

<p>Non-Executive Report of the:</p> <p>Audit Committee</p> <p>22nd March 2016</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Zena Cooke - Corporate Director - Resources</p>	<p>Classification: <i>Unrestricted</i></p>
<p>Quarterly Assurance Report</p>	

<p>Originating Officer(s)</p>	<p><i>Minesh Jani and Bharat Mehta</i></p>
<p>Wards affected</p>	<p><i>All wards</i></p>

1. SUMMARY

- 1.1. This report summarises the work of Internal Audit for the period December 2015 to February 2016.
- 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 and Direction of Travel

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

4.2. **Direction of Travel**

Each audit summary presented at Appendix 2, shows the Direction of Travel for that audit. Each Direction of Travel is defined in the following Table.

	Improved since the last audit visit. Position of the arrow indicates previous status.
	Deteriorated since the last audit visit. Position of the arrow indicates previous status.
	Unchanged since the last audit report.
	Not previously visited by Internal Audit.

5. Overview of finalised audits

- 5.1. Since the last Assurance Report that was presented to the Audit Committee in December 2015, twenty six 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 2015 and the 2013 Public Sector Internal Audit Standards – Applying the IIA International Standards to the UK Public Sector.

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

Chart 1 Analysis of Assurance Levels

SUMMARY		Assurance				
		Full	Substantial	Limited	N/A	Total
Significance	Extensive	2	11	3	1	17
	Moderate	1	6	2	-	9
	Low	-	-	-	-	-
Total Numbers		3	17	5	1	26
Total %		11%	66%	19%	4%	100%

- 5.4. From the table above it can be seen that of the seventeen finalised audits which focused on high risk or high value areas; two were assigned Full assurance, eleven were assigned Substantial Assurance, three were assigned Limited assurance and one was not assigned assurance level due to the nature of this specific audits. A further nine audits were of moderate significance and of these one was Full Assurance, six were assigned Substantial Assurance and two were assigned Limited Assurance.
- 5.5. Overall, 77% of audits resulted in an adequate assurance (substantial or full), 19% of audits have an inadequate assurance rating (limited or nil) and remaining 4% have Not Applicable status.

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:-.

Performance measure	Target	Actual
Percentage of Audit Plan completed up to the quarter 3 to December 2015	70%	70%
Percentage of Priority 1 Audit Recommendations implemented for Qtr 3 to December 2015 by Auditees at six monthly follow up audit stage	100%	95% 18 out of 19
Percentage of Priority 2 Audit Recommendations implemented for Qtr 3 to December 2015 by Auditees at six monthly follow up audit stage	95%	80% 8 out of 10

- 6.2. The percentage of priority 1 recommendations implemented at the follow up stage was 95%, whereas the percentage of priority 2 recommendations was 80%. Details of priority 1 and 2 recommendations not implemented are set out in Appendix 3. Further to the usual escalation actions to the relevant Corporate Director and Service Heads, the Corporate Director - Resources has also been informed.

7. Comments of the Chief Financial Officer

- 7.1 This is a quarterly noting report covering the period December 2015 to February 2016. 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.

- 8.3 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. Best Value Implications

- 10.1. This report highlights areas where internal control, governance and risk management can be improved to meet the Best Value Duty of the Council.

11. Risk Management Implications

- 11.1. 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.

12. Sustainable Action for a Greener Environment (SAGE)

- 12.1. There are no specific SAGE implications.

13. Crime and Disorder Reduction Implications

- 13.1. By having sound systems of controls, the Council can safeguard against the risk of fraud and abuse of financial resources and assets.

APPENDIX 1

Assurance level	Significance	Directorate	Audit title
LIMITED			
	Extensive	Adults and Children's Services	Framework-i
	Extensive	Children's Services	Youth Offending Service
	Extensive	Law, Probity and Governance	Signing and Sealing of Contracts
	Moderate	Children's Services	Kobi Nazrul Primary School
	Moderate	Children's Services	Bonner Primary School
SUBSTANTIAL	Extensive	Corporate	Compliance Testing of Best Value Improvement Plans for Procurement, Grants, Communications and Property
	Extensive	Resources	NNDR
	Extensive	Resources	Budgetary Control
	Extensive	Resources	VAT Management
	Extensive	Resources	Council Tax
	Extensive	Adult Services	Customer Journey First Response Follow Up Audit
	Extensive	Tower Hamlets Homes	Bancroft Tenant Management Co-operative
	Extensive	Communities, Locality and Culture	Follow Up - Parking Cash Income
	Extensive	Communities, Locality and Culture	Trading Standards
	Extensive	Tower Hamlets Homes	Declaration of Staff Interests
	Extensive	Tower Hamlets Homes	SLA Management
	Moderate	Children's Services	Bigland Green Primary School
	Moderate	Children's Services	Halley Primary School
	Moderate	Children's Services	Mayflower Primary School
	Moderate	Children's Services	Harbinger Primary School
	Moderate	Children's Services	Osmani Primary School

Assurance level	Significance	Directorate	Audit title
	Moderate	Communities, Locality and Culture	Follow Up – Animal Wardens Service
FULL			
	Extensive	Children’s Services	Excluded Children Follow Up Audit
	Extensive	Resources	Medium Term Financial Planning
	Moderate	CLC	Blue Badges
N/A	Extensive	Development and Renewal	Homelessness Strategy


**Summary of Audits Undertaken
Limited Assurance**

APPENDIX 2

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Framework-i	Nov 2015	<p>The audit was designed to provide assurance to management as to whether the systems of control around the Framework-i system are sound, secure and adequate, and that the system is able to provide timely and accurate performance, management and budgetary information. The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • Annual or initial reviews of user support plans were either not undertaken on a timely basis or not undertaken at all. Where they were undertaken, they were not signed and dated following completion; • From the testing conducted, it was found that in one case a provider invoice was disputed on 21st May 2013, due to a lack of information recorded on Framework-i. At the time of the audit, this invoice remained in dispute and had not been paid; • Operational policies and procedures relating to Framework-i and the associated processes had not been recently reviewed and no document owners were recorded; and • Key performance indicators relating to the completeness and accuracy of the data recorded in Framework-i were not in place for Adult Social Care (ASC) at the time of the audit, and meetings to discuss data quality with service managers were not held. <p>All findings and recommendations were agreed with the Programme Director, Special Projects, and reported to the then Interim Corporate Director, Children's Services, and the Interim Corporate Director, Adults Services.</p>	Extensive	<p>Limited</p> <p style="text-align: center;">↔</p>

Management Comments

Progress in implementing the various management actions agreed in response to the recommendations of this audit is largely on schedule. There is a delay of one month in completing and implementing the updated procedures for paying suppliers. This won't be achieved by 31st March. However, it is scheduled to be completed by 30th April. The action related to this around management of held and disputed invoices is included in the paying suppliers procedures, including how invoices in these categories are monitored by managers and actioned in a timely fashion.


Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Youth Offending Service	Feb 2016	<p>The Youth Offending Service (YOS) comprises staff from a range of agencies, including the Council, Police, Probation Service and health care professionals. There are three teams within the Service – Early Intervention and Prevention Team, Court Team and Community Supervision Team.</p> <p>The teams work with young people from arrest through to sentencing and provide services to the youth court, and work with young people given final warnings by the Police and those given community sentences. The Service also works with young people and the community to prevent young people from entering the criminal justice system. In addition, the Council has a number of schemes designed to prevent young people from re-offending by addressing the causes of criminal behaviour and offering help and support.</p> <p>The Service works with approximately 250 to 350 youth offenders at any one time. The audit was designed to provide assurance to management as to whether the systems of control around the Youth Offending Service 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"> • Examination of the purchase card statements for members of the Youth Offending Team (YOT) identified two officers who had failed to attach receipts to the bank statements on a monthly basis. When the two officers were approached on this matter they produced all receipts. In addition, receipts could not be located at all for two items of expenditure incurred on purchase cards. • For a sample of 10 YOS officers tested, there was one instance where the DBS check was out of date but the officer had continued to work as a sessional support worker. • We were unable to determine if a supervision policy was in place. Examination of one operations manager's records in respect of staff supervision identified that these were insufficient, as they took the form of an email and problems with cases were not clearly specified, which is not in 	Extensive	Limited 

		<p>compliance with guidance from the Social Care Institute for Excellence.</p> <ul style="list-style-type: none"> • The YOT Management Board, which is, amongst other roles, responsible for delivering the principal aim of reducing offending and reoffending, has an out of date Terms of Reference (ToR). The ToR refers to targets for the financial year 2010-2011. • Recommendations from independent bodies have not been implemented. This refers to two recommendations by the HM Inspectorate of Probation. • Youth Justice Board minutes for the heads of services meetings were not provided in respect of meetings held after September 2014, and so we are unable to provide assurance in this area. • Although budget reports are produced, meetings are not held to discuss them. • Discussion with the Office Manager identified that she is not informed of training undertaken by the staff of Operations Managers. <p>All findings and recommendations were agreed with the Service Manager Family Interventions/Troubled Family Co-ordinator and reported to the Service Head, Children's Social Care, and the Interim Corporate Director, Children's Services.</p>		
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Management Comments

The issues raised in this helpful audit process relate to historical management issues and period of time in the YOT when compliance, adherence to financial procedures and management oversight were at a lower level than should be acceptable. Management changes in October 2015 have resulted in a much tighter compliance focus that has addressed all of the issues raised in audit. There has been clear communication between the Operational manager and the audit team that has confirmed progress, and progress reports have been made to the Youth Offending Management Board in November 2015 and February 2016. The Youth Justice Board have been closely involved in the progress of matters raised by audit as they relate to compliance to Youth Justice Standards. There were no outstanding issues as of 25th February 2016.

Nikki Bradley – Service Manager, Youth Justice and Family Interventions Service, Children's Services.

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Signing and Sealing of Contracts	Jan. 2016	<p>This audit reviewed systems for the signing and sealing of contracts for goods, services and works procured by the Council. The delay in signing and sealing of contracts was included as an issue within the PWC Best Value Inspection Report.</p> <p>From our review, we concluded that improvements were required in systems of control and information management flow to enable prompt contract advice, signing and sealing of contracts. The following weaknesses were highlighted:-</p> <ul style="list-style-type: none"> • A lack of procedures, templates and checklists to enable the prompt signing and sealing of contracts to take place. • There appears to be an inefficient and elongated process from the project formation stage to receipt of the contract award notification, through to the signing and sealing of the contract. • There was lack of a system for identifying the sources of the delay in signing and sealing of contracts and reporting this to Management so that the root cause can be identified and dealt with. <p>All findings and recommendations were agreed with the Acting Head of Legal Services and final report was issued to the Director of Law, Probity and Governance.</p>	Extensive	Limited 

Management Comments

Following the issue of the final report, the action plan and the accompanying the recommendations are being progressed. We have discussed out approach with the audit team and would want to see an improvement when a follow up audit is carried out in due course.

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Kobi Nazrul Primary School	Feb 2016	<p>The audit was designed to ensure that there were adequate and effective controls over the administration and financial management of the school. At the time of audit the School was under special measures and controlled by an Interim Executive Board (IEB) with an Interim Head Teacher in post (since January 2015).</p> <p>The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • Examination of the IEB meeting minutes identified that there could have been more detail included with regards to discussions over financial matters within the School. • For five out of 11 purchase orders sampled, there was no evidence that an official order form had been completed. From the remaining six purchase orders sampled with an order form attached, three of the orders were not evidenced as authorised and of these one of the order forms was not raised in advance. From the remaining three purchase orders left with an order form attached, one of the orders was both raised and authorised by the Head Teacher. As such nine out of eleven orders sampled did not evidence sufficient segregation of duties. (This issue was also identified in the School's previous audit report dated July 2014). • For two out of eleven purchase orders sampled, examination of the invoices identified that VAT had not been charged and payment details listed referred to individuals rather than a company. • A sample of five new starter files were tested and there were a number of 	Moderate	<p>Limited ↔</p> <p>No change in the direction of travel from the previous audit undertaken in 2013/14</p>

		<p>instances where documentation was missing from the file, e.g. in all five cases documentation to evidence right to work was not held on file. We noted that the School had recorded the type of ID sighted by the School (all were British passports) and the date of the ID check within the School's Single Central Record document. However, under Home Office guidelines it is a requirement to keep a copy of evidence of right to work.</p> <ul style="list-style-type: none"> • The School's Finance Committee is not currently in operation, all of the School's finances are being controlled by the IEB currently in place. However, the Finance Committee Terms of Reference were examined for when the Committee does operate again. Examination of the School's Finance Committee Terms of Reference noted that whilst the terms of reference did state the authorisation limit for approval of debt write offs and asset disposal, the document did not state the full scope of authorisation limits which would be delegated to the Committee. • From examination of a sample of four higher value purchases above £5,000, it was noted that for two contracts over £10,000 in value a tendering process could not be evidenced. The School's Financial Procedures (March 2015) manual, page 3, states that a tendering process should occur for orders above £10,000. We noted that the above contracts were placed before the IEB was established. Two other orders were tested during the time of audit and the correct procedures were followed for obtaining quotes and tenders by the Interim Head Teacher. <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of the IEB and the Corporate Director – Children's Services.</p>		
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Management Comments

In January 2016 the Schools Finance Manager discussed and provided options of additional support which the School could consider; such as providing a bursar service to review and support the school to implement the recommendations or commissioning an independent consultant to support the improvement in all key findings. Additional/refresher information has also been provided to the School on the guidance/procedures that need to be adhered to.

