


<p><i>Non-Executive Report of the:</i> Audit Committee 21st March 2017</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Zena Cooke - Corporate Director - Resources</p>	<p>Classification: Unrestricted</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 three month period covering December 2016 to February 2017.
- 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. Members are asked to note the contents of this report and to take account of the assurance opinion assigned to the systems reviewed during the period.

3. Background

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

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

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





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

4. Overall Audit Opinion

- 4.1. Overall, based on work performed in the year to date, I am able to give an Adequate 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 January 2017, twenty three 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	-	12	3	-	15
	Moderate	1	5	2	-	8
	Low	-	-	-	-	-
Total Numbers		<i>1</i>	<i>17</i>	<i>5</i>	-	<i>23</i>
Total %		<i>4%</i>	<i>74%</i>	<i>22%</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; twelve were assigned Substantial Assurance and three were assigned Limited assurance. A further eight audits were of moderate significance and of these one was Full assurance, five were assigned Substantial Assurance and two were assigned Limited Assurance.
- 5.5. Overall, 78% of audits resulted in an adequate assurance (substantial or full). The remaining 22% of audits have an inadequate assurance rating (limited or nil).

6. Performance Indicators

- 6.1. At the start of the year, three performance indicators were formulated to monitor the delivery of the Internal Audit service as part of the 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 February 2017	80%	78%
Percentage of Priority 1 Audit Recommendations implemented up to January 2017 by Auditees at six monthly follow up audit stage	100%	50% 2 out of 4
Percentage of Priority 2 Audit Recommendations implemented up to January 2017 by Auditees at six monthly follow up audit stage	95%	57% 4 out of 7

- 6.2. The percentage of priority 1 recommendations fully implemented at the follow up stage was 50%, whereas the percentage of priority 2 recommendations was 57%. 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 Officers

- 7.1. This is a quarterly noting report covering the period December 2016 to February 2017 highlighting findings arising from the work of the internal audit. There are no specific financial implications arising from the contents of this report.

8. Legal Comments

- 8.1. The Council has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness by virtue of section 3 of the Local Government Act 1999. This is known as its Best Value Duty.

- 8.2. Under Regulation 3 of the Accounts and Audit Regulations 2015, the Council is required to ensure that it has a sound system of internal control that facilitates effective exercise of the Council's functions and includes arrangements for the management of risk. The Council is also required by Regulation 5 to maintain an effective system of internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards and guidance. One of the functions of the Audit Committee under the Council's Constitution is to review internal audit findings. The consideration by the Audit Committee of this report is consistent with the Council's obligations and is within the Committee's functions.

9. One Tower Hamlets

- 9.1. There are no specific one Tower Hamlets considerations.
- 9.2. There are no specific Anti-Poverty issues arising from this report

10. 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	Children's Services	Norman Grove Children's Home
	Extensive	Corporate	Control and Monitoring of Disclosure and Barring Service (DBS) Checks
	Extensive	Communities, Localities and Culture	Management and Control of Parking Permits
	Moderate	Communities, Localities and Culture	Brady Arts Centre and Kobi Nazrul Centre
	Moderate	Children's Services and Adults Services Directorates	Petty Cash Follow-Up
SUBSTANTIAL			
	Extensive	Resources	Housing Benefit and Council Tax Reduction Scheme
	Extensive	Resources	Creditors
	Extensive	Resources	Payroll
	Extensive	Communities, Localities and Culture	Trading Standards Follow-Up
	Extensive	Communities, Localities and Culture	Licence Applications
	Extensive	Tower Hamlets Homes	THH Risk Management
	Extensive	Tower Hamlets Homes	THH Management and Control of Voids
	Extensive	Tower Hamlets Homes	Bancroft TMC Follow-Up
	Extensive	Tower Hamlets Homes	THH Caretaking and Estates Management

Assurance level	Significance	Directorate	Audit title
	Extensive	Development and Renewal	Planning Decisions and Approval
	Extensive	Development and Renewal	Management of London Mayor's Community Infrastructure Levy (CIL) Follow Up Audit
	Extensive	Children's Services	Monitoring of Action Plan from Children's Serious Case Reviews
	Moderate	Children's Services	St Mary and St Michael Catholic Primary School
	Moderate	Children's Services	William Davis Primary School
	Moderate	Children's Services	Phoenix Primary and Secondary School
	Moderate	Children's Services	St Peters (London Docks) CoE Primary School
	Moderate	Children's Services	Arnhem Wharf Primary School
FULL	Extensive	Adults Services	Healthy Start Vitamins Follow-Up

**Summary of Audits Undertaken
Limited Assurance**


APPENDIX 2

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Norman Grove Children's Home	Feb 2017	<p>The audit reviewed the controls in place at Norman Grove Children's Home which is located in the Bow area of East London. The children's home is provides accommodation for up to six children aged between 13 and 17 years of age. They can be of either gender and are all in the care of the Council under the provisions of the 1989 Children Act.</p> <p>Each child has an individual Care Plan which determines the main objectives for their stay at Norman Grove. Some return to the family network and some remain placed in the children's home until they are ready for independence at 18. Others move on to alternative placements.</p> <p>All children's homes have unannounced inspections by Ofsted twice in a calendar year. Norman Grove had its full inspection in August 2016 and was rated 'Good'. The children's home has a budget of £831,751 for the financial year 2016/17.</p> <p>The main objective of this audit was to provide assurance that systems and controls for the administration and management of the Norman Grove establishment are sound and secure and that Council procedures are complied with. This audit was undertaken in line with the 2016/17 LBTH Internal Audit Plan.</p> <p>The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • There is a lack of clarity between the responsibilities expected for the maintenance of the children's home (Corporate Landlord model) and that of the children's home directly. • Although policies, procedures and guidance are documented, staff are unsure of where to locate these documents. • One instance was identified where a DBS check ran out in 2013 but had not been refreshed. Two instances were identified where the DBS forms were not updated with the up-to-date information and two staff had incorrect dates stated on their DBS forms. • Petty cash guidance does not contain sufficiently detailed information (as to what constitutes acceptable/reasonable use) nor does it contain any version control history (i.e. when it was last updated and when it is next due for review/approval). 	Extensive	Limited 

		<ul style="list-style-type: none"> • No Card Policy was provided (to clarify arrangements for the use of the VISA credit card and the debit card). • Invoice numbers were recorded on Agresso but the actual invoices were not able to be provided. • A meal of £247.39 had been purchased for just Norman Grove staff, and not for the children's benefit (from petty cash). Information was not always accurately recorded for the use of the petty cash. • Purchases made via the VISA credit card had not been correctly recorded (as the date of purchases and goods received were identical to the bank statement date in 19/20 cases tested). • A structure chart was not provided for the administration section of the team, to depict expected reporting lines. Roles and responsibilities of staff members were therefore not documented or easy to obtain. • It could not be confirmed that a completed Asset Register was in place at the time of fieldwork and assets were not security marked. <p>All findings and recommendations were agreed with the Group Manager and Service Manager Resources and reported to the Corporate Director Children's Services.</p>		
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Management Comments

The ten recommendations in the report are noted and have been agreed. Recommendations 1,3, 4, 7 and 8 have now been completed and were signed off by the auditor manager. Recommendations 2, 5, 6, 9 and 10 are due to be completed by the end of February 2017.

