

REPORT TO:	DATE	CLASSIFICATION	REPORT NO.
<b>Audit Committee</b>	<b>17<sup>th</sup> March 2015</b>	<b>Unrestricted</b>	
REPORT OF: <b>Corporate Director, Resources</b>		<b>Quarterly Assurance Report</b>	
ORIGINATING OFFICER(S): <b>Head of Risk Management and Audit</b>		Ward(s) Affected: <b>N/A</b>	

## 1. SUMMARY

- 1.1. This report summarises the work of Internal Audit for the period December 2014 to February 2015.
- 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: -

<b>Assurance</b>	<b>Definition</b>
<b>Full</b>	There is a sound system of control designed to achieve the system objectives, and the controls are being consistently applied;
<b>Substantial</b>	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;
<b>Limited</b>	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;
<b>Nil</b>	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: -

<b>Significance</b>	<b>Definition</b>
<b>Extensive</b>	High Risk, High Impact area including Fundamental Financial Systems, Major Service activity, Scale of Service in excess of £5m.
<b>Moderate</b>	Medium impact, key systems and / or Scale of Service £1m- £5m.
<b>Low</b>	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 February 2015, sixteen final reports have been issued. The findings of these audits are presented as follows:
- Chart 1 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. **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 2005 and the 2013 Public Sector Internal Audit Standards – Applying the IIA International Standards to the UK Public Sector.

**Chart 1 Analysis of Assurance Levels**

SUMMARY		Assurance				
		Full	Substantial	Limited	Nil	Total
Significance	Extensive	1	6	3	-	10
	Moderate	1	2	3	-	6
	Low	-	-	-	-	-
<b>Total Numbers</b>		2	8	6	-	16
<b>Total %</b>		13%	50%	37%	-	100%

- 5.4. From the table above it can be seen that of the ten finalised audits which focused on high risk or high value areas; one was assigned Full Assurance, six were assigned Substantial Assurance, and three were assigned Limited assurance. A further six audits were of moderate significance and of these, one was assigned Full Assurance, two were assigned Substantial Assurance, and three were assigned Limited Assurance. All moderate significance audits receiving Limited assurance were schools.
- 5.5. Overall, 63% of audits resulted in an adequate assurance (substantial or full). The remaining 37% 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 Monitoring process. The table below shows the actual and targets for each indicator for the period:-

<b>Performance measure</b>	<b>Target</b>	<b>Actual</b>
Percentage of Audit Plan completed up to January 2015	80%	79%
Percentage of Priority 1 Audit Recommendations implemented by Auditees at six monthly follow up audit stage	100%	100% 6 out of 6
Percentage of Priority 2 Audit Recommendations implemented by Auditees at six monthly follow up audit stage	95%	90% 9 out of 10

- 6.2. The percentage of priority 1 recommendations implemented at the follow up stage was 100%, whereas the percentage of priority 2 recommendations was 90%. This is a significant improvement on the previous quarter where the percentage of priority 1 recommendation implemented was 84% and priority 2 recommendations was 83%.
- 6.3. Details of priority 2 recommendation not implemented are set out at Appendix 3. Further to the usual actions, meetings are being convened with key officers to seek assurances that agreed recommendations will be implemented promptly.

## **7. Comments of the Chief Financial Officer**

- 7.1 This is a quarterly noting report covering the period December 2014 to February 2015 and thus there are no specific financial implications arising from the contents of this report.

## **8. Legal Comments**

- 8.1 The Council has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness by virtue of section 3 of the Local Government Act 1999. This is known as its Best Value Duty.
- 8.2 Under Regulation 3 of the Accounts and Audit Regulations 2015, the Council is required to ensure that it has a sound system of internal control that facilitates effective exercise of the Council's functions and includes arrangements for the management of risk. The Council is also required by Regulation 5 to maintain an effective system of internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards and guidance. One of the functions of the Audit Committee under the Council's Constitution is to review internal audit findings. The consideration by the Audit Committee of this report is consistent with the Council's obligations and is within the Committee's functions.

## **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. The risks highlighted in this report require management responsible for the systems of control to take steps 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.



