

Non-Executive Report of the: Audit Committee 31 st January 2017	 TOWER HAMLETS
Report of: Zena Cooke - Corporate Director - Resources	Classification: Unrestricted
Quarterly Internal Audit Assurance Report	

Originating Officer(s)	Minesh Jani and Bharat Mehta
Wards affected	All wards

1. SUMMARY

- 1.1. This report summarises the work of Internal Audit for the period September 2016 to November 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.
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3.2. In addition, each review is also considered in terms of its significance to the authority in line with the previously agreed methodology. The significance of each auditable area is assigned, based on the following factors: -





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

4. OVERALL AUDIT OPINION

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

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 September 2016, twenty eight 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. Members 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.

(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	1	9	4	1	15
	Moderate	-	11	2	-	13
	Low	-	-	-	-	-
Total Numbers		<i>1</i>	<i>20</i>	<i>6</i>	<i>1</i>	<i>28</i>
Total %		<i>4%</i>	<i>71%</i>	<i>21%</i>	<i>4%</i>	<i>100%</i>

- 5.4. From the table above it can be seen that of the fifteen finalised audits which focused on high risk or high value areas; one was assigned full assurance, nine were assigned Substantial Assurance, four were assigned Limited assurance and one was not applicable. A further thirteen audits were of moderate significance and of these eleven were assigned Substantial Assurance and two were assigned Limited Assurance.
- 5.5. Overall, 75% of audits resulted in an adequate assurance (substantial or full). The remaining 21% of audits have an inadequate assurance rating (limited or nil) and 4% Not Applicable.

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 to November 2016	65%	65%
Percentage of Priority 1 Audit Recommendations implemented up to July 2016 by Auditees at six monthly follow up audit stage	100%	70% 14 out of 20
Percentage of Priority 2 Audit Recommendations implemented up to July 2016 by Auditees at six monthly follow up audit stage	95%	40% 6 out of 12

- 6.2. The percentage of priority 1 recommendations implemented at the follow up stage was 70%, whereas the percentage of priority 2 recommendations was 50%. Details of priority 1 and priority 2 recommendations not implemented are set out in Appendix 3. Details of recommendations not implemented for each Follow Up audit are sent to the relevant Service Head and the Corporate Director for any appropriate action they would like to take.

7. COMMENTS OF THE CHIEF FINANCE OFFICER

- 7.1. This is a quarterly noting report covering the period September 2016 to November 2016 highlighting findings arising from the work of the internal audit service. 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. Pursuant to Regulation 3 of the Accounts and Audit Regulations 2015 ('the 2015 Regulations'), the Council is required to ensure that it has a sound system of internal control that facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective; and includes effective arrangements for the management of risk.

- 8.3 The Council is also required by Regulation 5(1) of the 2015 Regulations to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
- 8.4 Quarterly Assurance Reporting from Internal Audit is an integral part of ensuring compliance with these duties.


APPENDIX 1

Assurance level	Significance	Directorate	Audit title
LIMITED			
	Extensive	Development and Renewal	Management and Control of Lettings
	Extensive	Corporate	Establishment Control
	Extensive	Communities, Localities and Culture	Risk Management Follow Up
	Extensive	Communities, Localities and Culture	Market Vouchers
	Moderate	Children's Services	Troubled Families
	Moderate	Children's Services and Adults Services	Management and Control of No Recourse to Public Funds
SUBSTANTIAL			
	Extensive	Children's Services	Youth Offending Service
	Extensive	Resources	Council Tax
	Extensive	Resources	NNDR
	Extensive	Resources	Photocopier & Printing – Second Follow Up
	Extensive	Corporate	Staff Recruitment
	Extensive	Corporate	Management and Control of Waivers of Financial Regulations
	Extensive	Corporate	Management and Control of Staff Hospitalitys and Gifts
	Extensive	Tower Hamlets Homes	THH Leaseholder Service Charges Follow-Up
	Extensive	Tower Hamlets Homes	THH Financial Systems

Assurance level	Significance	Directorate	Audit title
	Moderate	Communities, Localities and Culture	Watney Market Idea Store – Regularity Audit
	Moderate	Children’s Services	Redland Primary School
	Moderate	Children’s Services	Woolmore Primary School
	Moderate	Children’s Services	Olga Primary School
	Moderate	Children’s Services	Beatrice Tate Special School
	Moderate	Children’s Services	St Saviour’s CoE Primary School
	Moderate	Children’s Services	Harpley Inclusion Support Centre
	Moderate	Children’s Services	St Elizabeth Catholic Primary School
	Moderate	Children’s Services	Cherry Trees School
	Moderate	Adults Services	Smoking Cessation – Public Health Contract Monitoring FU
	Moderate	Adults Services	Health Trainers NW Follow-Up
FULL	Extensive	Tower Hamlets Homes	THH Management of SLAs Follow-Up
N/A	Extensive	Resources	One Stop Shops – Regularity Audit

**Summary of Audits Undertaken
Limited Assurance**

APPENDIX 2

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Lettings Systems Audit	Sept. 2016	<p>This audit was requested by the Chair of the Audit Committee. The audit involved an examination of the systems and controls in place for assessing, prioritising and approving applications to the Housing Register and the resulting lettings in order to ensure that decisions taken were in accordance with Council policy and statutory guidance. The Council's Housing Allocations Scheme and Lettings Policy were approved by the Cabinet on 10/04/2013 and progress against the Plan was subsequently reported to Cabinet in March 2015.</p> <p>Currently some 19,120 people were on the housing waiting list and for 2015/16, approximately 2,091 lettings had been made. A sample of 20 out of 121 lettings relating to LBTH during October to December 2015 was tested by Audit. The following issues were highlighted:-</p> <ul style="list-style-type: none"> • In determining the applicant's eligibility, only one proof of applicant's Identity was being accepted. This is not in compliance with the Council's lettings policy and procedures, which require two forms of identity proof. • In 2 cases tested by Audit, management confirmed that these lettings did not meet the required standards and procedures as the applicants' eligibility and assessment could be open to challenge. Other case by case concerns identified by Audit were also referred to management for review. • In 14 cases it was unclear what verification checks were being done on matters concerning overcrowding, home ownership, ASB and income over £85,000. Standard checklists were held on the system, but these were not adequate. There was no written guidance over verification checks to be made on the information given in the application form. Therefore, we could not provide assurance over the soundness of decisions reached. • We could not establish complete audit trail in a number of cases. Therefore, decisions around determination of the applicant's eligibility, assessment and determination of priority groups were found to be not fully supported by valid evidence. 	Extensive	Limited 

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Lettings Systems Audit	Sept. 2016	<ul style="list-style-type: none"> • There were no systematic management checks, reviews and monitoring, to provide assurance that policy and procedures were complied with by staff. • We noted that the risk of fraud, irregularity and corruption in the lettings process had not been identified and assessed within the Team Plan. Consequently, controls to mitigate these risks have not fully documented and it is possible, that fraudulent and irregular applications are processed and made eligible. <p>All findings and recommendations were agreed with the then Service Head, Housing Strategy, Regeneration and Sustainability and Final report issued to the Corporate Director, Development and Renewal.</p>		

Management Comments

Housing Options (Lettings) management has taken on board the findings of the Audit Report which has identified some good practices, and weaknesses which are being addressed. Most of those recommendations have either been implemented or are in the process of being implemented, including the following:

Detailed comments were provided to Audit on the specific cases and issues identified as part of this audit; also procedures and processes including standard letters which have been updated.

Letters to housing applicants now require two forms of ID to be provided, one of which must be a photo ID.