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Control and Monitoring of Disclosure and Barring Service (DBS) Checks	Jan 2017	<p>The objective of this audit was to provide assurance that there were sound systems in place within the Council for controlling, monitoring and managing DBS checks on employees who are required to have this clearance.</p> <p>The Council's policy and guidance for managers of posts requiring DBS disclosure has been publicised on the Intranet. Through E-Bulk system, real time information is available to Human Resources (HR) Advisors for checking every employee requiring DBS and the status of the DBS check. The Human Resources and Workforce Development (HR and WD) Service provides monthly reports to Service Heads setting out the status of DBS checks for each employee that requires one. We highlighted a number of control weaknesses including the following issues:-</p> <ul style="list-style-type: none"> • Our review showed that a comprehensive database of all posts requiring DBS Checks was held within HR Resource Link system. However, a number of inconsistencies were reported, which needed to be addressed when the Establishment List is programmed for a review. • The carrying out of risk assessments when disclosures are made is the responsibility of the line manager. From testing of 23 DBS certificates with disclosures, we identified delays of up to twelve months from the date the DBS Disclosure was received by HR to the date HR notified the line manager to review the employee's DBS Disclosure to determine whether a risk assessment was required. • The processes and controls for undertaking, recording and approving risk assessments by Directorate officers and notifying the results to HR promptly needed to be improved and strengthened to ensure that service users are adequately safeguarded under all circumstances. The quality of risk assessments required improvement and appropriate checks needed to be carried out by HR. <p>All findings and recommendations were agreed with the Interim HR, OD and Transformation Manager and final report was issued to all Corporate Directors.</p>	Extensive	Limited 

Management Comments

The HR Service maintains a comprehensive database of all posts that require DBS checks including the level and type of check. This database is held within HR Resourcelink (the HR and Payroll System) and details DBS information for every employee whose post has been deemed to require a DBS check by the relevant Divisional Director. The HR Service notifies the employee when their three-yearly DBS check is required in accordance with Council policy and records the results of the DBS check on receipt within Resourcelink.

Monthly management information reports are produced by the HR Service for Divisional Directors detailing those DBS checks in date, DBS applications undertaken, DBS checks approaching expiry (within 4 months) and those where employees have not arranged to visit the HR Service, on notification, for their ID verification and for the eBulk process to be progressed to obtain an up-to-date DBS check. If an employee who is required to renew their DBS check does not engage in the process they may be subject to disciplinary action which could include suspension from work.

DBS certificates are provided directly by the DBS to the applicant with the council receiving reports from the DBS notifying as to when a DBS check includes disclosure information which needs reviewing by the Line Manager. Where there is notification that there is a disclosure, the HR Service emails the line manager and the HR Business Partner to advise them that a risk assessment must be carried out.

A new risk assessment process has been implemented whereby dates of receipt of a disclosure are logged on Resourcelink to enable the tracking of progress for a risk assessment to be completed and relevant documentation submitted for uploading onto the system. The risk assessment forms will be maintained centrally and securely by the HR Advisers Team Leader who will ensure that all risk assessments are completed within a four week period of notification of disclosure. If the completed risk assessment is not submitted to the HR Advisers Team Leader within the four week period, the HR Advisers Team Leader will escalate to the relevant Divisional Director for notification. If a risk assessment is not completed, the Corporate Director/Divisional Director will be notified of the non-compliance by the manager which may lead to disciplinary action.

Only in exceptional circumstances can an individual commence work/or continue in their role without the full results of the DBS Disclosure being known and this can only be authorised by the Divisional Director, in consultation with an HR Business Partner. This must only be in situations where there is an urgent need to maintain service delivery and all reasonable steps have been taken to protect the safety of service users. Reasonable steps to protect service users include;

- not allowing unsupervised access to children or vulnerable adults,
- allowing the applicant to start work in an alternative post or shadowing other employees.

A waiver form, available on the intranet must be completed in ALL situations where an employee is allowed to commence/continue to work

without knowledge of the outcome of a DBS check. This must be reviewed by the Line Manager at least monthly until the outcome of the check is received.

Completed Risk Assessment Forms are held centrally and securely within the HR Service with access to the information being strictly restricted, controlled and limited to those who are entitled to see the information as part of their duties.

An establishment validation exercise is currently being undertaken in which managers will confirm whether a DBS check is required for every post in their team. If a DBS check is required managers will confirm the level of check. On completion of the review, the HR Service will verify the information on DBS eligibility submitted by directorates so that each post is consistent in terms of the same DBS check level.

DBS policy and guidance is available for managers on the council's Intranet. The existing guidance has been reviewed to ensure it is in line with the current DBS Code of Practice and takes into account the recommendations made in the Ian Mikardo report as well as including the eBulk (electronic) process. The DBS Risk assessment form has been amended and incorporates a risk assessment methodology.

The guidance for managers on DBS checks has been strengthened to provide advice to managers on making decisions using disclosure information. Additionally, a risk assessment process for dealing with disclosures has been produced which incorporates guidance on the following areas:


- Receipt of an unsatisfactory disclosure;
- Conducting a risk assessment meeting;
- Factors for management consideration when making a decision
- Risk assessment decision-making
- Roles and responsibilities of managers and HR within the risk assessment process

Two new DBS Risk Assessment forms have also been produced to accompany the guidance within which the determining manager will:

- ✓ Register details recorded on a DBS certificate if a risk assessment has previously been completed and is held on file;
- ✓ Record details if a new disclosure has been recorded on a DBS certificate for which there is no information held on file

This guidance will be published once the contents have been considered by the Corporate Safeguarding Board on the 16th March 2017.


Guidance has also been produced which sets out the roles and responsibilities within the HR Service on receipt of a disclosure. This guidance includes the recording of receipt of a disclosure, monitoring the progress of decision-making by managers and the recording of the final outcome on receipt of a completed risk assessment form which will be retained securely and confidentially by the HR Advisers Team.

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Management and Control of Parking Permits	Jan 2017	<p>The main objective of this audit was to provide assurance to management that the systems for controlling, monitoring and issuing of all types of parking permits were sound, secure and adequate.</p> <p>From our testing of a sample of twenty parking permits for residents, business and contractors permits, we highlighted the following issues which weaken the control environment in this area and increases fraud risk.</p> <ul style="list-style-type: none"> • Our review showed that a clear policy framework and scheme of delegation for officers setting out authority parameters within which to administer and issue parking permits was not in place. Although required by procedures, the management checks and audits carried out on parking applications were not effective. • Our review of the terms and conditions for parking permits showed that there was no proper structure and that these were lengthy and loaded to capture a number of different situations emerging over a period of time rather than meeting specific business objectives. In addition, the eligibility criteria and the documentary evidence required to support permit applications were not stringent enough to manage the risk of fraud, error and abuse. Testing identified permits were issued to ineligible applicants. • There was no verification of online permit renewals and reproofing of documents for longstanding permits, which increased the risk of permits issued to ineligible applicants. • Testing showed that necessary checks were not undertaken to ensure the validity of the application and the supporting documents for multi-parking permits. <p>All findings and recommendations were agreed with the Service Head, Public Realm and final report was issued to the Interim Director of CLC and Chief Executive.</p>	Extensive	Limited 

Management Comments

There is currently a review taking place of all policies with parking, and they will be presented to the Mayor for discussion over the next few months. There is also a review of the structure within parking, which will take account of the comments made in the report.