## APPENDIX 1

Assurance level	Significance	Directorate	Audit title
<b>LIMITED</b>			
	Extensive	Communities, Locality and Culture (CLC)	Management and Control of On-Street Parking Income
	Extensive	Communities, Locality and Culture (CLC)	Integrated Youth and Community Services
	Extensive	Education, Social Care and Wellbeing	Electronic Home Care System
	Moderate	Education, Social Care and Wellbeing	Guardian Angels Catholic Primary School
	Moderate	Education, Social Care and Wellbeing	Thomas Buxton Primary School
	Moderate	Education, Social Care and Wellbeing	Ian Mikardo High School
<b>SUBSTANTIAL</b>	Extensive	Education, Social Care and Wellbeing	Commissioning Lifecycle
	Extensive	Education, Social Care and Wellbeing	Contract Audit on Woolmore and Stebon Primary Schools New Build Programme
	Extensive	Education, Social Care and Wellbeing	Customer Journey - First Response
	Extensive	Education, Social Care and Wellbeing	Risk Management
	Extensive	Development and Renewal	Client Monitoring of Tower Hamlets Homes
	Extensive	Tower Hamlets Homes	Governance of Tower Hamlets Homes Follow Up Audit
	Moderate	Communities, Locality and Culture	Bulk Rubbish Collection

<b>Assurance level</b>	<b>Significance</b>	<b>Directorate</b>	<b>Audit title</b>
	Moderate	Communities, Locality and Culture	Horticultural Works
<b>FULL</b>	Extensive	Tower Hamlets Homes	Housing Rents
	Moderate	Resources	Management and Control of In-house Temporary Resource Service (ITRES) – Follow Up audit.



**Summary of Audits Undertaken  
Limited Assurance**

**APPENDIX 2**

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Management and Control of On-Street Parking Income	Nov. 2014	<p>This audit reviewed the systems for collecting, banking, monitoring and accounting for on-street parking income. The following issues were reported:-</p> <ul style="list-style-type: none"> <li>• There were no contract specific procedures covering collection of cash income, monitoring and reconciliation of cash income with audit rolls. In addition, there were no management / supervisory checks built into the procedures to monitor compliance;</li> <li>• There were no effective systems in place for monitoring that income collected by the contractor is banked intact; that this income reconciled against the audit rolls for each machine and that variances above tolerance are investigated. This increased the risk of errors, omissions, theft, fraud and irregularity in the collection and banking of cash income;</li> <li>• There was no system for recording and controlling of counterfeit and foreign coins and accounting for it;</li> <li>• We reported concerns around the effectiveness of contract monitoring and payment system resulting in possible overpayments to the contractor; and</li> <li>• There were no clear performance indicators and targets for the contractor.</li> </ul> <p>All findings and recommendations were agreed with the Service Head, Public Realm and a copy of final report was issued to the Head of Paid Services and Corporate Director Communities, Localities and Culture.</p>	Extensive	Limited

### **Management Comments**

Due to the system and organisational structure changes there appeared to be a number of gaps in managing this process end to end without any evidence that there was any impact to the service. Having subsequently looked at it, it does not appear that there was any impact to the Service however there could have been potential. We have already put all systems in place and invited internal audit to review it.

The steps that have been put in place are as follows to address each of the issues:

- The procedures have been rewritten and the whole process has now been moved to sit within Parking & Mobility Services, with an additional resource tasked to carry out the daily task of recording the till rolls, audit tickets and banking sheets. With this then being reviewed by the Services & Technical Equipment Manager and spot checks being carried out by the Parking Business Unit and Finance.
- There is now 100% reconciliation with every variance recorded and reported to management.
- A system is now in place recording and controlling and disposing of both counterfeit and foreign coins
- 15 new P&D machines have now been installed with anti-blocking chutes and with real time recording to assist with tackling fraud and concerns highlighted by the audit.
- There is now a two-step process for reconciling the invoice against the collected schedule
- It has been confirmed that the collection schedules are the KPI's that the contractor has to adhere to and due to the cash needing to be collected on a rolling weekly basis. This being reviewed against the value of the collection from each machine to ascertain usage verses value.