Application checklist on Comino which has to be completed each time an application is made active has been updated. Staff have to now also confirm that they have checked whether an applicant is a homeowner, earns an income of more than £85K, and is guilty of bad behavior.

Proof of ID and other important documents from One Stop Shop are being checked to make sure they have been duly certified by OSS staff. One Stop Shop manager has been reminded of this requirement.

The revised housing application form is with Reprographics and incorporates recommendations made by Audit relating data sharing and other

comments received from staff and housing association partners.

Information has also been uploaded on the Homeseekers website reminding applicants of their obligations to be truthful.


The first round of spot checks, for cases offered and are active, will be started first week in December. A meeting has been set up for 11 January 2017 to discuss the findings with a view to improving processes and procedures further, as may be necessary.

The draft procedure guide to complement the checklist staff have to complete has been circulated to Attainment & Assessment team and Applications & Admin team. The guide will be updated further if necessary, especially to address any issues identified from regular spot checks that will be carried out.

Staff have all completed their declaration of interest, and will form part of the induction for any new starters.

The Lettings Team Plan has been updated and incorporates action to detect and prevent fraud.


The Council's Lettings Service will ensure all the recommendations are fully implemented and will look to continuously improve its policies and procedures and processes to make sure it provides full assurance by audit standard.

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Establishment Control	Sept 2016	<p>The audit was designed to review the systems and processes in place, in order to provide assurance around the effective management of the Council's establishment levels and to evaluate the potential consequences which could result from any weaknesses in internal control procedures.</p> <p>The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • There is no requirement for service managers to review their establishment lists on a monthly basis and notify HR of any amendments required. • A review of the establishment list obtained for March 2016 confirmed the concerns raised over the usefulness and completeness of the data including the fact that there are 102 posts that are detailed as being vacant for four or more years but there are no further details as to why they have been long-term vacant. • The data held on both the Council's establishment list and the Agresso system is not reconciled on a consistent and timely basis, and we identified a number of variances between the two systems, including unfunded posts being present on the establishment list which is contrary to the Council's Financial Regulations. • There is a need for the data held on the Comensura system to be reviewed against the establishment list and for the Council to re-classify people who are paid through the Comensura system but should not be included within the establishment list. • From a sample of 20 employees tested, we were unable to obtain evidence that access approval forms in respect of the ResourceLink system had been completed in five cases. <p>All findings and recommendations were agreed with the Interim HR, OD & Transformation Manager and Senior HR Business Partner and reported to the Corporate Director, Resources.</p>	Extensive	Limited 

Management Comments


A Project Officer has been commissioned to lead on the resourcing, establishment validation and data cleanse project as part of the One HR programme of service improvements. Work has already commenced on establishment cleansing and reconciliation of the data held by both HR and Finance within the respective Resourcelink and Agresso systems with the involvement of managers to ensure accuracy of data. Additionally, the project includes reconciliation between the Comensura system and establishment lists. The project is a standard agenda item at the monthly One HR Programme Board where its progress is monitored. This project will be completed by 31st March 2017.

Concurrently, there is a review of employees within the HR Service who have approval to access and update Resourcelink and for whom the relevant approval forms will be completed.

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Risk Management Follow Up CLC	Oct. 2016	<p>This audit followed up recommendations made at the conclusion of the original audit in June 2015. Our testing showed that out of the 2 detailed high priority recommendations made in the final report, one relating to the use of standard templates for recording and assessing service based risks was implemented. Out of two detailed medium priority recommendations agreed at the conclusion of the original audit, none had been fully implemented. We were not provided with sufficient evidence to show the effective implementation of recommendations relating to ensuring that risks for the Strategy and Programmes Team were identified and assessed; that risks recorded on service plans had proper controls, control owners and target dates; that on a periodic basis Directorate and Service risks were sample tested to ensure compliance with procedures; that the DMT was provided with assurance about the effectiveness of risk management within the Directorate; and that risks were challenged, reviewed and updated on a regular basis on the JCAD system.</p> <p>All findings and recommendations were agreed with the Finance Business Partner and final report was issued to the Chief Executive and Interim Corporate Director, Communities, Localities & Culture.</p>	Extensive	Limited 

Management Comments

Following the corporate restructure, the recommendations raised within CLC Directorate will be reassigned by the Risk Champions Group and followed up in due course.


Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Market Vouchers	Sept 2016	<p>The London Borough of Tower Hamlets (the Council) operates 11 markets across the area, which is cumulatively open for 364 days each year. These include iconic markets such as Brick Lane, Columbia Road and Petticoat Lane. The responsibility for the management, control and enforcement of markets and other street trading activity sits with the Communities, Localities and Culture Corporate Directorate. The Head of Community Safety Enforcement & Market Services, Safer Communities assumed responsibility for the Markets function in April 2012.</p> <p>A separate trading account is maintained for the management of markets, and the Council does not contribute to the costs of the markets from central funding. Total income generated from markets fees and charges in the 2014/15 financial year was £2,487,878 achieving an overall net budgetary surplus of £5,547. A balanced gross budget of £2,314,000 was set for 2015/16.</p> <p>The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • Reconciliations are not signed and dated following completion and to evidence independent peer review. In addition, any differences identified are not always investigated by the responsible officers and therefore lost income may not be identified and allocated appropriately. • THEOs are required, during their daily enforcement visits to verify the identification of the traders and ensure Public Liability Insurance has been renewed (where previous cover has expired). Exceptions were identified in the operation of this process. • Spot checks are not being undertaken to supervise the work of the THEOs. • Policy and procedure documents in respect of the administration of market vouchers are either not signed or not dated by the reviewing officer; there is no version history control used. Future review dates/responsible officers are also not identified. • The Controlled Stationery Sheet, which is required to be completed as and when a new box of vouchers is commenced and completed, is facing delays in its completion due to resourcing constraints. • Vouchers sold in 2014/15 are still located at the Market Services Office and are yet to be archived. These should have been archived in April 2015. 	Extensive	Limited 

		<p>All findings and recommendations were agreed with the Principal Licensing & Development Officer and Interim Head of Service, Trading Standards and SC – Commercial Services and Environmental Health Service Manager, and reported to the Chief Executive and Interim Corporate Director, Communities, Localities and Culture.</p>		
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Management Comments

Following a number of staff being absent from the workplace for a considerable time, staff have now returned and the markets structure in a more sustainably working position. The service is also under review looking at operational practices and procedures which will result in restructuring of the service.

Therefore with the increase of staffing level, the appointment of an interim manager and deployment of a team leader, THEO supervision is taking place on a more regular basis identifying poor working practices and placing in corrective measures.

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Troubled Families	Sept 2016	<p>In April 2012, the Government launched the Troubled Families Programme: a £448m scheme to incentivise local authorities and their partners to turn around the lives of 120,000 troubled families by May 2015. The first programme worked with families where children were not attending school, young people were committing crime, families were involved in anti-social behaviour and adults were out of work. In June 2013, the Government announced plans to extend the Troubled Families Programme for a further five years from 2015/16 and to reach up to an additional 400,000 families across England. Aiming to target nearly 4,000 families in Tower Hamlets, the borough has been provided with a budget of £2,072,145. The audit was designed to review the system in place for the management and monitoring of the Troubled Families Programme.</p> <p>The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • Key Performance Indicators (KPIs) have not been produced since November 2014 and comparisons have not been made against the expected targets. • When PBR claims have been independently checked they are not signed-off to evidence that this check is conducted by the said officer. • Criteria six, 'Health' is currently not being used by the Troubled Families Team to make PbR claims. • Terms of Reference (ToR) for the Operational Steering Group and the Strategic Programme Board were not fit for purpose. • During testing, it was identified that two claims had been put through for assurance, however, due to lack of supporting evidence, this should not have been the case. • There was insufficient evidence maintained of training undertaken by staff. • Information from third parties is not screened for accuracy. • There is no evidence to support that budget monitoring is undertaken by the Children's and Families Board. <p>All findings and recommendations were agreed with the Service Manager, Youth Justice and Family Interventions and Service Head, Children's Social Care and reported to the Corporate Director, Children's Social Care.</p>	Moderate	Limited 

Management Comments

This audit was conducted at the request of the Troubled Families Coordinator to test the manual data collection and evidence collection that the programme is still having to use in Tower Hamlets. This is due to significant delays in the development of an electronic data system. It is a condition of the national programme that any payment by results claims are audited on a regular basis. The programme team were under pressure to submit a PBR return and therefore the TF co-ordinator decided to test a small claim.