In Feb 2016- The School have commissioned a structured review of their current documentation and processes, following which a report will be produced including an action plan, with key time scales for improvement. This will aid the School to implement the recommendations from this audit.

Additionally further general support action has included or will include:

- News bulletins provided to all Schools which are used to encourage good practice in Schools to support operational procedures.
- Termly director's reports to Governors include good financial management practices which Schools should follow.
- The Schools Business Managers' forum includes advice on actions to improve Audit outcomes through more self-assessment and peer to peer reviews.
- Audit check lists circulated to all Primary Schools (see attached).
- Governors training to be provided in the Summer term.

The School have acted immediately and agreed to complete all actions within a defined timeframe. The School and the Governing body are fully committed to the recommendations made in the Audit report and will:

- be tracking all actions within the timeframe stipulated in the report, including evidence of the actions taken.
- confirm additional steps that the School are planning to take in light of the audit findings.
- take immediate action in mitigating exposure to risks arising from weaknesses in the control environment

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Bonner Primary School	Dec 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 main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • Both the full Governing Body and Finance and Curriculum Committee meeting minutes did not contain sufficient detail regarding discussions of financial matters within the School. • From a sample of six new starter files, it was noted that in five instances, documentation to evidence that an identity and right to work check had been completed was not held on file. It was noted that the School was incorrectly informed by the payroll provider that identity/right to work documentation did not need to be retained by the School. In all instances tested, documentation to evidence that a medical check had been completed was not held on file. • There was no evidence that the majority of statutory policies had been formally approved by the full Governing Body or delegated committee where appropriate by the School at the time of audit. • From examination of a sample of two higher value payments above £5,000 neither had alternative quotes attached. In both cases the basis of supplier selection had not been documented. • For six out of ten applicable purchase orders sampled, there was no evidence that the order was raised in advance of the invoice. For all ten purchase orders sampled, there was no evidence that a goods or services received check had been performed. Furthermore, we noted that the Head Teacher and Business Manager were also cheque signatories. In all instances the Head Teacher and/or the Business Manager was involved in the payment and ordering process, and therefore sufficient segregation of duties was not evidenced. <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.</p>	Moderate	<p>Limited</p> <p style="text-align: center;">←</p> <p>Deteriorated since previous visit in 2010/11 (previously Substantial Assurance)</p>

Management Comments

The Council's Finance team have encouraged all Schools to put Internal Audit issues as a regular item on the Schools Management Team agenda for discussion. In addition the Internal Audit reports are used by Schools Finance team to identify Schools requiring priority support and use the Internal Audit assurance rating to target specific support to schools.


Additionally further general support action has included or will include:


- News bulletins provided to all Schools which are used to encourage good practice in Schools to support operational procedures. Schools Finance provided Governors Finance Training (November 2015).
- Termly director's reports to Governors include good financial management practices which Schools should follow.
- The Schools Business Managers' forum includes advice on actions to improve Audit outcomes through more self-assessment and peer to peer reviews.
- Audit check lists circulated to all Primary Schools (see attached).


The School have acted immediately and agreed to complete all actions within a defined timeframe. The School and the Governing body are fully committed to the recommendations made in the Audit report and will:


- be tracking all actions within the timeframe stipulated in the report, including evidence of the actions taken.
- confirm additional steps that the School are planning to take in light of the audit findings.
- take immediate action in mitigating exposure to risks arising from weaknesses in the control environment.

Substantial Assurance


Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Compliance Testing on Best Value Improvement Plan for Procurement	Jan 2016	<p>The objective of this audit was to provide assurance to management that the actions agreed within the Best Value Improvement Plan for Procurement had been implemented and that appropriate controls were in place so that the Council can be confident of compliance and that reports to the Commissioners and the Secretary of State on progress against the Action Plans are accurate.</p> <p>We carried out compliance testing on the key milestones contained in the Procurement action plan. Only those actions were tested which triggered 100% by December 2015. We did not test whether the milestone had been embedded into business as usual.</p> <p>Our testing showed that of the fourteen action points in the BV Improvement Plan, 10 actions triggered by December 2015. These ten action points had seventeen milestones for implementation. Compliance testing on these seventeen milestones found that sixteen milestones (94%) were implemented.</p> <p>The milestone which was not implemented included a new operation model for 'central monitoring of contracts and compliance to Council's procurement procedures'. This milestone was not fully operational as a key post had not yet been filled. The target date for implementing the model needed to be revised.</p> <p>We also reported that the milestone to 'Improve Finance and Procurement controls to increase compliance and transparency of spend across the organisation' had been progressed, but the compliance escalation framework needed to be embedded effectively to achieve Council objectives.</p> <p>All findings were agreed with the Head of Procurement and final report was issued to the Corporate Director of Resources. The report was submitted to the Best Value Programme Board.</p>	Extensive	<p>Substantial</p> 

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Compliance Testing on Best Value Improvement Plan for Grants	Feb. 2016	<p>This audit assessed the progress and implementation of actions agreed within the Best Value Improvement Plan for Grants to ensure that appropriate controls were in place so that the Council can be confident of improvement in the Grants process.</p> <p>Of the ten actions in the Plan, seven actions had triggered by December 2015. These seven actions had twenty four milestones which we tested to ascertain progress and verify their implementation. Our testing found that twenty-two (92%) of the twenty four milestones were fully implemented. We did not test whether the milestone had been embedded into business as usual. Details of the two milestones not fully implemented are given below:-</p> <ol style="list-style-type: none"> 1. In relation to action point 5 (4), 'Ensure all grant 'contracts' over £5,000 are included in the Council's contracts register', it was noted that this milestone was misinterpreted by Management as being related to publishing MSG grants information on the Council's website on the transparency page. It has now been agreed with management that all grants related information held on the Council's centralised grants system, GIFTS, will be entered on the Council's contracts register. Management has been advised to revise the milestone related to action point 5(4) and report this to the next Best Value Programme Board. 2. The milestone related to action point 7 (3) around the monitoring of performance in delivering approved grant funded projects could not be tested during the audit. As the 2015/18 MSG programme started in September 2015, monitoring returns are not due until mid-January 2016 and no monitoring visits to organisations had been undertaken yet. Hence, Management has been advised that this milestone be revised and reported to the next Best Value Programme Board. <p>All findings were agreed with the Head of Benefits Service and final report was issued to the Corporate Director of Resources. The findings were reported to the Best Value Programme Board for further discussion and consideration.</p>	Extensive	Substantial 


Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Compliance Testing on Best Value Improvement Plan for Communications	Jan. 2016	<p>The objective was to provide assurance to management that the actions agreed within the Best Value Improvement Plan for Communications had been implemented and that appropriate controls were in place to improve business processes.</p> <p>A total number of twenty-nine milestones under the fourteen action points were tested to verify implementation and embedding. Our testing found that twenty- two (76%) of the twenty nine milestones had been progressed. The remaining seven milestones were work in progress at the time of audit, and implementation relied the outcomes of the LGA review of Communications. In view of this, we could not come to a definite conclusion on the implementation and embedding of the required controls within the communications service business.</p> <p>We recommended that once the outcome of the LGA review is published, the action plan should be revised, clarified and reported to the Best Value Programme Board for an effective monitoring purpose to meet the objectives and priorities of the Council in relation to its Communications Service.</p> <p>All findings were agreed with the Acting Head of Communications and final report was issued to the Corporate Director – Law, Probity and Governance. The report was taken to the Best Value Programme Board for further consideration.</p>	Extensive	Substantial 


Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Compliance Testing on Best Value Improvement Plan for Property	Feb. 2016	<p>This audit sought to provide assurance to management that the actions agreed within the Best Value Improvement Plan for Property had been implemented and that appropriate controls were in place to improve business processes for asset management and disposal.</p> <p>Of the thirteen action points, ten actions triggered by December 2015. These ten action points had twenty eight milestones. Audit testing found that all twenty eight milestones (100%) had been progressed. We did not test whether the milestone had been embedded into business as usual.</p> <p>However, in relation to action point 3 - ‘ Establish what if any additional checks/references are needed by bidders on conflict checks (commercial bidders declaring interest when putting proposals forward to buy a site within a sealed bid process.)’, Audit was unable to evidence the implementation of this action. The Service Head, Corporate Property and Capital Delivery, advised Audit that a number of discussions took place with the Commissioners, particularly Max Caller, on this issue. The Service Head, Corporate Property & Capital Delivery, agreed to explore what mechanisms can be put in place, in relation to bidders, that aligns with similar processes in the planning process. Accordingly, management have been advised to revise this action point and report this to the next meeting of the Best Value Programme Board for further discussion.</p> <p>All findings were agreed with the Service Head - Corporate Property and Capital Delivery and final report was issued to the Corporate Director – Development and Renewal. The report was referred to the Best Value Programme Board for consideration.</p>	Extensive	Substantial 

Substantial Assurance


Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
NNDR	Nov 2015	<p>The NNDR function is responsible for the identification of billable properties, correct input of Valuation Office data, correct and timely billing, processing of reliefs and collection of income including debt recovery. This audit is being undertaken as part of the 2015/16 agreed Audit Plan.</p> <p>Business rates or National Non-Domestic Rates (NNDR) collected by the Council are the means through which those who occupy a business property contribute towards the cost of local services. NNDR monies collected are pooled by the Central Government and redistributed to local authorities as part of the annual formula grant settlement. Rates are determined by the Department for Communities and Local Government (DCLG) each financial year, according to a formula set by legislation.</p> <p>The Council has approximately 15,764 business properties as at 1st August 2015. A total of £194m had been collected in respect of NNDR as on 1st September 2015.</p> <p>The Council is part of the CIPFA NNDR benchmarking club. A value for money benchmarking exercise is undertaken on an annual basis to compare NNDR activity and performance with other comparable local authorities in London.</p> <p>The audit was designed to provide assurance to management as to whether the systems and controls around the management of NNDR 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"> • It was identified that timely reconciliations of the Council's rateable list against the Valuation Office Agency's (VOA) rateable list and processing of necessary amendments are not undertaken. • It was found that there was no independent quality review in respect of individual account amendments processed. It should be noted that this issue 	Extensive	Substantial 

		<p>was also raised in the 2014/15 audit.</p> <ul style="list-style-type: none"> • There were no weekly checks undertaken on the workflow actions for the period February 2015 to August 2015. This issue was also raised in the 2014/15 audit. • It was found that in one out of the five charitable reliefs that were tested, there was no evidence of a site inspection being undertaken during the periodic review of the relief. • It was established that there is no evidence of independent review of inhibited accounts. This issue was also raised in the 2014/15 audit. <p>All findings and recommendations were agreed with the Non-Domestic Rates Manager and reported to the Service Head, Revenue Services, and the Corporate Director of Resources.</p>		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Budgetary Control	Feb 2016	<p>The Council approved the amended budget proposals on 5th March 2015 in respect of the General Fund Revenue Budget 2015/16 as agreed at the Council meeting in February 2015, following approval of the original budget proposals by Cabinet at its meeting in February 2015. The impact of the Spending Review on the Medium Term Financial Plan continues a tightening financial position for the Council, with a need to identify further budget savings. At the same time the Council continues to face significant and largely unavoidable spending growth and inflation pressures.</p> <p>The forecast year-end out turn is £291,222,000 and the current budget is £291,363,000 making up a variance of (£141,000) i.e. 0.05%.</p> <p>The agreed general fund revenue budget was for £291.4m for 2015/16.</p> <p>The audit was designed to provide assurance to management that the systems at corporate level for controlling and monitoring revenue budgets across the Council to meet the agreed objectives are sound, secure and effective, and also to evaluate the potential consequences which could arise from any weaknesses in the internal control procedures. The weakness identified was as follows:-</p> <ul style="list-style-type: none"> • The list of budget holders is not up to date, since it includes officers that do not have budget related responsibilities. <p>All findings and recommendations were agreed with the Head of Financial Planning & Corporate Finance Partner and reported to the Interim Service Head, Finance and Procurement, and the Corporate Director of Resources.</p>	Extensive	Substantial 

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
VAT Management	Nov 2015	<p>The audit was designed to provide assurance to management as to whether the systems and controls around the management of VAT are sound, secure and adequate to ensure that VAT regulations are complied with. 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"> • The VAT Procedure Notes are out of date • The workflow process map has not been updated as it still includes an ex-employee as an approver who should have been replaced by a new approver. • From our testing, we noted one instance where a journal to the VAT was not approved on a timely. In addition, we were informed that in several instances journals had been posted to the VAT Control account or the Uncertified VAT account which did not have the relevant documentation attached, i.e. a valid HMRC compliant tax invoice or a pro-forma invoice (for where items are posted to the Uncertified VAT account). • From our testing of a sample of twelve VAT returns made to HMRC tested, it was identified that VAT return for the month of May 2014 was submitted one day after the HMRC's deadline. • Although control account reconciliations were being undertaken on a monthly basis the reconciliations were not independently signed and dated by the reviewer and the preparer. • Through discussions with the Senior Accountant it was established that although reviews of the partial exemption calculations are undertaken, this could not be confirmed as the documents were not signed or dated following the review. In addition, we requested sight of the partial exemption calculations produced for the last seven years, which should have been retained as per the HMRC requirement, but only the calculation for 2013-14 could be located. <p>All findings and recommendations were agreed with the Senior Accountant and</p>	Extensive	Substantial 