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Integrated Youth and Community Services	Nov 2014	<p>The main objectives of the audit were to assure management as to whether the systems of control around the Integrated Youth and Community Services system are sound, secure and adequate, and also to evaluate the potential consequences which could arise from any weaknesses in internal control procedures.</p> <p>We noted that at the time of the audit, the borough's Youth Service was only the second to be awarded the National Youth Agency Quality Kite mark. We also noted that a strategy for Children and Young People's Participation in Tower Hamlets is in place which contains objectives which align with the objectives of the Council as a whole. Stakeholders were consulted in the formulation of the strategy.</p> <p>The main weaknesses identified from the audit were as follows:-</p> <ul style="list-style-type: none"> <li>• Testing found that DBS checks for 17 of the 224 staff within Youth Services had expired. In addition, no DBS records could be evidenced for a further 23 staff.</li> <li>• We reviewed the training records for 20 staff in Youth Services for completion of Information Governance training and could find no evidence that 18 of these staff had undergone this training.</li> </ul> <p>All findings and the recommendations made were agreed with the Service Head Safer Communities, and reported to the Head of Paid Services and Corporate Director – Communities, Localities and Culture.</p>	Extensive	Limited

**Management Comments**

The IYCS Head of the service, since the inspection, has introduced a rigorous checking system for the service. All service managers have been given an instruction to ensure that all staff members have current DBS checks in place Work has been undertaken with HR to ensure that regular performance data is provided to the Head of Service to ensure compliance. All outstanding issues are in hand and being progressed and individuals waiting for the check to be returned have been removed from direct front line contact.

All 18 members of staff have now completed information governance training.

## Limited Assurance

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Electronic Home Care System	Feb 2015	<p>The main objectives of the audit were to assure management as to whether the systems of control around the Electronic Home Care System are sound, secure and adequate, and also to evaluate the potential consequences which could arise from any weaknesses in internal control procedures.</p> <p>The main weaknesses identified were as follows:-</p> <ul style="list-style-type: none"> <li>• Through review of the management reports for electronic logging generated by EziTracker from July 2013 (when the system was initiated) to March 2014 it was observed that none of the 24 service providers had logged in all their visits electronically.</li> <li>• Through discussion with management and review of reports generated it was established that management reports for utilisation rates for block providers (providers with which the Council has a contract for 60,000 plus hours per annum) are not consistent between EziTracker and Frameworki.</li> <li>• For a sample of 25 cases selected between July 2013 and February 2014, it was established that in six cases, the payment period target of a month after the logging period end was not met.</li> </ul> <p>It should be noted that the Council ceased using the IT system referred to in this report in September 2014, and the contract came to an end on 31 December 2014. Agilitys have procured a new solution on the Council's behalf (supplied by a company called Ulysses) and the Council is currently working on its implementation. We understand that the specification against which the new product was evaluated was designed to address all of the areas of weakness identified in this audit.</p> <p>All findings and the recommendations made were agreed with the Programme Director: Special Projects, and reported to the Interim Service Head – Commissioning and Health, and the Corporate Director, Education, Social Care and Wellbeing.</p>	Extensive	Limited

## **Management Comments**

The implementation and operation of the previous Electronic Home Care Monitoring solution, procured in 2009, generated a number of significant operational difficulties that meant intended efficiencies were not being fully realised. In particular, the original business case for the solution did not properly take into account the relatively high proportion of households in the borough where no accessible landline (the default means for carers to log in and out of the system at beginning and end of visits) was available. This meant a larger than expected proportion of less suitable alternative logging methods being used. This, allied with a number of other factors (including choices LBTH had made about the level of detail at which visits would be monitored), led to a significantly greater than expected number of individual visits that had to be arbitrated before payment could be determined. This in turn meant significantly greater manual intervention was required by the Brokerage Teams than had been envisaged. There was also a period of time (from November 2013 to July 2014) when a key component of the system was not working, which added to the manual effort required (and for which LBTH negotiated compensation with the system supplier).

The contract for the previous solution was due to expire in December 2014, and Agilysis were engaged to evaluate options for a new system in early 2014. A new supplier was chosen as a result of this process, and their solution is in the process of being implemented. The chosen solution offers a greater range of visit logging options, better management information, and is being implemented in a way that seeks to avoid the difficulties experienced with the previous solution. In particular, we are implementing the system in a way that will mean much lower levels of arbitrations.