All the findings will be taken into account as part of the reviews, but any processes that we feel need to be brought forward will be prioritised to ensure robust systems are in place

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Brady Arts Centre and Kobi Nazrul Centre	Jan 2017	<p>This audit was a regularity visit to the Brady Arts Centre and the Kobi Nazrul Centre, in order to provide assurance that the Council's procedures for income collection and banking, security, ordering of goods and services, staffing control, inventory control and health and safety are being complied with. It was noted that neither centre utilises a petty cash facility. It was also noted that the core functions of the service are operated from the Brady Arts Centre whereas the Kobi Nazrul Centre is not open all the time (no resident present). No money is stored at the Kobi Nazrul Centre. This audit was undertaken as part of the 2016/17 agreed Audit Plan.</p> <p>The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • Upon testing a sample of six staff timesheets from the Brady Arts Centre and Youth Arts Team (operating from the Brady Arts Centre), there were discrepancies with annual leave records on timesheets vis-a-vis the HR Self-Service (HRSS) system. Namely: • In two cases staff had recorded instances of annual leave on the HRSS portal but did not record the same on the corresponding timesheets; and • In three cases staff had recorded instances of annual leave on the timesheets, but did not record the same on the HRSS portal. • Return to Work (RTW) interviews are held by the manager upon staff returning to work from a period of sickness absence. It was found that RTW interview forms were not maintained locally and there was no audit trail available on the HRSS system to confirm the dates of the RTW interviews advised to have been held. • Upon testing 19 purchase card transactions it was identified that in six instances the purchases were not physically identifiable or verifiable whilst on site. Of these, five were not identifiable due to lack of detail and description confirming the exact reason for purchase. In one instance the item could not be located on site (awning for garden for £16.99 on 	Moderate	Limited 

		<p>01/06/2016).</p> <ul style="list-style-type: none"> • On review of the visitor record book maintained at the Brady Arts Centre, it was found that the records were destroyed at the end of every week. Further, it was observed that, due to the layout of the building and the entrance, it was possible for a visitor to walk straight past the reception without having to sign-in the visitor book. • There were no access restrictions to the non-public offices of the building, where confidential data is stored at the Brady Arts Centre. • From our review of the Resource Bank Inventory Register it was found that this register was incomplete in so far that it did not note details of serial number of several items on the third page and did not record the location against each item. Upon physical verification of a sample of 15 inventory items, seven issues were identified, relating to serial numbers, location, disposal records, and condition of the inventory. Further, there was no evidence of annual stock checks being carried out by a responsible officer. <p>All findings and recommendations were agreed with the Brady Arts Centre Manager and Head of Arts, Parks and Events and reported to the Service Head Culture, Learning and Leisure, Communities Localities & Culture and Interim Corporate Director of CLC (Chief Executive).</p> <p>A.</p>		
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Management Comments


Summary of changes implemented as per the order of issues raised above.

- Time sheets. Flexi sheets that staff fill in have been adjusted to allow for recording annual leave. Managers will carry out monthly checks and record findings and action taken.
- Sickness management. Return to work interviews now completed on return to work as soon as practicably possible after any period of sickness. In addition to filling in online forms hard copies signed off by both member of staff and line manager and will be retained in admin office.
- Purchase cards. Expenditure spreadsheet recording transactions maintained by all managers detailing the items purchased, the date of purchase with the reason for purchase. This is updated every time a purchase is made. At the end of the month, this spreadsheet is

cross-verified with the transactions and signed off by Head of Service.

- Visitor records. All visitors now required to sign in. Used sheets are retained in a folder for audit purposes.
- Access to building. FM has now agreed to proposed security measures to include secure key card for opening all doors leading to the non-public areas. Works to commence imminently.
- Resource bank. Inventory is being updated. FM will arrange for disposal of items no longer required. An independent check to be conducted in conjunction with annual inventory update.
- **Additional action.** All staff to be checked with regard to their understanding of personnel systems and usage of online services.

Monitoring. In order to ensure that these actions are embedded into the services day to day operations the Head of Service will carry out monthly checks on flexi sheets, sickness management, purchase cards and resource bank. Checks on visitor records will be random, i.e. not by arrangement, noting whether all visitors are signing in. Head of Service will also request updates on required works through FM. This to cover a period of six months and thereafter check will be twice a year.


Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Petty Cash Follow-Up	Jan 2017	<p>Petty cash is a small amount of discretionary funds in the form of cash used for small items of expenditure where it is not sensible to make a disbursement by cheque, because of the inconvenience and costs of writing, signing, and then cashing the cheque. There are a total of 23 imprest accounts currently in use within the Children's and Adult Services directorates (Children's end of year 2016 total imprest balance at £25,268.39 and Adults end of year 2016 total imprest balance at £10,456.27).</p> <p>A full systems audit on Petty Cash was finalised in October 2015. This audit was assigned Limited assurance. 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.</p> <p>Our follow up review identified that the one high priority recommendation made in the original audit report had not been implemented. We have therefore, made one further recommendation to improve the control framework, as follows:</p> <ul style="list-style-type: none"> • It is recommended that a training programme is developed covering all aspects of management of the petty cash accounts. <p>Once the training programme has been developed, all remaining petty cash account holders should be required to attend a training course and should also receive annual refresher training.</p> <p>In addition, management should ensure that a log is prepared consisting of all differences as result of the spot checking procedures still to be enforced. These should be followed up on a monthly basis to ensure they can be appropriately actioned and resolved in a timely manner.</p> <p>The Compliance Team should ensure that spot checks take place on a monthly basis, where a sample of AP3 forms should be selected from both the Children's and Adults directorates and appropriately reconciled to confirm accuracy and completeness. Once undertaken, this should be recorded and any non-compliance escalated as required. All spot checks should be</p>	Moderate	Limited 


		<p>appropriately dated by the responsible officer and the Petty Cash Account Holders List should be updated to reflect any changes that may now be relevant.</p> <p>All findings and recommendations were agreed with the Operational Accountancy Manager, Chief Accountant and Financial Compliance Manager, and reported to the Service Heads (Children's and Adults Resources), the Corporate Director of Resources, the Corporate Director of Children's Services, and the Corporate Director of Adult Services.</p>		
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Management Comments

It is agreed that all requests should be implemented, however the NatWest accounts are still in the process of being created and debit cards being issued. Once all accounts are fully operational by end of June 2017, then training and spot-checks will take place on a regular basis. If it becomes apparent the petty cash account is not being used for the purposes intended or if timely reconciliations are not completed, then the account will be closed.