		reported to the Interim Service Head, Finance & Procurement, and the Corporate Director of Resources.		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Council Tax	Nov 2015	<p>The Council Tax function is responsible for the correct identification of residential properties, billing of correct amounts, processing of discounts and voids, collection of income and recovery of arrears.</p> <p>For the financial year commencing 1st April 2015, there were 119,073 banded properties within the Tower Hamlets Borough, which is an increase of 1,888 since 2014/15, with band C containing the highest number of chargeable properties at 36,204 and band H the lowest at 509 properties.</p> <p>For the year 2015/16 the cumulative value of Council Tax collected was £39.79m as at 31st August 2015, which is 41.94% of the total Council Tax due for 2015/16. At the same point in the year 2014/15, 40.92% had been collected.</p> <p>The audit was designed to provide assurance to management as to whether the systems and controls around the management of Council Tax 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"> • In one out of the 20 exemptions that were tested, it was found that the end date of the student exemption was not updated on Civica IBS. • We noted that the prescribed sample checks of 5% of write off cases that were processed in June 2015 have not been undertaken. • Spot checks are no longer undertaken on completed work items to ensure that staff members are performing to the expected standard. This issue was raised in the previous audit report in respect of the 2014/15 financial year. <p>All findings and recommendations were agreed with the Council Tax and Income Manager and reported to the Service Head, Revenue Services, and the Corporate</p>	Extensive	Substantial 

		Director of Resources.		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Customer Journey First Response Follow Up Audit	Dec 2015	<p>A full systems audit on the Customer Journey First Response was undertaken in September 2014 and the audit was assigned “Substantial Assurance”. First Response is the first point of contact for people over 18 years of age, either in the community or in hospital, wishing to get information relating to social care and community services.</p> <p>The First Response service, which consists of the Hospital and Community Teams, seeks to resolve the majority of people's concerns and needs at first contact through information and advice giving, and speedy provision for simple levels of support, such as installing basic equipment in their homes. People who require additional support are referred onto other services, such as the Reablement team or Long Term Support teams.</p> <p>Referrals for the Hospital Team are received from the hospital wards. The Community Team receives referrals from a variety of sources, including officers of other Council services, emergency services, health services, or members of the public, via phone, e-mail and in person. Records of service users are maintained on the Frameworki system, with additional documents being archived electronically using TRIM.</p> <p>This audit was a follow up audit, and its objective was to assess whether the agreed recommendations at the conclusion of the internal audit had been implemented.</p> <p>Our follow up review showed that of the one high priority and four medium priority recommendations made at the conclusion of the original audit, one medium priority recommendation had been fully implemented, one high and one medium priority recommendation had been partly implemented and two medium priority recommendations had not been implemented. Following our testing, we have made four recommendations to enhance the control environment within this area.</p> <ul style="list-style-type: none"> • Consent to share information should be obtained, evidenced and recorded. 	Extensive	Substantial 


		<ul style="list-style-type: none"> • The policies, procedures and guidance in place for staff should be reviewed and updated on a regular basis. • The performance of the service against the key indicators (KPIs) identified as per the Team Plans should be monitored, recorded and reported on to senior management. • As per the Adult Social Care Complaints Procedures in place, complaints should be responded to within the timeframes set out by the Council. <p>All findings and recommendations were agreed with the Interim Service Manager for Delivery, Transformation and Independence and reported to the Acting Director – Adult Services.</p>		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Tower Hamlets Homes – Bancroft TMC	Feb 2016	<p>A Tenant Management Co-operative or Organisation (TMC or TMO) is a form of participative tenancy organisation, in which the tenants and leaseholders in a particular area take on responsibility for the day-to-day management of their estate. The Council retains ownership of the properties, and the tenants retain their tenancy rights.</p> <p>The services managed by a TMC vary according to local agreement, but can include organising repairs, deciding on caretaking and estate cleaning priorities, collecting rent and managing arrears, employing and managing staff and contractors, looking after public gardens and other shared areas, controlling any estate improvements, and providing advice and support to tenants.</p> <p>Bancroft TMC was set up in 1992 by residents under the ‘Right to Manage’ legislation of 1994. The TMC was formed to ensure a high level of attention was focused on the needs of the resident, and has taken over the management of caretaking, responsive repairs, cleaning and general upkeep of the estate. Monthly General Meetings are held which are open to all resident members of the estate, and a Management Committee of the elected members holds regular monthly closed meetings. A Finance and HR sub-committee also meets ten times a year. It should be noted that Bancroft TMC does not have responsibility for major repairs works.</p> <p>The annual budget for Bancroft TMC for 2015/16 is £459,000.</p> <p>The audit was designed to provide assurance assurance to Tower Hamlets Homes (THH) that appropriate financial management processes and systems are in place at Bancroft TMC. To provide assurance to management as to whether the systems of control around the Financial Management system at Bancroft TMC are sound, secure and adequate., and also to evaluate the potential</p>	Extensive	Substantial 


	<p>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"> • We were unable to provide assurance that the current procurement arrangements in respect of two contractors provide value for money since we could see no evidence that market testing had taken place. • The TMC's Financial Regulations and Procedures are not clear with regards to the procurement route to be followed in all cases. In addition, the Financial Regulations and Procedures, and the Pay Policy are not up to date. • Examination of the bank reconciliations undertaken in respect of the Unity Trust current and savings accounts identified that on four out of the 12 occasions reviewed for the current account, and seven out of 12 occasions for the savings account, these were not signed by the bookkeeper. • Post inspection certificates were incomplete for all five instances tested. Confirmation could not be obtained for when the certificates were completed. • Examination of the declaration of interest forms for the committee members identified one out of 12 instances where the name of the member had not been printed. The member had signed but had not completed the 'print name' section. For one out of 12 of the declaration of interest forms, there was no date included of when the form had been signed/completed. <p>All findings and recommendations were agreed with the Director of Bancroft TMC and reported to the Director of Finance, and the Chief Executive at THH.</p>		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Control and Monitoring of On-Street Parking Cash Income</p> <p>Follow Up Audit</p>	<p>Jan. 2016</p>	<p>This follow up audit assessed the progress made in implementing the recommendations agreed at the conclusion of the original report finalised in November 2014. Our testing showed that of the nine high priority recommendations made all appeared to have been progressed.</p> <p>The Parking and Development Manager created a P&D reconciliation process at the time of the follow up audit showing how the income reconciliation process was followed daily by parking officers. This process included the supervisory checks. An arrangement has been put in place to record counterfeit coins by the contractor who would also destroy these coins. The contract monitoring meetings were minuted in detail and had a rolling agenda for each meeting. The Parking Development Manager had written to the contractor with regard to the insurance provision and additional insurances have now been provided in accordance with the contract requirements. Invoice checking and payment procedure had been improved. Two Local Performance Indicators for monitoring the performance of the contractor had been introduced. However, Audit was informed that these Indicators were not required to be included in the Parking Senior Management Team Performance Report</p> <p>Since November 2014 the responsibility for income reconciliation has been handed over to the Parking Service from CLC Finance. Parking service undertakes 100% check on all cash income collected by the contractor and reconcile this to the audit tickets produced by the P&D machines. Our review has shown that this was being carried out in practice and variances were being recorded. The variance levels are to be reported to the Parking Management Team for information. However, there was no detailed explanation to inform the management team as to the reasons or actions taken to address the variances and issues identified.</p> <p>All findings and recommendations were agreed with the Head of Parking and final report was issued to the Corporate Director, Communities, Localities and Culture.</p>	<p>Extensive</p>	<p>Substantial</p> <p style="text-align: center;">⇒</p>


Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Trading Standards	Feb 2016	<p>The role of the Trading Standards team is to help maintain a fair trading environment for businesses and consumers within the London Borough of Tower Hamlets. The team applies a wide range of trading standards laws, and provides support, advice and guidance to consumers and traders. The Trading Standards budget including revenue has increased from £727,449 in the financial year 2014/15 to £750,168 in the financial year 2015/16. The team currently comprises of eight members of staff. A total of 11 prosecutions were initiated within the last 12 months under the Proceeds of Crime Act (POCA) and of these nine are continuing to be investigated or confiscation is being pursued.</p> <p>The Trading Standards Service carries out routine inspections of premises, samples and tests products, investigates complaints made against traders by other businesses or by members of the public, investigates offences and prosecutes the offenders, and contributes to achieving priorities in trading standards at both the local and national levels.</p> <p>The audit was designed to provide assurance to management as to whether the systems and controls around the management of the Trading Standards service 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"> • The Civica APP system is not being updated appropriately on a timely basis with the relevant information obtained as a result of the investigation visits. • Due process is not being followed in acknowledgement of the received complaints or taking the required action to address those complaints. <p>All findings and recommendations were agreed with the Head of Consumer and Business Regulations Service and reported to the Service Head for Safer Communities, and the Interim Head of Paid Service and Corporate Director, Communities, Localities and Culture.</p>	Extensive	Substantial 

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Tower Hamlets Homes – Declaration of Staff Interests	Feb 2016	<p>Under the Tower Hamlets Homes (THH) Staff Code of Conduct, officers have a duty to declare interests which conflict with the impartial performance of their duties, and to declare in writing any financial, personal, or social interests that could be considered in bringing about conflict with the organisations business or interests, such as involvement in political activities or financial investments in property owned by THH.</p> <p>Staff are required to seek approval for any voluntary or paid employment that they undertake outside of their work with THH. Any additional work, whether paid or unpaid, must not conflict with the organization’s interests or weaken public confidence in it.</p> <p>THH currently has approximately 480 employees who are required to complete a declaration of interests form on an annual basis.</p> <p>The audit was designed to provide assurance on the effectiveness and adequacy of the systems and controls THH has put in place for the management and control of Declarations of Staff Interests, 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"> • From our audit testing we noted a number of cases where no follow up action had been taken in respect of disputed declaration of interest (DOI) forms (a disputed DOI form is where the form is either not fully completed, where the information is not clear or where it has been sent by the employee, but has not been received by HR). We were informed that these issues were as a result of the large number of staff members that are required to be chased by the support team on an individual basis. This leads to the support team spending an excessive amount of time chasing up outstanding DOIs alongside their other day-to-day responsibilities. • The Whistleblowing Procedures document was last reviewed in April 2008 and this document is out of date. 	Extensive	Substantial 

		<ul style="list-style-type: none">• Code of Conduct acknowledgement slips are not always completed and returned in a timely manner. <p>All findings and recommendations were agreed with the Senior Employment Relations Manager and reported to the Director of Finance, and the Chief Executive.</p>		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Tower Hamlets Homes – SLA Management	Dec 2015	<p>The London Borough of Tower Hamlets (LBTH) is a key partner and client of Tower Hamlets Homes (THH). The ALMO is commissioned by the Council to provide housing management services for council-owned stock, and THH works in partnership with a range of Council functions.</p> <p>This audit was scoped to focus on two of the 23 service level agreements (SLAs) in place in detail, and the Legal Services SLA and the ICT SLA were selected prior to the start of the audit.</p> <p>In 2015/16, year eight of the Management Agreement, 23 SLAs were budgeted for by THH, with total costs of £6.4m. This represents 18% of the management fee (£35.1m) that THH receives from LBTH.</p> <p>The audit was designed to provide assurance on the effectiveness and adequacy of the systems and controls THH has put in place for the strategic management of the formal SLAs for support services provided by LBTH, thus ensuring that the services provided by the Council are economic, efficient and effective 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"> • The current main contact for the Legal SLA will require operational reports from commissioning services as legal services do not form part of the contact's role; • The formal ICT SLA Quarterly Performance Review meetings are held between the Client Representatives (THH) and the LBTH ICT Client Team; informal monthly meetings are held between Client Representatives and the LBTH Contracts & Performance Co-ordinator and are not recorded. <p>All findings and recommendations were agreed with the Head of Finance (THH) and reported to the Director of Finance (THH), and the Chief Executive (THH).</p>	Extensive	Substantial 

Substantial Assurance

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Bigland Green Primary School	Nov 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 Resources Committee, which have overall responsibility for financial planning and control. The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • From examination of the Full Governing Body meeting minutes it was found that the Governors Handbook was last updated in the December 2013 meeting. Discussion established that the current handbook was still effective; however some of the information contained within the terms of reference needed revising. • From examination of the Full Governing Body meeting minutes there was no evidence that virements for over £25,000 or changes to the budget from additional funding were appropriately approved. It was noted that virements and other budget movements were presented within Resources Committee meetings, and that some of the significant budget movements were discussed in Full Governing Body meetings. However, explicit approval of large budget movements by the Full Governing Body was not noted in the meeting minutes. • From examination of the School's non Local Authority service level agreements above £5,000, there was no evidence from the meeting minutes that the agreements were approved by the Governing Body (or delegated committee). For one contract, alternative quotes were not attached so value for money could not be demonstrated. • Sample testing identified two out of three instances where payments had been made direct to an individual, without NI or PAYE deductions being made. No record of the individuals' employment status being checked was available. <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of Governors and the Corporate Director – Children's</p>	Moderate	Substantial 