Given the ongoing difficulties with the previous solution a management decision was made in September 2014 to cease using it with immediate effect and to instruct providers to submit invoices with supporting timesheets. While this left a gap between the ending of the old system and the introduction of the new system, this was considered preferable to continuing with the previous solution which had lost all credibility with service providers and internal staff

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Guardian Angels Catholic Primary School	Nov 2014	<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 a Full Governing Body and a Finance and General Purpose Committee which have overall responsibility for financial planning and control. The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> <li>• The Guardian Angels Teaching and Learning Development Plan (GAT&amp;LDP) does not include financial details in respect of relevant resources required to achieve targets recorded in the Plan.</li> <li>• Examination of a sample of 10 transactions established that in six instances a purchase order was not available and in one case the order had not been signed.</li> <li>• There was no evidence that the Head Teacher carried out spot checks on the school payroll.</li> <li>• The inventory records were found to be incomplete. It was noted that five items that had recently been purchased had been duly recorded in the inventory. However, out of a random selection of five items from the inventory four items could not be physically located. Additionally, from a random selection of five items from around the school, four items could not be traced back to the inventory, as these had not been recorded. We were informed that the previous Premises Manager had not kept the record appropriately, in some instances duplicating serial numbers and in some instances showing incorrect serial numbers.</li> <li>• The loan record was found to be incomplete as it did not include key data such as make/ model, serial number and there was no evidence that the loans were appropriately authorised. Furthermore, a loan form was not completed for a laptop and it was also noted that details of the items on loan had not been recorded in the inventory.</li> </ul> <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of Governors and the Corporate Director - Education, Social Care and Wellbeing.</p>	Moderate	Limited

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Thomas Buxton Primary School	Nov 2014	<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 confirmed that the school has an adequate governance structure in place. The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> <li>• Through testing a sample of three higher value transactions (over £5,000), we noted for one transaction worth £6,962, there was no evidence that three quotes were obtained, as per the Financial Procedures. For another transaction worth £7,968, we were advised that three quotes could not be obtained as this was very specific work for moving equipment hence the school could not find other contractors that would do this work. There was no evidence; however, that dispensation had been obtained from the Governing Body in this instance.</li> <li>• A sample of five new starters since April 2013 was tested and we noted that in one case there was no contract of employment present, only one reference was present for two employees, and proof of qualification was not present for one employee.</li> <li>• From our examination of a sample of 10 transactions we noted that in nine cases there was no evidence that an official order had been raised; in nine cases, there was no evidence that a goods/services received check had been completed; in nine cases, there was no evidence that the invoice or confirmation of purchase had been evidenced as checked by a delegated independent officer; In five cases, purchases included staff refreshments, cards, gift vouchers and flowers for staff leaving. Whilst the school has noted that collections had been carried out towards the cost of these items, it is deemed inappropriate to use school funds for such purchases; and two instances where an invoice had not been provided by the supplier; instead an e-mail confirmation of the order was held. This may have VAT implications where a valid invoice is not retained.</li> </ul> <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of Governors and the Corporate Director - Education, Social Care and Wellbeing.</p>	Moderate	Limited



Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Ian Mikardo High School	Jan 2015	<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 a Full Governing Body and a Finance and Premises Committee which have overall responsibility for financial planning and control. The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> <li>• From our examination of a sample of 10 general purchases, we noted that a purchase order had not been raised for three out of 10 purchases made. In addition, for one out of six applicable purchases, the purchase order had not been signed in line with the Scheme of Delegation. Furthermore, there was no evidence that a goods receipt check had been carried out for all 10 purchases (or evidence of receipt).</li> <li>• We noted that for one higher value payment tested, there was no evidence of sufficient quotes being obtained. It was noted that a 'Chair's Action' was raised for authorisation to proceed with the purchase. This detailed the rationale for selecting the supplier, although it did not provide any alternative options, costs or suppliers for value for money purposes. In addition, there was no evidence in subsequent Finance and Premises Committee minutes that the Chair's decision to approve the purchase was formally ratified. For another higher value payment, whilst it was noted that the Governing Body had approved the supplier selection for the new MIS software, there was no evidence that the invoice concerned had been authorised, or subsequently reported to the Governing Body.</li> <li>• The Private Fund Account was last audited in June 2013 for the year ended 31 March 2013. There was no evidence of the audited accounts being presented to the Governing Body. In addition, there was no evidence of any interim financial statements for the funds being presented to the Governing Body or the Finance and Premises Committee. At the time of the audit, the Private Fund Account balance was £5,508.19.</li> </ul> <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of Governors and the Corporate Director - Education, Social Care and Wellbeing.</p>	Moderate	Limited

## **Management Comments**

The Education, Social Care & Well-being Finance Directorate have put the following systems and processes in place:-

- Internal audit reports on schools are now a regular item on the DMT agenda for discussion.
- Internal audit reports are used by ESCW schools Finance team to feed into systems to determine schools requiring priority support.
- Internal Audit assurance rating is used to target specific support to schools.