The audit process was very helpful in enabling the programme team to understand the breadth and depth of the programme demands. The process was very demanding because the programme team were working from static manual data rather than a live electronic system the two rejected claims were as a result of the fact that a time limited snapshot of data was accurate on the day of checking, but subsequent changes in the evidence (over a matter of days) had been missed.

Trying to run the TF programme on a manual system is almost impossible without a significant increase of resources. The programme is at significant risk as result of a historical lack of vision and strategic vision and leadership at a corporate level.

There is a WPA in place that reflects the work currently focussed on procuring and developing an electronic data system. It is a very late development in year five of an eight year programme. The programme is at a critical stage and at high risk of failure.

The learning from this audit has been incorporated in the development of the data system. It is unlikely that the programme will be ready to submit another PBR claim for approximately 6 months other than employment claims that demand a lower level of evidence of family 'turn around'. The new data system will contribute to the evidence needed in approximately 6 months. An external facing expert has been involved in the programme to advise and support the data system development on a pro bono basis. His expertise and advice has been invaluable to enable accurate planning and attention to risk.

The CEO will be receiving regular updates on the programme progress to enable to maintain sight of the programme risks.

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Management and Control of No Recourse to Public Funds</p> <p>Children's Services and Adults Services</p>	<p>Sept 2016</p>	<p>No recourse to public funds' (NRPF) applies to migrants who are 'subject to immigration control', and as a result of this have no entitlement to certain welfare benefits, local authority housing, and homelessness assistance. 'No recourse to public funds' may be stamped on the visa of a foreign national living in the UK. Other groups of migrants who have NRPF include asylum seekers, refused asylum seekers, and migrants whose visas have expired.</p> <p>The London Borough of Tower Hamlets as a Local Authority has a duty to provide support to those individuals who have No Recourse to Public Funds (NRPF) including providing accommodation to destitute adults and to safeguard and promote the welfare of children. The London Borough of Tower Hamlets along with the other London boroughs has a higher turnover of population compared with areas outside of London. In 2013 the turnover of residents in London was 31 for every 1,000 compared with 13.4 for other areas in the same year. NRPF cases are therefore an area of fraud risk for London boroughs in particular, and according to the European Institute for Combatting Corruption and Fraud, there were 432 cases detected in London in the 2014/15 financial year with a value exceeding £7m. The administration of NRPF cases is undertaken by the Council's Adults Social Care (ASC) and Children's Social Care (CSC) Services.</p> <p>The main weaknesses were as follows:-</p> <ol style="list-style-type: none"> 1.Regular management information concerning NRPF such as caseloads and cases due for review is not regularly produced and escalated to management. 2.Of the 20 NRPF cases (both ASC and CSC) selected for testing, documentation was only provided in respect of the nine ASC cases. Consequently we are unable to provide assurance in respect of the CSC cases. For the ASC cases tested, a delay in the assessment was recorded for four out of the nine cases. In addition, for all nine cases in which documentation was provided, none of the cases had been reviewed during the 2015/16 financial year. 3. The Council has not reviewed its NRPF subsistence rates to ensure they are appropriate and reflect current guidance. 	<p>Extensive</p>	<p>Limited</p> <p style="text-align: center;">↕</p>

	<p>4. The Council's NRPF policy and procedure documentation is not up to date and was last revised prior to the implementation of the Care Act 2014.</p> <p>5. The cash office used for issuing NRPF subsistence payments has closed. A long term alternative method for issuing the payments had not yet been identified.</p> <p>6. There are very few NRPF cases currently being administered by the ASC teams. As per current arrangements the Council's NRPF Panel only review the cases concerning the CSC Team but could look to include the NRPF cases assessed by the ASC teams to help ensure a more robust and consistent approach.</p> <p>7. Delays have occurred with NRPF queries being communicated between the Council and the UKBA. A member of staff who would previously facilitate communication with the UKBA is no longer in post at the Council.</p> <p>8. The Council has recently gained access to a portal through membership of the NRPF Network, but is not yet making effective use of the facility.</p> <p>9. During the audit although budget information was provided by ASC, there was no indication that budget and performance monitoring information concerning NRPF for both ASC and CSC was being escalated through the appropriate reporting or governance structure.</p> <p>10. No performance management information, such as caseload, is produced on a regular basis and reported through the governance structure.</p> <p>All findings and recommendations were agreed with the: Service Manager for Adults Social Care, Service Manager for Assessment and Early Intervention (CSC), Service Head for Children's Social Care, and Head of Adult Social Care, and reported to the Interim Corporate Director for Children's Social Care and Corporate Director for Adult Services.</p>		
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Management Comments (Covering both Adults Social Care (ASC) and Children's Social Care (CSC))

- 1- Management information is available on a team basis and service areas are able to identify cases due for review. It is noted that there is a delay in conducting annual reviews across Adult Social Care. From a CSC perspective, Management Information is also available via monthly management information reports as well as from review on fwi (see comments below in relation to caseloads). As part of wider Quality assurance work that is being undertaken, a "Management Dashboard" is also being created for front line managers which will provide access to a suite of reports to facilitate review of team activities.
- 2- There is a delay in completing the annual reviews of all ASC cases which will include NRPF cases. Actions are currently being undertaken to reduce the period of delay. However, checks are in place to determine whether eligibility status has changed on a monthly basis when payments are collected by the Service User.
- 3- It is proposed that ASC adopts the No Recourse to Public Funds (NRPF) subsistence rates available through the NRPF portal which is managed by the LB of Islington. The rates are adopted across the majority of London Boroughs. Current subsistence rates vary across teams but the current recommended adult rate is £44pw.
- 4- A joint meeting has also taken place between CSC and ASC to review subsistence rates. It is proposed that a joint paper is prepared by Case Officer and Project Manager to present to DMT for agreement.

The most recent guidance is dated 2011. (see below)

http://towernet/staff_services/OneTH/services/20016/no_recourse/?view=Standard

An updated version has been requested and colleagues in Legal Services will undertake this piece of work. This has been taken forward by the Community Engagement, Quality and Policy Manager, Policy, Programmes and Community Insight Service.


- 5 - Although the public facing cash office has closed, a back office function is still available to ASC and facilitates the cash provision. The Finance team is considering the options relating to a prepaid card solution. From a CSC perspective, payments continue on a business as usual basis.
- 6 - It is recommended that both DMTs consider the potential benefits identified by the audit of having a joint panel. An ASC Service Manager will attend a panel to observe. CSC concur with this approach.
- 7 - The volume of NRPF cases in ASC is low in comparison with CSC. Minimal delays are currently experienced by officers in ASC but officers in CSC are prepared to offer support to their colleagues in ASC if required in these instances.

8 - Staff in ASC are encouraged to utilise access to the portal and it is recommended that the Council apply the subsistence rates as set out. From a CSC perspective, now that the IT issues are resolved and access for staff has been widened effective use is being made of NRPF Connect to expedite information re Service Users status and to increase the timeliness of completing assessments.