Substantial Assurance

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Housing Benefit and Council Tax Reduction Scheme	Feb 2017	<p>The Council operates a centralised benefit claims processing service and a dedicated benefits call centre both based at the Town Hall. Areas of responsibility include the processing of claims for Housing Benefits and the Council Tax Reduction Scheme, the correct award or rejection of claims received, and the accurate payment of the amounts awarded.</p> <p>In addition, the function is responsible for identifying where the eligibility of claimants has lapsed, and for the recovery of overpaid amounts.</p> <p>As at January 2016, there were 35,320 claimants and 4,569 of those were new claimants.</p> <p>The audit was designed to provide assurance to management, as to whether the systems of control around the Housing and Council Tax Benefits system are sound, secure and adequate, and also to evaluate the potential consequences which could arise from any weaknesses in the internal control procedures.</p> <p>No recommendations have been made. However, the quality of the image on the photographic ID was poor on 14 of the 20 cases tested. We were informed that the Benefit Service does not have any face to face interaction with the customer, and there is no requirement for customers to provide photographic ID, so the usefulness of photographic ID and the quality of the image has no bearing on the verification process. It is noted that the Council is exploring the feasibility of a technical solution which will verify the authenticity of documents in order to minimise the risk of fraud and error.</p> <p>All findings were agreed with the Benefits Service Manager and Benefits Subsidy/Overpayments and ICT Manager and reported to the Corporate Director of Resources.</p>	Extensive	Substantial 


Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Creditors	Jan 2017	<p>This audit was undertaken as part of the 2016/17 agreed internal audit plan.</p> <p>The Creditors function is concerned with processing of invoices received by the Council for payment, including confirming that these have been appropriately ordered, goods and services received and certified, prior to making prompt payment.</p> <p>The Creditors system is managed using the Council's financial ledger system, Agresso Business World (ABW), which was introduced from the beginning of the 2013/14 financial year. This records purchase orders, invoices, receipting of goods and services, and payments, and uses workflows to manage requests for approvals. There have been over £27.7m worth of invoices paid by the Council since April 2016. In addition, there have been over £461.5m in 188 CHAPS payments made in the same period.</p> <p>The Council also uses an electronic procurement system, Requisition to Pay (R2P), which enables suppliers to set up and maintain online price lists or catalogues for officers to use in procurement to raise purchase orders. R2P also sends e-orders to, and receives e-invoices from suppliers, and allows suppliers to request amendments to be made to the records of their details as held by the Council. Any transactions or changes to standing data made online are then fed through into the workflows of the financial ledger system for approval.</p> <p>The audit was designed to provide assurance to management as to whether the systems of control around the Creditors system 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"> • A sample of 10 credit notes out of a total of 567 outstanding credit notes totalling £819,575.36 was selected and tested to confirm whether these are received in a timely manner and offset/settled at the earliest possibility. 	Extensive	Substantial 


		<p>Issues were found in three out of 10 cases (In one of these cases, the credit note worth £17,444.25 was still outstanding, one of the credit notes worth £4,582.80 was received following a delay of two years and the third credit note worth £45,858.66 faced a delay of two months).</p> <ul style="list-style-type: none"> • It was established through discussions with management that the review of predetermined parameters, such as payments made over a certain threshold in value, first payments made to new suppliers, or high numbers of payments to same supplier within a period is in place, however, we were unable to test this as the record-keeping of any checks performed was only recently implemented. • A total of 10 CHAPS payments was selected and tested to check whether these were processed in an appropriate manner. Issues were found in three out of 10 cases, as the payments were received by the Treasury Team past their original due dates. However, the payments were processed by the Treasury Team the same day. Late payments could possibly result in financial penalties being levied against the Council and potential reputational damage due to deterioration of relationships with suppliers. • ICT was informed of leavers via a leavers form or email notification. However, there was no system in place whereby Payroll was providing any confirmation to the Financial Systems Analyst regarding the termination to help monitor/prevent unauthorised access. • Examination of the records of VAT checks on coding and recording (from April, June and August 2016) confirmed that checks had been performed for each of the three months selected. However, an exception was noted on the basis that the checks undertaken were not signed and dated. • A recommendation was previously raised as part of the Creditors Audit 2015/16 relating to ensuring that another member of the team be trained in how to generate the monthly Key Performance Indicator (KPI) reports that are taken to the Finance Management Team meetings (so that the reports continue to be produced in the absence of the Assistant Accountant). It was informed that a member of staff is yet to be trained in how to generate monthly KPI reports and this is due to resourcing issues being faced. • A daily reconciliation is performed between the R2P and Agresso count by 		
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		<p>the Senior Finance Officer and reviewed by an independent officer in the Payments Team. Any variances are investigated and resolved by the AP Manager. A sample of 20 dates was selected at random and reconciliations performed on these dates were tested. However, a variance of 80 invoices was identified across eight out of 20 cases examined. It was advised that these differences were not investigated as they were considered timing differences. However, a strengthening of control has been recommended.</p> <ul style="list-style-type: none"> • A sample of three months since April 2016 was selected i.e. April, June and August, and it was confirmed that a Key Performance Indicators (KPI) report was in place in each case (detailing the relevant targets for each finance function and the actual variance from each target). Further discussions were held with management where it was advised that these reports had been presented to the Financial Management Team meetings. However, evidence was not provided to verify this control operating as intended. • A sample of 20 payments was randomly selected and tested to confirm whether the Council was in compliance with its policy to process all invoices within 30 days of receipt, providing that the goods have also been receipted. However, the 30 day target was missed in one out of the 20 cases examined (invoice number 111366 - date of invoice 18/02/2016 and payment date 06/04/2016 i.e. more than 30 days). It was advised that this was a suspended item (disputed due to an issue with the purchase order). On 08/03/2016 the suspension was resolved and paid on 06/04/2016. It was informed that this was a procedural delay on the part of the buyer. • Policies and procedure documents were reviewed as part of the audit and it was determined that a version history control was in place. However, this was not updated with the next review date for these documents. <p>All findings and recommendations were agreed with the Financial Systems 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
Payroll	Jan 2017	<p>The Payroll function at the London Borough of Tower Hamlets is responsible for the effective management of payroll processing, including processing starters, leavers, deductions and amendments, and for paying staff promptly and accurately.</p> <p>The Payroll system has an inherently high risk of errors and irregularities and a strong control environment is necessary to manage this level of risk. From 1 April 2016 to September 2016, the authority's payroll department processed the following:</p> <p>383 starters; 1028 leavers; 390 deductions; and 1165 amendments.</p> <p>The estimated payroll expenditure for 2016/17 at the time of the audit, in the period April 2016 to August 2016 was:</p> <p>Gross pay: £115.3 million Net pay: £82.9 million No. of payments: 51,855</p> <p>The average monthly payroll amounts to date are:</p> <p>Gross pay: £23.1 million Net pay: £16.6 million No. of payments – 10,371</p> <p>The audit was designed to provide assurance to management as to whether the systems and controls around the management of Payroll 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>	Extensive	Substantial 