In addition, necessary intervention is put in place by ESCW Finance to assist and support schools in improving governance, financial management and control in specific areas of business activities. .

The schools have acted immediately and agreed to complete all actions with a defined timeframe.

The schools and the governing bodies are fully committed to the recommendations made in the Audit report by:

- by tracking all actions within the timeframe provided in the report, including evidence of actions taken where appropriate
- confirming additional steps that the school are planning to take in light of the audit findings
- to take immediate action in mitigating exposure to risks arising from weaknesses in the control environment

Schools Finance Manager will contact the school and their bursar to review and support the school in its recommendations with additional signposting them to the guidance procedures to follow.

It is proposed that a member from schools finance, Audit, HR and learning and achievement will meet with the Head and Chair of Governors to support and ensure the recommendations are completed to a high standard.

## Substantial Assurance

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Commissioning Lifecycle	Feb 2015	<p>The main objectives of the audit were to assure management as to whether the systems of control around the Commissioning Lifecycle are sound, secure and adequate, and also to evaluate the potential consequences which could arise from any weaknesses in internal control procedures.</p> <p>The main weaknesses identified were as follows:-</p> <ul style="list-style-type: none"> <li>• The Council has a number of groups to manage procurement of services. However, there is no overarching body to bring together the commissioning efforts of the Council.</li> <li>• A Contract Management Framework has previously been proposed to establish a standardised and uniform approach for monitoring providers of commissioned services across service areas. This was in draft form and was not being progressed at the time of the audit.</li> <li>• There is currently no formalised procedure in place to be followed where services are to be decommissioned mid-contract due to failure to meet the required performance standards.</li> <li>• Examination of the Adults Social Care Complaints Procedure found it to be out of date, having been established in 2009 and revised in May 2010, with no evidence of further review to date.</li> </ul> <p>All findings and the recommendations made were agreed with the Service Manager – Commissioning and Strategy, and Programme Director: Special Projects, and reported to the Interim Service Head – Commissioning and Health, and the Corporate Director, Education, Social Care and Wellbeing.</p>	Extensive	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Contract Audit on Woolmore and Stebon Primary Schools New Build Programme	Dec. 2015	<p>This audit involved review of contract control during the currency of building works. The contract value for the Stebon and Woolmore schemes were £5.5m and £10.4m respectively. Both the projects were procured through the LEP Framework contract.</p> <p>Our testing showed that funding for the two schemes was agreed by Cabinet. An approved Health and Safety Plan was in place. An effective cost control mechanism was operating and all interim payments made were supported by an independent certifier's (IC) certificate of valuations and bona fide VAT invoices.</p> <p>We noted that although a value for money exercise was carried out and both were deemed as VFM, the inflation rate applied to base costs for Woolmore could not be reconciled with the "BCIS All-in indices" or the VFM report. There was confusion over the periods/quarters that were used for the base cost and the midpoint. It appeared that the inflation rates were not checked for correctness and this issue was being investigated with the contractor.</p> <p>Our review also found that the authority notices to variations (ANVs) were not signed by all parties concerned to confirm that the variations had been fully agreed. Issues raised as part of the contract administrators' monitoring were not recorded in a formal way. In addition, minutes of the monthly progress meetings were not produced to evidence actions points and the agreed timescales to rectify these.</p> <p>All findings and recommendations were agreed with the Service Head, Resources and final report was issued to the Corporate Director, Education, Social Care and Wellbeing.</p>	Extensive	Substantial