9 - It is recommended to DMT that the monthly performance reports provided are commissioned to include activity and spend relating to NRPF. CSC concur with this.

10 - As above. From a CSC perspective, caseload activity is extrapolated from fwi. A Workload Weighting Matrix is also in place for the Assessment and intervention team where individual workload of team members (including the S/W for NRPF). All allocated Assessments are also regularly reviewed using the LBTH Assessment tracking tool that is sent to managers on a daily basis. All allocated cases (NRPF) are subject to regular review mechanisms with line management.


Substantial Assurance

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Youth Offending Service	Sept. 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. They 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"> • Incorrect references were made to organisation names within the contract between the Council and the City of London. • The Youth Offending Service Team Plan for 2016/17 was yet to be reviewed and formally agreed. • Additional procedures remained in draft format and required appropriate review and approval. • There was a lack of clarity identified as to whether the Information Systems Manager position required a valid DBS certificate. • DBS certificates held by the staff within the Youth Offending Service were 	Extensive	Substantial 


		<p>reviewed and in one case it was confirmed that renewal was held up due to a delay in the service received from the DBS. However, a completed and authorised DBS Waiver form was not in place as expected.</p> <ul style="list-style-type: none"> • The Youth Offending Service had recently implemented a new approach to help ensure the consistency of recording and retention for staff supervision documentation. However, the success of this was yet to be evaluated. • Data cleansing reports were examined and found not to be run on a consistent basis. • One case was identified where a purchase card holder had used the card to purchase travel cards for regular travel whereas these should be purchased by the employee and claimed back via the HR self-service (expenses) system. <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 Corporate Director, Children’s Services.</p>		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Council Tax	Aug 2016	<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 year commencing 2016/17 there were 122,248 banded properties within the Tower Hamlets Borough, which is an increase of 3,175 since 2015/16, with band C containing the highest number of chargeable properties at 36,804 and band H the lowest at 535 properties.</p> <p>For the year 2016/17 the cumulative value of Council Tax collected was £26.0m as at 28 June 2016, which is 26.29% of the total Council Tax due for 2016/17. At the same point in the previous year, 26.97% 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 two of the 20 exemptions tested, it was found that adequate documentation and eligibility checks were not obtained and retained. • Two of the 20 exemptions tested were N1 exemptions, awarded to dwellings which are student blocks owned by private companies. The exemption is applied from the time when the property is built and no written confirmation is subsequently received that the properties continue to be occupied by students. • In one of the 20 write offs tested, it was found that the write-off was incorrectly processed for the wrong amount. • In three of the six monthly suspense reviews that were tested, it was found that there was no evidence that the suspense review by management was performed. • It was found that as at 28 June 2016 there were 89,559 closed council tax accounts with credit balances in them, of total value of £8,342,211.40. Of the total amount, those over seven years amounted to £4,223,111.34 and 	Extensive	Substantial 

		<p>those over 10 years amounted to £2,943,953.71. Where credit balances are left in closed accounts for over seven to ten years, there is an increased risk of potential misuse or theft of such monies.</p> <ul style="list-style-type: none">• In one of the 20 daily reconciliations between AIMS (the cash receipting system) and Civica (the Council Tax system) that were tested, it was found that the reconciliation was not signed by the officer responsible for undertaking the reconciliation. <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 Director of Resources.</p>		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
NNDR	Sept. 2016	<p>The National Non Domestic Rate (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. Business rates or NNDR collected by the Council are the means through which those who occupy a business property contribute towards the cost of local services. The Council has approximately 15,596 business properties as at 8 August 2016. A total of £153m had been collected in respect of NNDR as on 29 July 2016, which represented 36.82% of the total amount billed.</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 independent quality reviews of workflow items were not being carried out consistently for all staff. Independent reviews had only been carried out for four out of eight members of staff between April and August 2016. In addition there was no feedback being provided to staff on issues that had been identified. A similar recommendation was raised in the previous two audits of this area in 2014/15 and 2015/16. • The monthly reconciliations of the Civica and AIMS systems were not subject to independent review. This was due to the Revenue Support Manager, who completes the review, being on long term sick leave. <p>All findings and recommendations were agreed with the Non-Domestic Rates Manager and the Service Head, Revenue Services, and reported to the Corporate Director of Resources.</p>	Extensive	Substantial 


Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Photocopier & Printing</p> <p>Second Follow Up</p>	<p>Nov. 2016</p>	<p>This was a second follow up audit on the Photocopier & Printing Contract. The original report on this subject was finalised in June 2014 and the first Follow Up report was finalised in July 2015. Both these audits were assigned Limited assurance.</p> <p>Our testing showed that of the 2 high priority recommendations made in the finalised first follow up report, one recommendation was progressed but not effectively embedded and one recommendation regarding the signing of lease agreement was still outstanding. However, this issue is out of the ICT Client Team's control as Legal services have still not arranged for the signing of these agreements. Of the remaining three medium priority recommendations two had been progressed.</p> <p>Our review showed that the monitoring of the SLA with Agilisys together with checking of click charges invoiced by Agilisys with the actual portal readings on the devices had improved. However, the recommendation relating to the signing of leases was still outstanding as two lease agreements still remained to be signed by Legal services. We also noted that a Quarterly Purchase Order register was created to record lease agreements and orders to be raised. However, we found that purchase orders were still being raised after invoices had been received. We also noted that in accordance with audit recommendation, a full analysis was undertaken of all Orders raised and invoices paid since the start of the contract to establish any under and overpayments to Xerox. This exercise showed that underpayment of £173.56 was rectified by raising Purchase orders and overpayment of £915.21 was recovered through the credit note process.</p> <p>All findings and recommendations were agreed with the Service Head Customer Access, Transformation & ICT and final report was issued to the Corporate Director of Resources.</p>	<p>Extensive</p>	<p>Substantial</p> <p>⇒</p>


Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Staff Recruitment	Nov 2016	<p>Staff recruitment is concerned with the interviewing, selection and validation of new and existing employees that are to be appointed by the Council. Recruiting managers identify a vacancy and advertise the post both internally and externally depending on the nature of the job. From the 1 August 2015 to the 31 July 2016 the Council recruited to 494 job entries on i-Grasp (the electronic recruitment system) some of which had multiple vacancies.</p> <p>Approval of the decision to recruit is completed electronically through this system, by Service Heads with an audit trail being retained. Once the decision to recruit is approved, each post is advertised. Methods of advertisement include: the Council's website, the Guardian newspaper and the internal intranet. The method can vary depending on which is deemed most appropriate by the Recruiting Manager. The People Resourcing Team arrange interviews and contact the candidates for the recruiting managers. Pre-employment checks are also completed by the People Resourcing Team, with the level of checks required being dependant on the specific post being applied for.</p> <p>The audit was designed to provide assurance to management as to whether the systems and controls around the management of Staff Recruitment 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 internal Recruitment and Selection Standards Policy did not contain a version control history, and had not been updated since 2014. • The Recruitment and Selection Standards did not reflect current working practices in terms of training for shortlisting panel members. It was stated that all panel members must have the appropriate training when actually a minimum of one member of the panel is required to have undertaken the Recruitment and Selection Standards training course although ideally all will be trained. • Candidate files were not subject to an independent review, which meant that not all supporting documentation required was held on each 	Extensive	Substantial 