		Services.		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Halley Primary School	Dec 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 main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • The School's Financial Policies and Procedures Manual, D5: Expenditure limits – tendering states that “All purchases estimated between £1,000 and £10,000 should have a minimum of 3 quotes”. Examination of a random sample of five high value purchases identified that only three had the required number of quotes on file. • Although the School's Scheme of Delegation of Governing Bodies and Financial Powers and Duties to Others' was signed by the Chair of Governors on 4 February 2015, there was no evidence to demonstrate that it had been formally approved by the Governing Body. It was also noted that no approval by the Full Governing Body could be evidenced in the last 15 months. • The School's Finance & General Purposes Committee's ToR stated that it had been reviewed in February 2015. However, from examination of the Governing Body minutes for February and May 2015 (the last minutes available), there was no evidence that this has been formally approved. • For eight out of 10 purchases sampled, there was no evidence that an official purchase order form had been completed. Other checks on the purchases made (e.g. receipt of invoice / goods, authorisation of invoice etc.) had been completed by the School. • Examination of five equipment loan forms noted that in four instances the make, model and serial number of the loaned item was not present, and also the loan form had not been correctly authorised (i.e. authorised by the head Teacher or Admin Officer). 	Moderate	<p>Substantial</p> <p style="text-align: center;">↔</p> <p>No change in the direction of travel from the previous audit undertaken in 2010/11</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.		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Mayflower Primary School	Jan 2016	<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, Personnel 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"> • Testing of a sample of five high cost procurement / contracts identified four cases where confirmation by the Finance and Curriculum Committee in respect of major work (value between £10,362 and £12,475) could not be evidenced. The Head Teacher has delegated powers up to £5,000. There were also three cases where the required number of quotes were not obtained. • For eight out of 10 purchases sampled, there was no evidence that an official purchase order form had been completed. In one of the cases an invoice had not been received. Instead an email was received quoting the amount. • The terms of reference for the Curriculum Committee is undated, and has not been signed and dated by the Chair of the Committee. The terms of reference for the Finance, Personnel and Premises Committee is unsigned. • Declaration of interest forms have not been completed for three of the current Governors. • The School has a three year School Improvement Plan. There is no evidence that the plan has been reviewed or formally approved in the last 12 months. • A sample of five new starter files was tested. In two instances, the medical checks records were not in the files. <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.</p>	Moderate	<p>Substantial</p> <p style="text-align: center;">↔</p> <p>No change in the direction of travel from the previous audit undertaken in 2010/11</p>

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Harbinger Primary School	Feb 2016	<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 Resources Committee, which have overall responsibility for financial planning and control. The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • The School produces a monthly reconciliation to the Council. However, the only signature evidenced on the report and all supporting documentation was the sign off of the Head Teacher with no evidence provided that it has been produced independently by another staff member. • From our sample testing of leavers' files, there appears to be an adequate system in place. However, it was noted that the Payroll report from the Council was received approximately two weeks after the month end processing has taken place, which could result in retrospective actions being taken to correct errors where applicable. In the case of one member of staff, an additional payment was made to her after she had left the School. The School identified this quickly and made arrangements for the staff member to pay it back and this was resolved within two months. • Testing for a sample of ten purchases identified one case where payment was made 48 days beyond the target payment date, one case where there was no valid invoice, and one case where there was a £3 discrepancy between the payment made and the invoice issued. • Whilst it was evidenced that the School produces a detailed income and expenditure record, it was established that a subsequent 'End of Journey' statement, was not prepared and presented to governors in respect of residential trips. • From a sample of asset loans, all three had completed and appropriately approved asset loan forms. However, in one case, the serial number on the form did not tally with the asset number given to the asset. 	Moderate	<p>Substantial ↔</p> <p>No change in the direction of travel from the previous audit undertaken in 2010/11</p>

		All findings and recommendations were agreed with the Head Teacher and reported to the Chair of the Governing Body and the Corporate Director – Children’s Services.		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Osmani Primary School	Feb 2016	<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 an Operations Committee, which have overall responsibility for financial planning and control. The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • It was evidenced that the Scheme of Delegation and Financial Management Code of Practice were reviewed in the Operations Committee meeting in December 2014 and the minutes denote that it was approved by the Chair of Governors. However, there is no evidence that a review and approval was undertaken at the subsequent Full Governing Body meetings. • Examination of the Governor 'Declaration of pecuniary and personal interest' forms noted two instances where the signature on the completed form had been typed and not been signed by the Governors. • From a sample of 10 transactions, two orders were identified where an order had been amended, and a new purchase order issued. However, the updated purchase orders had not been signed as authorised. • From a sample of six new starters, only two had DBS checks in place prior to starting work. The Head Teacher stated that some of these were for urgent recruits for lunch time support, who were usually mothers of pupils in the school who have shown an interest and the School's ethos is to encourage the local community to participate as much as possible in the school. We were also advised that a rigorous risk assessment is carried out by the Head Teacher to satisfy herself that the staff member is low risk; however no documentation was retained on file. Additionally, we were informed that the relevant staff members are not permitted to be alone with children until the DBS clearance is received. The School has now moved to online DBS processing which has reduced the delivery time to approximately a week. The Starter Checklist has now been updated (during the audit) to include the Head Teacher's confirmation that in cases where there is a delay in DBS clearance, the Head Teacher has carried 	Moderate	<p>Substantial ↔</p> <p>No change in the direction of travel from the previous audit undertaken in 2010/11</p>

		<p>out a Risk assessment on the staff member.</p> <ul style="list-style-type: none"> • Examination of the list of staff leavers and the current FMS user list identified that there were former employees of the School who were still listed on the system as active users. Discussion with the ICT Coordinator established that the users can no longer have access to the network and they had not signed on since July 2015, However, their access rights to the FMS had not been disabled. • The guidance on the HMRC website states that, “A worker's employment status that is whether they are employed or self-employed, is not a matter of choice. Whether someone is employed or self-employed depends upon the terms and conditions of the relevant engagement.” The Employment Status Indicator (ESI) tool on the HMRC website can be used to determine the employment status of individuals. Where someone is determined to be employed, PAYE and NI deductions must be made at source. From examination of a sample of three transactions there was no evidence that the suppliers have confirmed that they are fully responsible for their NI and Tax payments. <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of the Governing Body and the Corporate Director – Children’s Services.</p>		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Animal Warden Service Follow Up Audit	Jan. 2016	<p>The objective of this follow up audit was to assess the progress made in implementing the agreed recommendations at the conclusion of the original audit in October 2014.</p> <p>Our testing showed that out of the 10 high priority recommendations made in the final audit report, there was evidence to show that two recommendations had been fully implemented and one recommendation was not implemented at all. The remaining seven recommendations were partially implemented and the Senior Animal Warden had taken a lead role in this. However, there were limitations in implementing these recommendations fully as support was needed from higher level management to embed these recommendations effectively within the service to demonstrate improvement in service performance, internal control and risk management.</p> <p>All findings and recommendation were agreed with the Head of Street Enforcement and final report was issued to the Service Head – Community Safety and Corporate Director – Communities, Localities and Culture.</p>	Moderate	Substantial 