	<ul style="list-style-type: none"> It was identified that in four out of 20 new starters cases tested, that Payroll had not been informed in a timely manner compared to the employee's stated start date. <i>(For non-school staff starters it is expected that starter forms be received within a week of the employee's recorded start date. For school staff starters it is also expected that forms be received within a week, however, some forms may be received in advance of the actual start date, for example teachers may take the role but not start until commencement of a new term).</i> It was identified that in two out of 20 leavers cases tested, that Payroll had not been informed prior to the employee's leaving date. <i>(Employee number 126213 - Leaving date 14 April 16, form received on 24 May 16; and Employee number 134792 - Leaving date 5 July 16, form received on 13 July 16).</i> <i>In case 126213 the leavers form showed the amount of annual leave due and the supporting workings/calculations to demonstrate how this offset any overpayment. However, in case 134792, an overpayment occurred due to the school requesting wages to be recovered as the employee was paid for a period of time when they should have been on unpaid leave (the School did not inform Payroll to suspend pay). There is no ongoing overpayment on this case.</i> It was previously agreed as a result of the audit conducted in 2014/15 and 2015/16 that an electronic workflow process should be implemented, in order to help ensure that Payroll are notified of changes in a timely manner. This process has not yet been implemented. <p>All findings and recommendations were agreed with the Payroll Manager and reported to the Service Head, Human Resources and Workforce Development, and the Corporate Director of Resources.</p>		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Trading Standards Follow-Up	Dec 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. To do so, the team applies a wide range of trading standards laws, and provides support, advice and guidance to both consumers and traders. The Trading Standards budget including revenue in the financial year 2016/17 is £609,472. The Trading Standards team currently comprises of eight members of staff. Since March 2016, there has been confiscation cases under the Proceeds of Crime Act (POCA) and three cases remain under investigation (from before March 2016).</p> <p>As a local authority, the Council is able to enforce legislation relating to trading standards, in order to prevent rogue traders and businesses from operating in the local community, such as the Consumer Rights Act 2015, Consumer Credit Act 2006, and the Trade Marks Act 1994. These cover a number of areas, including: Age restricted products; Fair trading, including the pricing and descriptions of goods and services, and terms and conditions; Intellectual property and trademarks; Product safety; and Weights and measures.</p> <p>Our follow up review showed that of the two medium priority recommendations made at the conclusion of the original audit, both had been partly implemented.</p> <p>Following our audit work, we have made two low priority recommendation to enhance the control environment within this area. The areas of weakness are as follows:</p> <ul style="list-style-type: none"> • There are no target times for updating the Civica App system after visits are made. • Neither the monthly Pending Complaints Report nor the monthly tasking meeting include specific reference to meeting response times to complaints entered onto the APP database. <p>All findings and recommendations were agreed with the Interim Head of Service, Trading Standards and SC – Commercial Services and Environmental Health and reported to the Communities, Localities and Culture Corporate Director (Interim).</p>	Extensive	Substantial 


Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Licence Applications	Dec 2016	<p>The Licensing Act 2003, The Gambling Act 2005 and The Local Government (Miscellaneous Provisions) Act 1982 require local authorities to publish a licensing policy. The legislation provides a clear focus on the promotion of four statutory objectives which must be addressed when licensing functions are undertaken, these are:</p> <ul style="list-style-type: none"> • The prevention of crime and disorder; • Public safety; • The prevention of public nuisance; and • The protection of children from harm. <p>The two main types of licences issued under the legislation are personal and premises licences. Club premises certificates can also be issued for qualifying clubs carrying out qualifying club activities. The licensing of activities on a temporary basis (TENS - temporary event notices) may be issued for licensable activities involving no more than 499 people & lasting no more than 168 hours (seven days).</p> <p>There are approximately 1,100 Licences currently in place. This audit was undertaken as part of the agreed 2015/16 Audit Plan.</p> <p>The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • There were five separate instances from our random sample of 20 licence applications where complete records could not be located to support the granting of the licence. • Outstanding licence fee payments are not dealt with consistently. <p>All findings and recommendations were agreed with the: Head of Environmental Health and Trading Standards and Administration Manager and reported to the Corporate Director Communities, Localities and Culture Directorate.</p>	Extensive	Substantial 


Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
THH Risk Management	Jan 2017	<p>Tower Hamlets Homes (THH) requires there to be an effective risk management function in place in order to effectively identify, assess and control/manage the organisation's risks. It has been advised that, within the last 12 months, there has been a large turnover of staff at senior levels as well as changes to the make-up of the Board. Consequently, this may have impacted upon the risk management arrangements in place. THH maintains risk registers at both an operational and strategic level, both of which are expected to be monitored on a regular basis. Within the past 12 months, THH has also realigned the way in which it uses its JCAD risk management software.</p> <p>The audit was designed to assure management that the systems in place for identifying, assessing, mitigating and reporting of risks are sound and secure and 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"> • On review of the Operational Risk Register (ORR), it was identified that the Target Risk Score was not defined for each risk, as prescribed in the Managing Risk Strategy and Policy Statement. • No arrangements have yet been made by THH to action the recommendation made to the Board that a risk workshop should be held later in 2016. • We could not evidence the review and approval of the Managing Risk Strategy and Policy Statement by the Executive Management Team (EMT), Finance and Audit Committee (FAC) and the Board. • We were unable to confirm the operational risks being reported to the Finance and Audit Committee (FAC) during October 2015, January 2016 and April 2016, but, compliance was evident in the July 2016 FAC minutes received. In addition, we were only able to obtain EMT minutes for the meeting held in July 2016 but did not receive evidence of the requested minutes to cover the meetings held in October 2015, January 2016 and April 2016. Therefore, we were unable to gain reasonable assurance as to whether risks had been reviewed at these meetings. 	Extensive	Substantial 

		All findings and recommendations were agreed with Head of Resources, and reported to the Director of Business Transformation (THH) and Chief Executive (THH).		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
THH Management and Control of Voids	Dec 2016	<p>A void is a residential property that is vacant, either available to let, even if some repair is still required, or a unit requiring repair in order to be available to let. Void properties arise due to a number of reasons, including the death of the previous tenant, the previous tenant finding accommodation with another landlord, the previous tenant buying their own home, abandoning the property or being evicted. In order to ensure that rent loss is kept to a minimum and housing stock is used in the most effective manner, void procedures are in place so that on notification of a property becoming empty, the empty property will be registered void and the void process will begin.</p> <p>Tower Hamlets Homes (THH) is responsible for the provision of 22,000 rented and leasehold homes on behalf of London Borough of Tower Hamlets (LBTH), with 50% of the stock relating to rented properties. The management of voids is under increased scrutiny as the demand for social housing far outweighs the supply and there are increased financial pressures. The audit was designed to provide assurance that management have put in place effective controls for administering, managing and controlling voids to ensure that assets are managed efficiently and effectively. The main weaknesses were as follows:</p> <ul style="list-style-type: none"> • Policy, procedures and guidance documentation is in place concerning Voids. It was established that this was reviewed in September 2016 to reflect current working practices. We were further informed that the documentation will be subject to formal approval by the Voids Panel once it has been updated following completion of the ongoing voids project. • There is a Tenant Recharge Policy in place that stipulates when tenants would be responsible for the costs of the repairs such as intentional damage to the property. However, there is currently no mechanism on the system to enable these recharges to be actioned. • Voids requiring fumigation and pest control intervention are classified as short-term relets in terms of monitoring performance. We were informed by the Neighbourhood Area Manager that this is not consistent with other housing associations. 	Extensive	Substantial 