		<p>candidate's file. This included missing interview assessment notes for one recruitment exercise.</p> <ul style="list-style-type: none">• Feedback from recruiting managers on the processes in place identified key areas of potential improvement to the i-Grasp system and working practices that the Council should look at addressing. <p>All findings and recommendations were agreed with the Interim HR, OD & Transformation Manager and Consultancy Business and Performance Manager, and reported to the Corporate Director of Resources.</p>		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Management and Control of Waivers of Financial Regulations</p> <p>Follow Up</p>	<p>Nov. 2016</p>	<p>This report details the findings and recommendations of a follow up audit on the Management and Control of Waivers of Financial Regulations, specifically Procurement Procedures. The original report in relation to this subject was finalised in May 2015.</p> <p>There was progress made in implementing some of the agreed recommendations. Our testing showed that of the four high priority recommendations made in the Final Report one was fully implemented, two were partly implemented and one was not implemented. Of the two medium priority recommendations, one was partly implemented and one was not implemented.</p> <p>We found that a new e-sourcing system was in the process of being implemented by Procurement which will require all contracts (valued under £25,000) to be sourced through the e-sourcing system RFQ (Request for Quotation). This will require all procurement activity to be undertaken through a single portal. However, the implementation of an electronically controlled RCDA system through Agresso with a robust workflow process has not been considered.</p> <p>We also noted that quarterly off-contract expenditure report was not sent on a regular basis by Procurement to Financial Compliance Manager in order to identify, investigate and escalate matters of non-compliance to Service Heads and Directors.</p> <p>All findings and recommendations were agreed with Service Head, Finance and Procurement and Interim Service Head, Legal Services. Final report was issued to the Corporate Director, Resources.</p>	<p>Extensive</p>	<p>Substantial</p> <p style="text-align: center;">↔</p>


Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Management and Control of Staff Hospitalities and Gifts	Nov. 2016	<p>The objectives of this audit was to review the systems and procedures for controlling and monitoring staff hospitality and gifts across all Directorates to ensure the Council's ethical standards were being complied with.</p> <p>Audit testing highlighted the following:-</p> <ul style="list-style-type: none"> • Clear corporate policy on staff hospitality and gifts was in place and aligned to the Employees Code of Conduct and the Councils Financial procedures. However, these had not been regularly reviewed. • With the exception of D&R, CLC and Resources Directorates, there was no Senior Officer nominated at Directorate level for monitoring hospitalities and gifts and reporting such matters to DMT on a regular basis. • Our testing confirmed that regular reviews of Staff Hospitality Register forms were not undertaken by Chief Officers and evidenced. • Our testing identified some unusual items of hospitality recorded on the registers. These issues were reported to management. • It was noted that not all Directorates were maintaining the Hospitality Register in the required form or were using out of date versions of the Staff Hospitality Register forms. • Audit noted that 53 out of 139 forms examined had some form of electronic signature submitted on the form. We have recommended that a clear corporate policy is developed on the protocol and acceptability of using electronic signatures. <p>All findings and recommendations were agreed with Consultancy, Business and Performance Manager and final report was issued to the Chief Executive and all Corporate Directors.</p>	Extensive	Substantial 

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
THH Leaseholder Service Charges Follow-Up	Oct 2016	<p>Tower Hamlets Homes (THH) manages approximately 22,000 rented and leasehold homes on behalf of LB Tower Hamlets. Approximately 50% of the stock is leasehold properties. A service charge is the amount leaseholders pay towards the cost of managing their block and estate, including repairs and cleaning. The amount of service charge payable depends on the lease and the services provided to the block and/or estate in which the property is located. The total amount of Service charges collected for the year ending 31/03/2016 amounted to £14,669,402, which was 104% of the targeted collection. The original THH Leaseholder Service Charges audit was undertaken as part of the 2014/15 audit plan. The final report was issued in August 2015 and was awarded a Substantial assurance opinion.</p> <p>Our follow up review identified that the one high priority recommendation raised in the original report had been partly implemented. Of the four medium priority recommendations made in the original audit report, two of these had been fully implemented, one recommendation was partly implemented, and one had not yet been implemented. Following our testing, we have made three further recommendations to enhance the control environment within this area. The areas of weakness are as follows:</p> <ul style="list-style-type: none"> • There are delays in action being taken to recover monies owed and the subsequent escalation of such cases to the Legal Team. • The Suspense account still shows items that have been cleared. A change to this can only be made once the Northgate upgrade goes ahead. • The Suspense procedure is yet to be updated and is due to be once the Northgate upgrade goes ahead. <p>All findings and recommendations were agreed with the Head of Leaseholder Services and Leasehold Services Manager and reported to the Director of Finance (THH) and Chief Executive (THH).</p>	Extensive	Substantial 

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
THH Financial Systems	Sept. 2016	<p>This audit was undertaken as part of the 2016/17 internal audit plan to provide assurance to management as to whether the systems of control around the Tower Hamlets Homes (THH) financial systems are sound, secure and adequate; and to evaluate the potential consequences which could arise from any weaknesses in internal control procedures.</p> <p>The key weaknesses identified were as follows:-</p> <ul style="list-style-type: none"> • Invoices had been paid late for both Purchase Order (PO) and non-PO expenditure. • POs had been raised after invoices for nine cases out of the random sample of 20 PO expenditure items tested. • There were delays between Accounts Payable (AP) forms being completed and their subsequent input onto Agresso. • The approval tick-sheet for approving investments, reconciliations and other functions by the Financial Systems team had been approved late, been incorrectly dated and had not been signed by the Head of Finance for the past three months (April, May and June 2016). • Policies and procedures failed to show when they were last reviewed and when they are next due to be reviewed. • Examination of the VAT return summary form for March-May 2016 (period 5) showed that it had not been signed by the Head of Finance. <p>All findings and recommendations were agreed with the Finance Manager (Financial Accountant), Head of Finance, Director of Finance, and reported to the Chief Executive (THH).</p>	Extensive	Substantial 


Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Watney Market Idea Store Regularity Audit	Oct 2016	<p>This regularity audit was completed in order to review the procedures for various areas of the Idea Store Watney Market and help to provide assurance that these procedures are up to date and are being complied with. The £4.5m Idea Store Watney Market opened on the 14 May 2013 and was jointly funded by the Big Lottery Fund and Tower Hamlets. It offers a wide range of services to the public over its three storey building including adults, youth and children's library facilities. The Idea Store Watney Market includes an integrated One Stop Shop. The Idea Store Watney Market is open six days a week; Monday – Saturday. This audit was undertaken as part of the 2016/17 agreed Audit Plan.</p> <p>The audit was designed to provide assurance that the procedures for the Idea Store Watney Market systems are sound and secure and to evaluate the potential consequences which could arise from any weaknesses in internal control procedures including value for money and equalities issues. The main weaknesses were as follows:</p> <ul style="list-style-type: none"> • In eight of the 10 purchase payments tested, there were no physical delivery notes maintained to confirm evidence of goods received and the staff receiving the goods. In addition, the goods received evidence recorded on Agresso was found to be completed by the same person who raised the purchase order. Hence it was not possible to confirm a segregation of duties. • One of the two Red (Red, Amber, Green - RAG rated) issues in the Health and Safety Inspection Report Action Plan was found not to have been addressed (the report was issued on 09/02/2016 and the issue was required to be actioned immediately). This related to the PAT testing of a personal Radio/CD player in situ in the office. • On review of the Inventory Register it was found that it was incomplete and did not contain several details including the serial numbers of hardware items, items of the same make and model were combined together and not recorded individually, and there was inconsistency in allocating identification numbers to the council-owned property. Upon 	Moderate	Substantial 