Full Assurance

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Excluded Children Follow Up Audit	Nov 2015	<p>Between the period 1st September 2014 and 20th July 2015, schools in Tower Hamlets had excluded 681 pupils on fixed term exclusions (secondary and primary schools) and eight pupils on permanent exclusions (all eight pupils were from secondary schools and none from primary schools). The number of secondary school permanent exclusions had increased from five in 2013/14 to eight in 2014/15.</p> <p>Reasons for exclusions in the Borough included physical assaults; persistent disruptive behavior and theft, verbal abuse/threatening behavior, etc.</p> <p>A full systems audit on Excluded Children was undertaken in 2014 for which the final report was issued in July 2014. This audit was assigned substantial assurance.</p> <p>Our follow up review showed that of the three recommendations made in our original report (one high priority and two medium priority) all have been fully addressed and no further recommendations were made.</p> <p>The findings were agreed with the Head of Pupil Services, and the Head of Support for Learning/Lead Officer for Social Inclusion and reported to the Service Head, Learning and Achievement, and the Corporate Director, Children's Services.</p>	Extensive	<p>Full</p> <p>⇒</p>

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Medium Term Financial Planning	Dec 2015	<p>The purpose of the Medium Term Financial Plan (MFTP) is to provide a comprehensive review of the Council's overall financial position for the current year and an overview of the prospects for the following three years. The plan covers both revenue expenditure, which relates to the daily running costs and overheads of service provision, and capital expenditure, which includes long term investment in infrastructure such as schools and roads. The plan also sets out the Council's overall Financial Strategy.</p> <p>The Cabinet and Full Council are responsible for agreeing an approach to deliver a sustainable financial position over the period, taking into account financial risks and unknown factors. In addition, the Cabinet and then the Full Council review the budget assumptions for 2015/16 and consider growth requirements, savings plans and assumptions around the Council's resource base.</p> <p>In the latest version approved on 28th July 2015, the MTFP for the Authority covers the period 2015/16 to 2018/19. The net estimated general fund requirement reported at March 2015 Council for 2016/17 is £296.7m with a total funding envelope of £265.0m available through Revenue Support Grant, Council Tax and Business Rates. The refreshed MTFP reports an estimate that the three year funding gap to the end of 2018/19 will be £63.0m. The potential for setting the savings target for 2016/17 at £15.0m has been identified, with a likely scenario of a target of £30.0m for 2017/18, with the remaining £18.0m being delivered in 2018/19.</p> <p>The purpose of the audit was to provide assurance to management that the system in place for compiling and updating the Council's Medium Term Financial Plan is sound, secure and resilient, and also to evaluate the potential consequences that could arise from any weaknesses in internal control procedures.</p> <p>We noted the following areas of good practice;</p>	Extensive	Full 

	<ul style="list-style-type: none"> • The roles, responsibilities and process for formulating, monitoring and reviewing the MTFP are defined in the Council’s Financial Regulations, the Budget and Policy Framework Procedure Rules, MTFP Guidelines and the Budget Practitioners’ Guide. • The MTFP is consistent with the Council’s corporate objectives and the planning assumptions are realistic and accurate. • The key stakeholders are identified and consulted during the formulation process. Updates on implementation are provided to them via regular reports and meetings. • The MTFP undergoes a challenge process with senior management, the Overview and Scrutiny Committee, the Cabinet and the final version is approved by Full Council. • Monitoring of the MTFP is supported by performance indicators. Data relating to the performance measures is published and presented to the Overview and Scrutiny Committee and the Cabinet. <p>We did not make any recommendations as a result of our work in this area.</p> <p>All findings were agreed with the Head of Financial Planning and Corporate Business Partner and reported to the Interim Service Head, Corporate Finance, and the Corporate Director of Resources.</p>		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Control and Monitoring of Blue Badges Follow Up Audit	Jan. 2016	<p>This follow up audit assessed the progress made in implementing the agreed recommendations at the conclusion of the original audit that in March 2015.</p> <p>Our testing showed that out of the five high priority recommendations made in the final audit report, all recommendations had been addressed by the service.</p> <p>A new version of Blue Badge application form was put in place with adequate guidance on eligibility checks. The new version also included requirements to provide supporting medical evidence from GP or Hospital which was then considered by the Assessor during the assessment process. Information was obtained from other Local Authorities who had contracted out the mobility assessment function to ensure that a more detailed specification which reflected LBTH current service and legislation was developed for tendering out the LBTH mobility assessment service. Key operational risks were identified, assessed and were being managed. Authority was sought from Legal services to release monthly Death Lists to the mobility team for matching with the database to cancel the blue badges allocated to those persons now deceased. This has reduced the opportunity for fraudulent use of blue badges. In addition to this control, there has been a proactive enforcement of fraudulent blue badges with the objective of seizing blue badges and communicating the message more effectively to reduce prosecutions in the future.</p> <p>All findings were agreed with the Mobility Support Team Leader and Interim Service Head – Public Realm. Final report was issued to the Corporate Director – Communities, Localities and Culture.</p>	Moderate	<p>Full</p> <p>⇒</p>

Assurance Not Given

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Homelessness Strategy	Nov 2015	<p>The audit was designed to provide assurance to management that there are appropriate arrangements in place for managing and delivering the Tower Hamlets Homelessness Strategy. The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • The Council has produced a Homelessness Statement for 2013-17. This was approved by the Cabinet in July 2013 and describes the borough's approach to tackling homelessness, setting out the direction and priorities for the five year period. This Statement was regularly discussed throughout 2012 and 2013 at the Homeless Partnership Board, prior to its approval. However, it was noted that there is no overarching Housing Strategy currently in place, with the previous version covering the period from 2009-12. • The Homeless Partnership Board has not met since 13th June 2013. • No action plan has been produced to support the delivery of the Homelessness Statement. In addition, roles and responsibilities in terms of delivery of the Statement have not been clearly defined. • We also recommended that once the action plan has been produced and appropriately approved, progress against the action plan should be regularly reported to the Homelessness Partnership Board. In addition, management should also ensure that progress is regularly reported to senior management, members and stakeholders. <p>All findings and recommendations were agreed with the Service Head, Strategy, Regeneration, Sustainability, and reported to the Corporate Director, Development and Renewal.</p>	Extensive	N/A

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

Audit Subject	Recommendation	Service Head	Officer Name
Animal Warden Service	The Service Head Safer Communities should request the Service Head HR and Workforce Development to formulate a Corporate Policy on the Use of Council Vehicles by staff in order that the organisation considers the cost of fuel, wear and tear to the vehicles etc. and if any charge should be made by the employer to the employee with regard to the use by him/her for home to work travel	Andy Bamber	Andy Bamber

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

Audit Subject	Recommendation	Service Head	Officer Name
Customer Journey First Response	The policies, procedures and guidance in place for staff should be reviewed and updated on a regular basis to help to ensure that they reflect good practice. The documents in place should be approved and any changes communicated to staff following review, and made available via the Council intranet.	Luke Addams	Brian Turnbull
Customer Journey First Response	The performance of the service against the key indicators identified as per the Team Plans should be monitored, recorded and reported on to senior management. The performance management needs for Assessment and Intervention Teams should be finalised and implemented as soon as possible.	Luke Addams	Brian Turnbull