### Substantial Assurance

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Customer Journey - First Response	Feb 2015	<p>The audit was designed to provide assurance to management, as to whether the systems of control around Customer Journey – First Response are sound, secure and adequate and also to evaluate the potential consequences which could arise from any weaknesses in the internal control procedures. The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> <li>• From testing undertaken on a sample of 20 First Response Service cases from the previous 12 months, in three cases the contact or initial assessment was not sent for review and approval by a senior officer, in three cases, the case was not assessed and progressed within the 28 day timeframe in place, where no reason for this was recorded on the system, in nine cases, a signed consent form was not retained on file, In one case, there was no record on the system of a phone call or S2 (referral) form having been received, and so the date of the referral and the information provided were unknown, and In one case, a carers assessment was created on the system but was not completed; additionally, there was no record of the source, cause, or referral. It was established through enquiry that this record was created in error and therefore did not require completing, however this was not noted on the record.</li> <li>• Instances were noted where staff were working without valid Disclosure Barring Service (DBS) checks being held.</li> <li>• Although the safeguarding timescales performance indicators are being monitored, the performance of the service against the key indicators identified as per the Team Plans for 2014/15 is not currently being monitored, recorded and reported on to senior management.</li> <li>• Examples were identified where complaints made by service users were not responded to in a timely manner.</li> </ul> <p>All findings and recommendations were agreed with the First Response Team Manager and reported to the Interim Service Head – Adult Services, and the Corporate Director, Education, Social Care and Wellbeing.</p>	Extensive	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Risk Management</p> <p>Education, Social Care and Wellbeing</p>	<p>Jan. 2015</p>	<p>This audit sought to provide assurance over systems in place for an effective risk management within the Education, Social Care and Wellbeing Directorate.</p> <p>Our review showed that Risk Management policies, procedures and guidance were in place and readily available to all staff who also received the relevant training. Roles and responsibilities for the Directorate Risk Champion were clearly defined and a comprehensive Risk Register was maintained by the Directorate. We have , however, raised the following issues</p> <ul style="list-style-type: none"> <li>• Controls around risk identification needed to be strengthened. A number of emerging risks had not yet been considered for inclusion in the risk register.</li> <li>• The risk scoring and assessment process was not consistent across the Directorate and needed to be challenged by the DMT, Service Managers and the Risk Champion. There was a concern that an inconsistent approach when scoring the risk, could impact on the overall ranking of the risk, its mitigation, reporting and escalation of the risk to either Directorate Register or Corporate Risk Register.</li> <li>• Our testing of a sample of control measures documented in the Directorate Risk Register showed that in some cases the control measures had not been properly considered.</li> <li>• Progress updates within the risk register needed to be detailed.</li> </ul> <p>All findings and recommendations were agreed with the Service Head, Resources and final report was issued to the Corporate Director - Education, Social Care and Wellbeing.</p>		

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Client Monitoring of Tower Hamlets Homes Management Agreement	Jan. 2015	<p>This audit examined the systems in place to manage and monitor the Management Agreement between LBTH as parent organisation and Tower Hamlets Homes (THH) as an Arm's Length Management Organisation for the delivery of housing management services.</p> <p>Our review showed that there appeared to be an adequate level of Client monitoring arrangements to ensure that Tower Hamlets Homes were conducting their business in line with the Management Agreement and the Business Plan. We were satisfied that there was scrutiny and challenge to ensure that targets and business critical indicators were achieved and reported upon. Financial arrangements were in place and being reported on a monthly basis. Payments of the Management fee was supported by sufficient supplementary information to show an adequate audit trail of the build up to the monthly payments made. Approval and certification was found to be in accordance with the scheme of delegation and financial regulations.</p> <p>We however identified some issues around the updating and controlling of operational procedures and strengthening of the Accounting Protocol to ensure that TH Homes are accountable to the Client with respect to the Internal Audit reports issued directly to THH and that audit findings and recommendations are reported to the Client Monitoring Officer for monitoring purposes. We have also recommended that the Client Team Manager should ensure that THH Business Continuity Plans have an annual review and there is evidence that the plans are periodically tested.</p> <p>All findings and recommendations were agreed with the Service Head, Strategy, Regeneration and Sustainability and final report was issued to the Corporate Director, Development and Renewal.</p>	Extensive	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Governance of Tower Hamlets Homes</p> <p>Follow Up Audit</p>	<p>Jan. 2015</p>	<p>This audit followed up recommendations made at the conclusion of the original audit finalised in July 2013.</p> <p>Our testing showed that out of two high priority recommendations made in the original report, both had been progressed. Of the six medium priority recommendations, five had been progressed. The remaining recommendation on the provision of training and development of members of the Board was not progressed at the time, due to the resignation of some members of the Board, including the independent Chair.</p> <p>Our testing showed that Financial Regulations and Scheme of Delegations had been reviewed, approved by the Board and updated on THH website. The THH Risk Management strategy and policy statement had been reviewed and published including a version control. The THH Staff Code of Conduct and the Declaration of interest was being completed and signed by new employees. A system was put in place for recording staff gifts and hospitalities. However, we made further recommendations to improve the control environment in this area.</p> <p>The report was agreed with Director of Finance and Customer Services and copy of the final report was issued to the THH Chief Executive.</p>	<p>Extensive</p>	<p>Substantial</p>



Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Bulk Rubbish Collection	Dec 2014	<p>The main objectives of the audit were to assure management as to whether the systems of control around the Bulk Rubbish Collection system are sound, secure and adequate, and also to evaluate the potential consequences which could arise from any weaknesses in internal control procedures.</p> <p>The main weaknesses identified were as follows:-</p> <ul style="list-style-type: none"> <li>• No confirmation is obtained by the Council that people requesting collections are in receipt of Housing Benefit and therefore are not required to pay the £15 fee.</li> <li>• Our review of the contract between Veolia and the Council did not identify any key performance indicators (KPIs) against which the performance of Veolia can be monitored.</li> </ul> <p>All findings and the recommendations made were agreed with the Service Head, Public Realm, and reported to Head of Paid Services and Corporate Director – Communities, Localities and Culture.</p>	Moderate	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Horticultural Works	Jan 2015	<p>The main objectives of the audit were to assure management as to whether the systems of control around the Management of Horticultural Works are sound, secure and adequate, and also to evaluate the potential consequences which could arise from any weaknesses in internal control procedures.</p> <p>The main weakness identified was as follows:-</p> <ul style="list-style-type: none"> <li>• Signed copies of the contracts in place suppliers were not available in two cases, and it was noted that the annual amount currently paid to one contractor differs slightly from the total as per the uplifts detailed in the original contract dating from October 2011.</li> </ul> <p>All findings and the recommendations made were agreed with the Head of Clean and Green, and reported to the Head of Paid Services and Corporate Director – Communities, Localities and Culture.</p>	Moderate	Substantial

**Full Assurance**

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Housing Rents	Jan 2015	<p>The audit was designed to provide assurance to management, as to whether the systems of control around the Housing Rents system are sound, secure and adequate and also to evaluate the potential consequences which could arise from any weaknesses in the internal control procedures.</p> <p>The following areas of good practice were identified:-</p> <ul style="list-style-type: none"> <li>• Comprehensive procedures for Housing Rents have been produced which detail the rent recovery procedures for current and former tenants.</li> <li>• Housing benefit receipts that are due to Tower Hamlets Homes are received in a timely and accurate manner.</li> <li>• There is an effective process in place to confirm that the rent increase is applied correctly.</li> <li>• There are appropriate procedures in place for debt recovery.</li> <li>• Reconciliations are conducted regularly and checked independently.</li> <li>• There is effective segregation of duties within the Housing Rents system.</li> <li>• Access to the Housing Rents system is restricted to authorised users.</li> <li>• Performance of the Housing Rents service is reviewed and assessed.</li> </ul> <p>All findings were agreed with the Assistant Rents Manager and reported to the Director of Neighbourhood Services, the Director of Finance and Customer Services, and the Chief Executive.</p>	Extensive	Full

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Management and Control of In House Temporary Resource Service (ITRES)  Follow Up Audit	Jan 2015	<p>This audit followed up the progress made in implementing the recommendations made at the conclusion of the original audit finalised in April 2014.</p> <p>Our testing showed that out of four Medium priority recommendations made, all had been progressed. Our review showed that the iTRES team now use the standard baseline personnel security application form for all new employees recruited. The Team has access to the Employer Checking Service provided by the UK Visas &amp; Immigration Section of the Home Office, for checking the work eligibility of non EU Nationals to confirm the applicants' right to work in the UK. We noted that this service has not been used yet, as no new recruitment has fallen within the scope.</p> <p>The team has been given performance targets which are monitored and reported to the Performance and Efficiency Board as well as the Directorate Management Team and CMT. A new short listing scoring matrix has been devised to record the scoring marks for each candidate to demonstrate the basis on which candidates are short listed for interviews. Interview assessment forms now show evidence of the title of the post being interviewed, the name of the candidate, the name of the panel member completing the form, the date of the interview and scores awarded for each question.</p> <p>All findings were agreed with the Service Head, Human Resources and Workforce Development and a final report was issued to Acting Corporate Director, Resources.</p>	Moderate	Full

**APPENDIX 3**

**Follow Up Audits – List of Priority 2 Recommendations still to be implemented**

<b>Audit Subject</b>	<b>Recommendation</b>	<b>Service Head</b>	<b>Officer Name</b>
Governance of Tower Hamlets Homes	Once all the positions on the Board are filled, an annual Members Training and Development Programme should be implemented thus ensuring that Members of the Board receive adequate training on an on-going basis.	Les Warren	Les Warren