		<p>physical verification of a sample of 10 inventory items, two issues were identified relating to security marking and PAT testing.</p> <ul style="list-style-type: none"> • There was no evidence of annual inventory checks being carried out by a responsible officer at the Idea Store. <p>All findings and recommendations were agreed with the Head of Idea Store and Idea Store Manager and reported to the Service Head (Culture, Learning and Leisure, Communities Localities & Culture) and Chief Executive (Interim Corporate Director, Communities, Localities and Culture).</p>		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Redlands Primary School	Sept 2016	<p>The audit was designed to ensure that the Head Teacher and the Governing Body have implemented adequate and effective controls over the administration and financial monitoring affairs of the school and to evaluate the potential consequences which could arise from any weaknesses in internal control procedures, including value for money issues and any equality issues. The key recommendations were as follows:-</p> <ul style="list-style-type: none"> • The School should ensure that all policies and procedures are reviewed and updated when due and presented to the FGB for review and approval. • All virements should be presented to the FGB for review and approval. • The School should ensure that all valuable/portable assets are security marked with permanent asset tags. • The School should ensure that all newly purchased assets are updated onto the School's Asset Register system in a timely manner. • The tax status of all self-employed individuals should be confirmed to ensure PAYE / NI is deducted accurately. • The results of the annual review of the School Fund should be presented to the FGB. This should be clearly minuted within the relevant FGB minutes. • The School should follow-up on outstanding invoices from the Local Authority in a timely manner, in order to conclude outstanding school journey trips and report to the FGB with the "End of Journey Statement". <p>All findings and recommendations were agreed with the Head Teacher and School Business Manager and reported to the Chair of Governors.</p>	Moderate	Substantial 


Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Woolmore Primary School	Aug 2016	<p>The audit was designed to ensure that the Head Teacher and the Governing Body have implemented adequate and effective controls over the administration and financial monitoring affairs of the school and to evaluate the potential consequences which could arise from any weaknesses in internal control procedures, including value for money issues and any equality issues. The key recommendations were as follows:-</p> <ul style="list-style-type: none"> • Purchase orders should be raised prior to purchases being made. • The approved budget should be labelled 'final' and should also be signed by both the Headteacher and the Chair of Governors. • Staff should ensure that only the approved budget figures are inputted into the School's financial system. • Financial costs should be included in the School Improvement Plan. • There were unreconciled cheques in the School's financial system, from December 2013, which were not expected to be paid. Consideration should be given to writing these amounts off. • Goods received confirmation should be retained once goods have been received. • The school should consider having a register for all those staff considered as self-employed and for them to sign to declare they are responsible for their own NI and tax contributions. • Segregation of duties should be in place for the collection of income in the School and with respect to the banking of that income. • The final financial costs of the Schools 'school journeys' should be reported to the Full Governing Body. • Applications forms for new starters should be signed at each applicant's interview. • Loan forms for staff loans should include a date for the equipment to either 	Moderate	Substantial


		<p>be returned or checked for current condition.</p> <ul style="list-style-type: none"> • Invoices should be paid within 30 days of the invoice being raised. • Petty cash vouchers should be authorised by budget holders and the petty cash purchasing procedure should be revised to detail what is classed as acceptable petty cash purchases. • Meeting minutes of school committees should be correctly dated and checked. • A contract register should be in place to help the school monitor the contracts in place. <p>All findings and recommendations were agreed with the School Business Manager and Head Teacher and reported to the Chair of Governors.</p>		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Olga Primary School	Sept. 2016	<p>The audit was designed to ensure that the Head Teacher and the Governing Body have implemented adequate and effective controls over the administration and financial management of the school. The key recommendations were as follows:-</p> <ul style="list-style-type: none"> • The minutes should be signed by the Chair of the relevant Committee to acknowledge an accurate record of the discussions of the previous meeting. • Purchase orders should be raised for all purchases, where appropriate, and independently signed-off by an authorised signatory before an order is placed with the supplier. • Declarations of interest should be a standing item on all Committee meeting agendas and minutes. • The Terms of Reference for all committees should include the quorum requirements. • The School should ensure that all documentation including the initial cost relating to school journey is retained and an End of Journey Statement should be produced and presented to the Full Governing Body for review and approval as soon as the trip has concluded. • The School should seek assurance on the completeness and accuracy of its inventory records. • The School should ensure the results of the annual inventory check are presented to the Full Governing Body for review and sign-off as soon as the check is carried out and this should be minuted accordingly. • All future “School’s Raising Attainment Plans” should be presented to the Full Governing Body for review and approval. • A leavers checklist should be developed to assist in the staff leaver process and subsequently be retained in staff personal files. <p>All findings and recommendations were agreed with the Head Teacher and School Business Manager and reported to the Chair of Governors.</p>	Moderate	Substantial 


Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Beatrice Tate Special School	Sept 2016	<p>The audit was designed to ensure that the Head Teacher and the Governing Body have implemented adequate and effective controls over the administration and financial monitoring affairs of the school and to evaluate the potential consequences which could arise from any weaknesses in internal control procedures, including value for money issues and any equality issues. The key recommendations were as follows:-</p> <ul style="list-style-type: none"> • The Governing Body should establish a Finance Committee. Once the Finance Committee has been established: <ul style="list-style-type: none"> - Terms of reference should be drafted and approved by the Governing Body; - the Committee should meet on a termly basis; - Minutes should be signed off by the Chair of the Committee; and - minutes should be presented to the Governing Body for review. • The School should also look into the possibility of creating other sub committees to support with the running of the School. • Management should ensure that the Code of Financial Management and Scheme of Financial Authority are formally presented to the Full Governing Body and approval is clearly minuted. • The School Improvement Plan should be reviewed and approved by the Full Governing Body on an annual basis. • Management should ensure that bank reconciliations are signed by the officer completing the reconciliation and subject to checks by a second independent officer. • The School should ensure that the results of the recent inventory check is presented to the Full Governing Body to be reviewed and signed off and this should be minuted. Going forward the inventory check should be conducted on an annual basis thereafter. • The inventory records should be reviewed and updated on a regular basis. • Responsibility for maintaining the inventory records should be delegated to a named individual. • All equipment loans forms should include a section for authorisation of the 	Moderate	Substantial 


		<p>loan and this must be signed by the Head Teacher or a delegated member of staff.</p> <ul style="list-style-type: none">• A leavers checklist should be developed to assist in the staff leaver process and retained in the staff personal files. The checklist should include acknowledgement of:<ul style="list-style-type: none">- return of access pass;- notification sent to the ICT coordinator;- return of loaned equipment, and- repayment of other outstanding payments or loans if applicable. <p>All findings and recommendations were agreed with the Head Teacher and Senior Administration Officer and reported to the Chair of Governors.</p>		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
St Saviour's CoE Primary School	Oct 2016	<p>The audit was designed to ensure that the Head Teacher and the Governing Body have implemented adequate and effective controls over the administration and financial monitoring affairs of the school and to evaluate the potential consequences which could arise from any weaknesses in internal control procedures, including value for money issues and any equality issues. The key recommendations were as follows:-</p> <ul style="list-style-type: none"> • All invoices should be stamped with the date of invoice received and paid as soon as possible to avoid late payment charges. • The School should ensure that an initial costing report and an End of Journey Statement should be produced and presented to the FGB for review and sign off. • A Debt Management Policy should developed by the School covering actions to be taken to recover debts. The Debt Management Policy should be presented to the FGB for review and approval, and for noting in the minutes. • The School should keep a clear record of the payroll reconciliations every month. • The School should ensure the result of the annual inventory check are presented to the FGB for review and sign-off once the check is completed. This should be formally documented in the meeting minutes. <p>All findings and recommendations were agreed with the Head Teacher and School Business Manager and reported to the Chair of Governors.</p>	Moderate	Substantial 


Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Harpley Inclusion Support Centre	Oct 2016	<p>The audit was designed to ensure that the Head Teacher and the Governing Body have implemented adequate and effective controls over the administration and financial monitoring affairs of the school and to evaluate the potential consequences which could arise from any weaknesses in internal control procedures, including value for money issues and any equality issues. The key recommendations were as follows:-</p> <ul style="list-style-type: none"> • Declarations of Business Interests should be obtained on an annual basis for all staff with financial responsibilities. • Purchase orders should be raised for all purchases, where appropriate and independently signed-off by an authorised signatory before an order is placed with the supplier. • The School should obtain the required number of quotations and retain copies of the quotes on file to support the decision. If there is only one viable supplier for goods and/or services, a Waiver form should be completed detailing the reason why the School's Financial Procedures cannot be complied with and presented to the Full Governing Body for approval. • A Disposal Policy should be drawn up covering the disposal of laptops, devices and sensitive data. This should be presented to the Full Governing Body for approval and minuted accordingly. • The School Improvement Plan should include costs and estimates where appropriate, to help inform the discussion / decision process. • Income should be banked as soon as it is received and recorded on the Financial Management System to help ensure that the School's financial records are complete. • The Local Authorities Financial Procedures should be presented to the Full Governing Body for review and approval annually. Where there are differences between the Financial Procedures and the School's working practice e.g. Petty Cash limits, this should be formally noted that the School wishes to operate minor variances to the Procedures. Procedures should be amended to reflect the local working practices. 	Moderate	Substantial 

		<ul style="list-style-type: none"> • All deliveries should be checked on receipt by the receiving officer. Invoices should be signed-off by the certifying officer, to confirm that the goods have been received. • The Head Teacher should remind budget holders payments to suppliers should be made within the 30 days payment term. Where payment needs to be delayed, or where invoices have been received with a delay, this should be noted accordingly. The Finance Team should carry out periodic spot checks to confirm that payments were being paid promptly. • The School's Asset Register should be maintained and updated on a regular basis to reflect any changes to equipment and/or its location. Periodic sample checks should be undertaken to confirm existence of assets and their locations. • The Policy Log should be monitored on regularly to help ensure that all policies are up to date. Where policies are approaching their renewal date, this should be raised with the policy owner to confirm and/or arrange for it to be updated. • Governors training records should be maintained and evidenced in the Full Governing Body minutes. <p>All findings and recommendations were agreed with the Head Teacher and School Business Manager and reported to the Chair of Governors.</p>		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
St Elizabeth Catholic Primary School	Oct 2016	<p>The audit was designed to ensure that the Head Teacher and the Governing Body have implemented adequate and effective controls over the administration and financial monitoring affairs of the school and to evaluate the potential consequences which could arise from any weaknesses in internal control procedures, including value for money issues and any equality issues. The key recommendations were as follows:-</p> <ul style="list-style-type: none"> • Management should remind staff that purchase orders should be raised for all purchases, where appropriate, and authorised by an independent authorised signatory before an order is placed with a supplier. Where there needs to be an emergency purchase, a retrospective purchase order should be raised. • The School should ensure that an End of Journey Statement is presented to the Full Governing Body for review and approval in a timely manner once each trip has been concluded. • The School should ensure the results of the annual inventory check are presented to the Full Governing Body for review and sign off once the check is completed. This should be formally minuted in the relevant meeting minutes. • Declarations of Business Interests should be obtained on an annual basis from all Governors and retained in the School. <p>All findings and recommendations were agreed with the Head Teacher and School Business Manager and reported to the Chair of Governors.</p>	Moderate	Substantial 

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Cherry Trees School	Nov 2016	<p>The audit was designed to ensure that the Head Teacher and the Governing Body have implemented adequate and effective controls over the administration and financial monitoring affairs of the school and to evaluate the potential consequences which could arise from any weaknesses in internal control procedures, including value for money issues and any equality issues. The key recommendations were as follows:-</p> <ul style="list-style-type: none"> • Budget monitoring reports should be prepared in a timely manner following the month end. The Head Teacher must review and sign off the report. • Bank reconciliations should be completed on a regular and timely basis (i.e. monthly). Furthermore, bank and petty cash reconciliations should be reviewed and signed off by an independent officer. • Official order forms should be raised for all purchases, where appropriate, and retained on file. Furthermore, all orders should be authorised by an independent authorised signatory before they are placed with the supplier. • Petty cash reimbursements should only be authorised for small, urgent incidental expenses where it is not feasible or practical to use the normal purchase order process. • Medical checks for new starters should be completed prior to the start date of the employee commencing work. • Accurate inventory records should be maintained. All new purchases and items over £150 should be included on the Asset Register as soon as possible. • An E-Safety Policy should be formally approved by the Full Governing Body and reviewed annually. The policy should be made available to all staff. • The Schools Improvement Plan should be reviewed and updated annually. The revised plan should be presented to the Full Governing Body for review and approval and should be clearly minuted. • Payroll reconciliations should be undertaken on a monthly basis. Once completed, the reconciliation should be independently reviewed and signed off by the Head Teacher and documentation retained to confirm this has taken place. <p>All findings and recommendations were agreed with the Head Teacher and School Business Manager and reported to the Chair of Governors.</p>	Moderate	Substantial 

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Smoking Cessation Public Health Contract Monitoring</p> <p>Follow-Up</p>	<p>Aug. 2016</p>	<p>Reducing tobacco use is a strategic priority for NHS Tower Hamlets. The aim is to provide quality provision of very brief advice through a number of GP practices throughout the borough, with each practice having a trained dedicated Cessation Advisor to provide a structured cessation programme, supported by Tower Hamlets Public Health. They will see smokers on a one-to-one basis for an eight week programme providing behavioural support in addition to cessation medication. This contract was awarded by way of a Section 75 Agreement to the Clinical Commissioning Group to the sum of £290,000.</p> <p>A full systems audit on the GP NIS Smoking Cessation was undertaken in August 2015. This audit was assigned an opinion of Limited Assurance, based on the findings and the recommendations raised. This report presents the findings and recommendations of the follow up audit, conducted in July-August 2016; the 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 eight high priority recommendations made at the conclusion of the original audit, seven recommendations had been fully addressed. Following our audit work, we have made one high priority recommendation to enhance the control environment within this area. The areas of weakness are as follows:</p> <ul style="list-style-type: none"> • The Section 75 agreement, between the Council and the Tower Hamlets Clinical Commissioning Group (CCG) for 2016/17 has not been formally signed by both parties. <p>All findings and recommendations were agreed with the Public Health Commissioning Programme Manager and reported to Interim Director of Public Health, Associate Director of Public Health and Service Head Adult Social Care.</p>	<p>Moderate</p>	<p>Substantial</p> <p style="text-align: center;">⇒</p>

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Health Trainers NW Follow-Up	Nov 2016	<p>This follow-up audit reviewed the contract monitoring arrangements for Health Trainer Service which provides primary prevention and community based support in Tower Hamlets. The provision is open to all who live in the borough and are aged 18 years and over. The Service has been running for nine years and has been commissioned on a locality basis with one provider organisation per locality. In order to develop outreach into the community the service is commissioned from local community organisations situated in the locality. In addition, there is a volunteer programme of health champions from the community who are provided with training to support the programme delivery. There are four Health Trainer contracts in place covering the whole borough: -</p> <p>NW awarded to Osmani Trust £275,000 SW awarded to Stifford Centre £275,000 NE awarded to Bromley by Bow Centre £274,602 SE awarded to Poplar & Limehouse Health & Wellbeing Network £275,000.</p> <p>This audit has looked at the monitoring arrangements in place for the Osmani Trust Contract.</p> <p>A full systems audit on the Health Trainers NW was undertaken in August 2015, which was assigned an opinion of Limited Assurance, based on the findings and the recommendations raised. This report presents the findings and recommendations of the follow up audit, concluded in November 2016; the objective was to assess whether the agreed recommendations at the conclusion of the internal audit had been implemented.</p> <p>Our follow up review identified that, of the eight high priority recommendations made in the original audit report, five of these had been fully implemented. Three high priority recommendations could only be confirmed as partially implemented. Therefore, three further recommendations have been raised to address these issues, as follows:</p> <ul style="list-style-type: none"> • It is recommended that the Osmani Trust contract is now signed off as per the decision taken by the Team Leader – Contracts. 	Moderate	Substantial 