		All findings and recommendations were agreed with Neighbourhood Area Manager and Head of Neighbourhoods, and reported to the Director of Neighbourhoods (THH) and Chief Executive (THH).		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Bancroft TMC Follow-Up	Dec 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. 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. The annual budget for Bancroft TMC for 2016/17 is £582,679 and the service has spent £244,891 year-to-date with income of £242,783 (overspend of £1,908).</p> <p>Our follow up review identified that of the one high and three medium priority recommendations made in the original audit report, two medium priority recommendations had been fully implemented whereas the high priority recommendation and the remaining medium priority recommendation were partly implemented. Following our testing, we have made two further recommendations to enhance the control environment within this area, as follows:</p> <ul style="list-style-type: none"> • It is recommended that The Financial Regulations and Procedures are fully reviewed and updated with the relevant procurement routes. Once reviewed and updated, this should be presented at the next Finance / HR Committee for approval on 25 October 2016. • It is recommended that the mystery shopping exercise is formally introduced to ensure satisfaction and compliance with procedure. <p>All findings and recommendations were agreed with the Bancroft TMC Director and reported to the Chief Executive (THH), Chair (TMC Committee), THH Director of Finance and THH Director of Neighbourhoods.</p>	Extensive	Substantial 


Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
THH Caretaking and Estates Management	Dec 2016	<p>Tower Hamlets Homes (THH), as an Arm's Length Management Organisation (ALMO) working on behalf of the London Borough of Tower Hamlets (LBTH), is responsible for providing caretaking and estates management services to around 900 blocks in 27 neighbourhoods. Environmental Services has 205 staff in total made up of caretaking, grounds maintenance and drainage staff as well as office support including 152 caretakers, managed by 13 team leaders, two area managers and a Head of Service. An in-house Grounds Maintenance Team and Drainage Team is in place along with office support.</p> <p>Satisfaction targets are monitored and reported at board level. There are both internal (in-house) and external (independent) monitoring of processes to help ensure the core targets are met. For this purpose, the in-hours team performs block inspections on a monthly basis and KWEST Satisfaction perform a monthly survey for a sample of residents (tenants and leaseholders), providing feedback to act upon. There is a Service Level Agreement (SLA) between THH and LBTH for the provision of waste management services, through which LBTH has contracted Veolia.</p> <p>The existing sum of core budget provision for 2016/17 is approximately £8.2m and current sum of delegated budget provision for 2016/17 is approximately £975,000. Core budget is the money from the Housing Revenue Account which is made up of rent paid by the residents and LBTH gives THH a management fee from this which is used for core functions such as Payroll. Delegated budget is the money spent on behalf of LBTH, for example budget to provide concierge services supplied by an external contractor.</p> <p>The audit was designed to assure management that there are sound systems in place for managing and monitoring services, ensuring that services are well planned, managed and controlled in order to achieve key service objectives; and to evaluate the potential consequences which could arise from any weaknesses in internal control procedures. The main weaknesses were as follows:</p> <ul style="list-style-type: none"> • From a sample of 20 bulk refuse orders tested, in 7/20 cases, the number 	Extensive	Substantial 

		<p>of orders reported by Veolia staff as collected was less than the orders the contractor should have collected. There were no reasons provided for the non-collections.</p> <ul style="list-style-type: none"> • Testing a sample of 20 blocks (from across the 27 neighbourhoods) established that, in one case, the relevant block inspection form was not completed. Furthermore, in three cases, action points were not recorded by the Team Leader although these should have been recorded due to the poorer rating given to these blocks. • Minutes for the latest three contract monitoring meetings with Veolia were requested. However, it was advised that, due to staff restructure and various resource difficulties, meetings have not been taking place on a regular basis and that only three meetings have taken place in the last 12 months. • Testing was performed on a random selection of five caretakers and it was established that, in four out of five cases, one-to-one meetings with the caretaker did not take place on a regular basis. • A total of three Grounds Maintenance weekly monitoring maps detailing the time taken by each of the three teams were selected for testing, along with their respective two-weekly performance meeting minutes. In one case, for the week 04/07/2016, it was noted that, although the performance target (12 working days) for the seventh cut was missed by five days by team three, there was no reference to the missed target being discussed in the performance meeting as per the minutes received for 07/07/2016 - which is held between the Area Manager and the relevant Team Leader. <p>All findings and recommendations were agreed with Head of Environmental Services, and reported to the Director Neighbourhood Services.</p>		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Planning Decisions and Approval	Dec 2016	<p>The Council's planning guidance consists of a series of documents that provide a positive approach to managing development by helping to assess planning applications and create a more vibrant, sustainable community to improve quality of life for all.</p> <p>The audit was designed to provide assurance to management as to whether the systems and controls around the management of Planning Decisions and Approval 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 three of the 25 full planning applications tested, exceptions were found where relevant planning documents were not scanned onto the Acolaid system. • In all of the 25 full planning applications tested, there was no evidence available to confirm that site visits were performed by the case officers before making a recommendation for approval/refusal on the planning proposal. • In one of the 25 planning applications tested, we could not confirm that the planning fees collected were correct as per the schedule of statutory fees. • In 10 (five valid on receipt and five validated subsequently) of the 25 full planning applications tested, the applications were not validated and registered within nine days of the receipt date. ('Valid on Receipt' implies the application submitted by the applicant initially is free from errors and does not need to be referred back for amendments. 'Validated subsequently' implies the application initially submitted by the applicant requires changes or further information before it can be confirmed as valid). • On review of the Planning and Building Control Service Plan for 2016/17 it was identified that targets have not been set for four indicators around planning decisions and approvals. • While performance reports were produced on a quarterly basis, there was no evidence of review of performance by senior management. 	Extensive	Substantial ↕


		All findings and recommendations were agreed with the Development Manager - Planning and Building Control, in consultation with the Deputy Service Head and Service Head, and reported to the Corporate Director, Development and Renewal		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Management of London Mayor's Community Infrastructure Levy (CIL)</p> <p>Follow Up Audit</p>	<p>Jan 2017</p>	<p>This follow up audit assessed the progress in implementing the recommendations agreed at the conclusion of the original audit in October 2015.</p> <p>Our testing showed that the one high priority recommendation made in the original audit report was implemented. The screen prints of the indices used when calculating the CIL charges were being taken and retained. In addition, an additional step has been added to the CIL guide document which required the full CIL calculation to be checked by another officer.</p> <p>Of the two medium priority recommendations, one required a tracking mechanism to be implemented to trigger the necessary checks to validate the CIL reliefs granted for Social Housing and Self Build Housing and apply any claw back of reliefs granted after 7 years. Although systems appear to have been introduced to trigger the necessary checks, as none of the trigger points have been reached, we were not able to test the effectiveness of these systems. The second medium priority recommendation in respect of the implementation of system software, is currently being progressed by the Council's ICT Strategic Partner, Agilisys. Management should ensure that the required software package to automate the administration of CIL is tested fully and duly implemented within the set time frame.</p> <p>All findings and recommendations were agreed with the Service Head, Planning and Building Control and final report was issued to the Corporate Director, Development and Renewal.</p>	<p>Extensive</p>	<p>Substantial</p> <p style="text-align: center;">↔</p>

