the Independent Certifier that contract certificates were to be issued in sequential order to ensure that officers could easily verify payments for each contract within the BSF programme. The Independent Certifier was also advised that Variations should run sequentially to the contract to which they apply and not intermingled with variations for other contracts within the BSF programme. The Local Education Partnership was advised on the procedures to be followed for future contracts administered by the Construction Design and Management (CDM) coordinators to ensure that written confirmations were received to confirm that the health and safety plan for each project had been sufficiently developed by the principal contractor before constructions work started on site to comply with the CDM Regulation 16, 22 (1) (c), 23 (1) (a) and 23 (2).</p> <p>The final report was sent to the Service Head, Building Schools for the Future and also the Corporate Director, Development and Renewal.</p>	<p>Extensive</p>	<p>Substantial</p>

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Parking permits Follow up audit</p>	<p>Jan. 2011</p>	<p>The objective of the audit was to assess the progress made in implementing the recommendations agreed at the conclusion of the original audit in February 2010.</p> <p>Our Follow-up review has found that of the seven priority 1 recommendations agreed at the conclusion of the original audit, six have been progressed. Of the four priority 2 recommendations made in the original audit report; three were fully implemented and one was currently in progress.</p> <p>The follow up review showed that there is a clear policy framework for Parking Services which incorporates clear delegation to officers to determine eligibility criteria for all Parking Permits. This Policy was approved by the Cabinet. There are clear procedures covering the systems for recording of spoils and cancellations of all permits as well as scratch cards. Comprehensive procedures have been developed for officers when suspected fraudulent applications are obtained. Two areas where further work was needed was ensuring that appropriate Service Level Agreements were formally agreed with Cashiers and One Stop Shops, and that a monitoring system was introduced to ensure that proper reconciliations were undertaken between the total net income collected on the Axis system against the daily collection.</p> <p>All findings and recommendations were agreed with Head of Parking and final report sent to the Corporate Director CLC.</p>	<p>Moderate</p>	<p>Substantial</p>

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Management and Control of CCTV Room	Jan. 2011	<p>This audit sought to provide assurance that the systems of control around the CCTV Control Room were sound, secure and adequate.</p> <p>Overall, there were adequate systems in place for management of the CCTV control room. Our review showed that a CCTV Strategy covering the period 2007-2010 had been compiled. A Code of Practice and Procedures Manual in respect of the operation of the LBTH CCTV control room was in place. The Code of Practice and Procedures Manual was last reviewed and revised in April 2010 and included sections covering the aims and purposes of the CCTV system. The Corporate H&S Risk Assessment had been completed for the CCTV control room and mitigating actions were in place. However, a record of key operational and strategic risks specifically relating to the CCTV control room was not being maintained. We have therefore recommended a service specific risk assessment should be carried out to include all strategic and operational risks to the service area. Measures by which the CCTV control room's performance was assessed had been identified in the CCTV Strategy. However, the monitoring and review of performance against the KPIs needed to be strengthened.</p> <p>All findings and recommendations were agreed with the Service Head - Crime Reduction and final report was issued to the Corporate Director, CLC.</p>	Moderate	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Children's Social Care- Commissioning and Monitoring Follow Up Audit	Dec. 2010	<p>The objective of this audit was to provide assurance that the agreed recommended actions at the conclusion of the original audit in November 2009 had been implemented. Out of the seven recommendations made, all two Priority 1 and all five Priority 2 recommendations had been implemented.</p> <p>Our follow-up review showed that clear guidelines and procedures were put in place for the new commissioning functions following the restructure of the service. Comprehensive record of activities was maintained for every project entered into. Records of staff declarations of interest had been maintained. Official orders were raised in every case for goods and services ordered, and budget monitoring meetings were being minuted with action points and updates included.</p> <p>Final report was issued to the Corporate Director, Children, Schools and Families.</p>	Moderate	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Clara Grant Primary School	Feb. 2011	<p>The audit was designed to ensure that there were adequate and effective controls over the administration and financial management of the school. Our review showed that controls were adequate in School Bank Accounts, Accounting of Income and Expenditure, Personnel and Payroll Management, School Meals, Security of the IT Infrastructure, Disaster Recovery and Data Protection, Risk Management and Insurance. The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • Declarations of interest had not been submitted by one Governor and some staff with financial responsibilities. Review of the Governing Body meeting minutes for the previous 12 months revealed that there was no evidence to show that the School Development Plan had been formally approved by the Governing Body. • Sample testing of 10 transactions identified that purchase orders had not been authorised in two cases, and in three cases the purchase orders had been authorised by an officer who was not delegated to authorise. • Banking was being done by an individual who was not an employee of the school. Transfer of money between staff had not been signed for by both parties involved in the transfer. • No income and expenditure account had been produced to ascertain the end of year financial position for the School Fund Account. • An annual inventory check had not been carried out at the school to verify the physical existence of assets. Sample testing revealed that not all equipment had been adequately 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
Bonner Primary School	Oct. 2010	<p>The audit was designed to provide assurance over the adequacy of controls over the administration and financial management of the school. Controls were adequate in Financial Planning and Budgetary Control, Accounting of Income and Expenditure, School Meals, Voluntary Fund and School Journey, Security of the IT Infrastructure, Risk Management and Insurance. The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • Inconsistencies/omissions were identified within the scheme of delegation and financial rules for business. For instance the scheme of delegation stated that the Head Teacher is responsible for accepting all quotations up to £5000, however the delegated responsibility for the Office Manager to approve expenditure was not stated. The financial rules for business stated that the Head Teacher and the Office Manager were able to authorise expenditure for day to day goods, however it did not outline their upper financial limits. • The school did not retain an up to date bank mandate for the disbursement and school journey bank accounts. • Sample testing of transactions identified that purchase order requisition forms had not been raised and authorised before the receipt of invoice. • Testing of invoices and orders corresponding to 10 purchases found that goods/services received checks were not documented in 6 instances. • Testing of 10 invoices found that all did not have evidence of approval. • Transfer of money between staff had not been signed for by both parties involved in the transfer. • The Pay Policy had not been subject to annual review. • An annual inventory check had not been carried out at the school to verify the physical existence of assets. Sample testing revealed that not all equipment had been adequately 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

APPENDIX 3**Follow Up Audits – List of Priority 1 Recommendations still to be Implemented**

Audit Subject	Recommendation	Service Head	Officer Name
Control and Monitoring of Parking Permits	Clear guidance should be issued to all One Stop Shops, to ensure that end of day reconciliations are undertaken between each type of permit issued and income recorded for this.	Bryan Jones	John Chilton

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

Audit Subject	Recommendation	Service Head	Officer Name
Control and Monitoring of Parking Permits	The Head of Parking should ensure that the Service Level Agreements are produced and formally agreed by all parties. These SLAs should incorporate clear performance indicators and targets.	Bryan Jones	John Chilton