		<ul style="list-style-type: none"> • It is recommended that all generic risks identified in the annual risk register are referred to during the quarterly assessments, with specific reference being made to each risk. This should also be adequately documented. In addition, operational risks should be identified providing detailed explanations surrounding the impact and likelihood of each risk. Again, evidence of this should be appropriately documented. Moreover, the quarterly risk assessments document should be subject to review and be accurately dated to expressly confirm the relevant quarter it relates to. • It is recommended that a programme of unplanned visits is prepared and adhered to by the appointed members of staff, in order to establish the integrity of the contractor's data and all visits performed are recorded and dated – as per the original recommendation. Management should also ensure that the quarterly monitoring schedule being maintained is accurately dated showing the relevant quarter it relates to. <p>All findings and recommendations were agreed with the Public Health Commissioning Programme Manager and reported to Director of Public Health and Corporate Director Adult Services.</p>		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
THH Management of SLAs Follow-Up	Oct 2016	<p>A full systems audit on the Management of SLAs was undertaken in December 2015, for which the audit was assigned an opinion of Substantial Assurance. The 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. In 2015/16, year eight of the Management Agreement, 23 SLAs were budgeted for by THH, with total costs of £6.4m. This represented 18% of the management fee (£35.1m) that THH receives from LBTH.</p> <p>This report presents the findings and recommendations of a follow up audit and the objective was to assess whether the agreed recommendations at the conclusion of the original systems audit had been implemented. This follow up audit was undertaken as part of the 2016/17 agreed Internal Audit Plan.</p> <p>Our follow up review identified that the two medium priority recommendations made in the original audit report had been fully implemented. Following our testing, we have not made any further recommendations to enhance the control environment within this area.</p> <p>All findings and recommendations were agreed with the Director of Finance (THH) and reported to the Chief Executive (THH).</p>	Extensive	Full 

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
One Stop Shops (Regularity)	Aug 2016	<p>The London Borough of Tower Hamlets Council's One Stop Shops provide face-to-face contact to members of the public, and offer information on as well as support with accessing the Council's services. The most common interactions are in respect of Housing Benefit and Council Tax Reduction Scheme, housing provided by Tower Hamlets Homes, Council Tax, Social Services, and parking.</p> <p>The audit was designed to undertake planned visits to the One Stop Shops throughout the Borough, in order to provide assurance that the Council's rules and regulations, including those regarding financial transactions, security, and data protection, are complied with in the performance of the various front line customer service functions which the One Stop Shops provide.</p> <p>The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • Key performance indicators (KPIs) targets are not always achieved, in particular with regards to the target for 75% of customers being seen within 15 minutes, which was not being met at the time of the audit for any of the One Stop Shops. • The reconciliation procedures do not clearly instruct staff to sign the reconciliation if there are no un-reconciling items found. • The copies of passports photocopied on behalf of the benefits service were found in 14 out of 20 cases to be of a standard not to clearly identify the claimant. It was established that the staff cannot currently scan documents directly into the system and that the Council is currently exploring other available systems for identifying individuals as a result no recommendation has been raised. • There is no version history control incorporated in policies and procedures. <p>All findings and recommendations were agreed with the Head of Customer Services and One Stop Shop Manager and reported to the Service Head for Customer Access, Transformation and IT, and the Corporate Director of Resources.</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
Risk Management CLC	It should be ensured that all Service heads and Heads of Services are informed in writing and at the DMT that risks identified on the service plans should include sufficient controls, control owners and the target dates against the control measures to ensure that accountabilities for risk management are clear.	N/a	Stephen Adams
Photocopier and Printing Contract monitoring 2 nd Follow Up	The Service Head ICT should write to the Head of Legal Services to request that the two Lease Agreements are signed as a matter of urgency to protect the Council contractually and legally	Sean Green	Khaled Hussain
Smoking Cessation Public Health Contract Monitoring	The Public Health Commissioning Programme Manager should request an explanation from legal services as to why contracts remain unsigned.	Somen Banerjee	Keith Williams
Health Trainers	It is recommended that the Osmani Trust contract is now signed off as per the decision taken by the Team Leader – Contracts.	Dr Somen Banerjee	Keith Williams
Health Trainers	All generic risks identified in the annual risk register are referred to during the quarterly assessments, with specific reference being made to each risk. This should also be adequately documented. In addition, operational risks should be identified providing detailed explanations surrounding the impact and likelihood of each risk. Again, evidence of this should be appropriately documented. Moreover, the quarterly risk assessments document should be subject to review and be accurately dated to expressly confirm the relevant quarter it relates to.	Dr Somen Banerjee	Brenda Scotland

Audit Subject	Recommendation	Service Head	Officer Name
Health Trainers	<p>It is recommended that a programme of unplanned visits is prepared and adhered to by the appointed members of staff, in order to establish the integrity of the contractor's data and all visits performed are recorded and dated – as per the original recommendation.</p> <p>Management should also ensure that the quarterly monitoring schedule being maintained is accurately dated showing the relevant quarter it relates to</p>	Dr Somen Banerjee	Brenda Scotland

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

Audit Subject	Recommendation	Service Head	Officer Name
Risk Management CLC	The Risk Champion should carry out sample checks to ensure compliance and provide assurance to the DMT on a regular basis as to the effectiveness of risk management process and compliance within the Directorate.	N/a	Stephen Adams
Risk Management CLC	Those service level risks scored 10 or above (10 being significant concern, and some immediate action required plus comprehensive action plans) should be monitored through the JCAD system. Risks that are Directorate and corporate level should be monitored through JCAD system and the Risk Champion should ensure that the agreed procedures are complied with.	N/a	Stephen Adams
Photocopier and Printing Contract monitoring 2 nd Follow Up	It should be ensured that the risk around MFD/Printer availability is properly assessed and scored, and details regarding the required control measures, control owner and target date for review are recorded.	Sean Green	Khaled Hussain

Audit Subject	Recommendation	Service Head	Officer Name
Leaseholders Charges (THH)	<p>The Leaseholder Team should look to ensure that there are no delays in recovery procedures and, where necessary, should escalate to the Legal Team in a timely manner.</p> <p>Consideration should be given to introducing a Key Performance Indicator (KPI), or a tracker, to help identify, monitor and escalate any delays. In addition, due to the delay in action being undertaken in a number of cases over £5k, a further action plan may need to be implemented to help officers to manage their cases more efficiently and in a timelier manner.</p>	Neil Isaac	Aklak Shahid.
Leaseholders Charges (THH)	<p>Management should discuss with Finance the need to 'clean up' the suspense account with a view to removing items which have been cleared to ensure that the suspense account only shows outstanding items, whilst enabling users to view the full history of cleared items should this be required. This exercise should be repeated on a regular basis to prevent the management of the suspense account from becoming inefficient.</p> <p>Implement recommendation as above when the Northgate upgrade testing phase is complete, as this was not complete at the time of the audit.</p>	Neil Isaac	Aklak Shahid.
Leaseholders Charges (THH)	Update Suspense Procedure once the outcome of the Northgate upgrade has been determined.	Neil Isaac	Aklak Shahid.