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Monitoring of Action Plan from Children's Serious Case Reviews	Dec. 2016	<p>This audit sought to provide assurance that systems and controls for monitoring and implementing the actions agreed as a result of serious case reviews (SCRs) are sound and secure. In accordance with Section 13 of the Children's Act 2004, the Authority has established the Local Safeguarding Children's Board (LSCB) to safeguard and promote the welfare of all children within the area.</p> <p>Our testing showed that in line with statutory guidance 'Working together to safeguard children' March 2013, the initiation of SCRs were reported to OFSTED and the national panel of experts within one month of the incidents taking place. The LSCB ensured that appropriate representations from relevant bodies were made in the SCRs and that a report was produced for the SCR and published on the LSCB website. However, we highlighted the following issues:</p> <ul style="list-style-type: none"> • The SCRs had some form of Action Plans and each action was assigned to a named officer of the Council and its Partners. Our testing showed that actions assigned to the LSCB Chair and LBTH officers had been progressed. However, the minutes of LSCB meetings showed very little evidence that the implementation of the action points assigned to Partners were being monitored by the LSCB who oversees this function. • A review of the LSCB Governance Strategy showed that arrangements and processes for overseeing the implementation and monitoring of the SCR action plans, had not been clearly documented. • A system needed to be set up for members of the LSCB and its Committees to formally declare any interests they might have. <p>All findings and recommendations were agreed with the Service Manager, Policy Programmes and Community Insight and final report was issued to the Corporate Director of Children's Services.</p>	Extensive	Substantial 

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
St Mary and St Michael Catholic Primary School	Feb 2017	<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 Scheme of Delegation (SoD) should be reviewed and approved on an annual basis. The revised SoD document should then be presented to the FGB for approval and be appropriately minuted as approved. • Declarations of business interests should be obtained for all governors and staff with financial responsibilities on an annual basis. Where governors or staff have no interests to declare, "nil" returns should be completed. • Estimated financial commitments should be clearly outlined in the Raising Achievement Plan (RAP). The revised RAP should be presented to the FGB for review and approval should be clearly minuted. • Petty cash reconciliations should be completed on a regular and timely basis (i.e. monthly). Adequate supporting documentation should be retained with the reconciliations to evidence that the bank balance has been reconciled to the balance on the financial system. Petty cash reconciliations should be signed by the officer who prepared them, and should also be reviewed and signed off by an independent officer. • Payroll reconciliations should be undertaken on a monthly basis and documentation retained to confirm the completion of these. Once completed, the reconciliation should be independently reviewed and signed off by the Head Teacher. • The School should develop a Business Continuity Plan (BCP) which details the steps to be taken in the event of serious disaster or loss of key services. Once formulated, the BCP should be formally approved by the FGB or a delegated Committee. • The School should create and maintain a log of the policies they are required to have in place. The log should list the policies and include both current and future review dates so the School can schedule the review of 	Moderate	Substantial ⇒


		<p>the document into their work plan so they do not become out of date.</p> <ul style="list-style-type: none"> • Monthly Reconciliation Statements should be signed and dated by the officer who prepared them before being reviewed and signed off by an independent officer. • The results of the annual review of the School Fund should be presented to the FGB. This should be clearly minuted within the FGB minutes. • The School should create and maintain a Contracts Register to help manage and monitor key contract details including end dates, performance, and contract formalities such as liability insurance cover etc. • The School should ensure they have adequate insurance cover in place for the amount of cash held in the safe. • To help ensure a consistent and transparent approach in collecting outstanding debt, the School should adopt a formal Debt Policy outlining the debt collection procedures. • Appropriate pre-recruitment checks should be conducted for all new starters. This includes obtaining medical checks, prior to the new employee's start date. • 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 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
William Davis Primary School	Jan 2017	<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 the Curriculum Committee's draft Terms of Reference (ToR) is completed and includes details of the expected meeting quorum before presenting it to the Full Governing Body for review and approval. • All Curriculum Committee meeting minutes should be signed off by the Chair of the Committee. • The School should ensure that all Governors and relevant staff should renew their Declarations of Business Interest annually and check that all parts of the forms have been completed. • The School Funds Account should be audited annually by an independent officer and signed off by them. The audited accounts should be presented for review to the Full Governing Body or delegated Committee, and the approval clearly minuted. • The School should carry out a full Inventory Check as soon as possible. The results, including the list of assets marked for disposal (covering the disposal list from February 2014), should be presented to the Full Governing Body for review and sign-off. This should be formally minuted in the meeting. • The School Development Plan should include financial estimates. • The School should produce desk instructions and procedural guidance on performing key office tasks to help with contingency in cases staff absences. • The School Funds Account reconciliations should be signed by both the Finance Officer and the Head Teacher. • All payroll reconciliations should be signed off by both the Finance Officer and the Head Teacher. • The School Funds Account should be used solely for School use. Staff gifts should be purchased from staff contributions. • The School should seek the advice of Local Authority before entering into new lease agreements. 	Moderate	Substantial 

		<ul style="list-style-type: none"> • The School should confirm the tax status (including the Inland Revenue tax code) of all self-employed individuals. • The Loan of Equipment forms should be updated with adequate details on the employee's responsibility for insurance and safekeeping of the asset including the anticipated return/inspection date. The Loan of Equipment should be authorised by a delegated officer separate to the staff member who is loaning the item. • All Staff should be removed off the School's IT systems and Network by the end date of their contract. • The School should ensure that an End of Journey Statement is produced and presented to the Full Governing Body for review and sign-off. • To help ensure a consistent and transparent approach in collecting outstanding debt, the School should adopt a formal Debt Policy outlining the debt collection procedures. <p>All findings and recommendations were agreed with the 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
Phoenix Primary and Secondary School	Jan 2017	<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 unpresented cheques should be reviewed and followed up with the supplier after three months of issue, to ascertain the reason for non-presentation. All unpresented cheques over six months old should be cancelled where no response has been received and be removed / written back on the RM Finance system. • The School should ensure that an initial costing report and an End of Journey Statement is produced and presented to the Full Governing Body for review and sign-off. • Where the lowest quote is not accepted, formal approval should be obtained from the Governors and formally minuted. • The Financial Consultant should sign-off the key documentations in the monthly reconciliation pack as evidence of being reviewed / checked. • The School Fund account reconciliations should be reviewed and signed-off by an officer independent of the reconciliation process. • The audited School Fund account should be presented for review to the Full Governing Body, or delegated committee, and the approval clearly minuted. • The School should confirm the tax status (including the Inland Revenue tax code) of all self-employed individuals, and also that the contractor holds suitable public liability insurance. • Regular banking should be undertaken to help ensure that the safe limit is not breached. Alternatively, the School should consider increasing the insurance limit. • To help ensure a consistent and transparent approach in collecting outstanding debt, the School should adopt a formal Debt Policy outlining the debt collection procedures. • The School should consider developing a leaver's checklist to capture all the necessary checks and information into one comprehensive document for 	Moderate	Substantial ⇒


		<p>when a member of staff leaves. This should be kept in the member of staff's personnel file.</p> <ul style="list-style-type: none"> • The School should ensure the results of the annual Inventory Check and the list of assets marked for disposal is presented to the Full Governing Body for review and sign-off once the check is completed. This should be formally minuted in the meeting. • The loan of School equipment form should be signed-off by the member of staff authorising the loan. All equipment should be checked every term in line with the loan agreement and signed-off by the person carrying out the check. • The School should develop a formal Data Disposal Policy which clearly defines what is and how sensitive data is disposed of. <p>All findings and recommendations were agreed with the 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
St Peters (London Docks) CoE Primary 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"> • The School Funds Accounts should be audited on an annual basis by an individual with relevant financial knowledge and independent of the operation of the School. The audited accounts should be presented for review to the FGB, or delegated committee, and the approval clearly minuted. • The School should ensure that an initial costing report and an End of Journey Statement is produced and presented to the FGB for review and sign-off. • The Governing Body should revise and formally approve its Terms of Reference (ToR) for the Governing Body and each Sub-Committee. Each ToR should outline the responsibilities, relevant financial limits, frequency of meetings, and quorum requirements. The ToR should be consistent with the Scheme of Delegation. • All staff should complete a pre-employment medical questionnaire as part of the recruitment process. • The School should ensure the results of the annual inventory check is presented to the FGB for review and sign-off once the check is completed. This should be formally minuted in the meeting. • The new loan of school equipment recording process should mimic all the data that they currently record and also include the date of return. • The School should consider whether insurance is required for cash held in the safe and purchase cover if appropriate. • Debts should be reviewed on a monthly basis and followed up with parents / carers to help aid timely recovery. Where debts cannot be recovered, these should be reported on a regular basis to the Governors for approval of formal write-off. <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
Arnhem Wharf Primary School	Feb 2017	<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 promptly following the month end and signed-off by the Head Teacher to evidence a formal review. • Bank reconciliations should be completed promptly following the month end to enable the Head Teacher to undertake an independently review and sign-off. • The results of the School Fund account audit should be presented for review by the Full Governing Body or delegated committee on an annual basis and the approval minuted. • Purchase orders should be raised where appropriate and authorised in accordance with the Scheme of Delegation before the order is placed with the supplier. A copy of the purchase order should be retained on file. • Payroll reconciliations should be undertaken on a monthly basis. The reconciliation should be independently reviewed and signed-off by the Head Teacher with documentation retained to evidence this has taken place. • The School should undertake an annual Inventory Check. Once completed, the results of the Inventory Check and items marked for disposal should be presented to the Full Governing Body for review, approval and sign-off. This should be formally minuted in the meeting. • The School should create and maintain a log of the policies they are required to have in place. The log should list the policies and include both current and future review dates so the School can schedule the review of the document into their work plan in so they do not become out of date. • The School Development Plan should be reviewed and updated annually. The revised Plan should be presented to the Full Governing Body for review approval, and minuting. • Payments should be made to suppliers within 30 days of the invoice date, receipt of invoice or supply of goods/services. Where payment is delayed, the invoice should be annotated accordingly. • The School should consider developing a leaver's checklist to capture all the 	Moderate	Substantial 

		<p>necessary checks and information into one comprehensive document for when a member of staff leaves. This should be kept in the staff members personnel file.</p> <ul style="list-style-type: none"> • 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 equipment loan forms should be amended to include a space for indicating when the item should be returned. Where an item is renewed, the form should clearly state that the item has been inspected and subsequently reissued and also include the next date that the item should be returned for inspection etc. • The School should ensure they have adequate insurance cover in place for the amount of cash held in the safe. <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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Full Assurance

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Healthy Start Vitamins Follow-Up	November 2016	<p>A full systems audit on the Healthy Start Vitamins was undertaken in 2015/16, with the final report published in August 2015. This audit assigned an opinion of limited assurance to the area, 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>Although discontinued by the Council from September 2016, Healthy Start is a government scheme to assist with improving health and wellbeing of pregnant women and their families. The scheme is in two parts, food vouchers and coupons for vitamins, although Tower Hamlets focused on the latter. The scheme was delivered as a targeted service based on eligibility for the national scheme. The scheme was expanded into a universal scheme which provided Healthy Start Vouchers exchanged for Healthy Start Vitamin Supplements to all pregnant, breastfeeding women and children under the age of four years. Eligible women were encouraged to register for the national programme and received vouchers that could be exchanged for fruits, vegetables and milk and the cost of the vitamins claimed back by the provider.</p> <p>Our follow up review showed that all the nine high priority recommendations made at the conclusion of the original audit had been fully addressed. Therefore, no further recommendations have been raised.</p> <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>	Moderate	<p>Full</p> 

APPENDIX 3

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

Audit Subject	Recommendation	Service Head	Officer Name
THH Bancroft	<p>It is recommended that The Financial Regulations and Procedures are fully reviewed and updated with the relevant procurement routes. Once reviewed and updated, this should be presented at the next Finance / HR Committee for approval on 25 October 2016.</p>	Neil Isaac	Julian Smith - Director
Petty Cash	<p>It is recommended that a training programme is developed covering all aspects of management of the petty cash accounts.</p> <p>Once the training programme has been developed, all remaining petty cash account holders should be required to attend a training course and should also receive annual refresher training.</p> <p>In addition, management should ensure that a log is prepared consisting of all differences as result of the spot checking procedures still to be enforced. These should be followed up on a monthly basis to ensure they can be appropriately actioned and resolved in a timely manner.</p> <p>The Compliance Team should ensure that spot checks take place on a monthly basis, where a sample of AP3 forms should be selected from both the Childrens and Adults directorates and appropriately reconciled to confirm accuracy and completeness. Once undertaken, this should be recorded and any non-compliance escalated as required. All spot checks should be appropriately dated by the responsible officer and the Petty Cash Account Holders List should be updated to reflect any changes that may now be relevant.</p>	Neville Murton	Danny Warren – Operational accountancy manager

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

Audit Subject	Recommendation	Service Head	Officer Name
Management of Mayoral CIL	Management should ensure that the required software package to automate the administration of CIL is tested fully and duly implemented within the set time frame.	Owen Whalley	Matthew Pullen
THH Bancroft	It is recommended that the mystery shopping exercise is formally introduced to ensure satisfaction and compliance with procedure.	Neil Isaac	Julian Smith - Director
Trading Standards	Target times for updating the Civica App system after visits are made should be formalised, communicated and routinely monitored to help confirm ongoing compliance.	David Tolley	Sean Rovai – Team Leader
Trading Standards	<p>Future monthly reports on pending complaints should also include a confirmation of compliance in respect of the timeliness to which responses to complaints have been provided (i.e. whether within the expected five working days).</p> <p>The summary results of this report should then be included for discussion at the one-to-one tasking meetings.</p>	David Tolley	Sean Rovai – Team Leader

