

Non-Executive Report of the: Audit Committee 23 rd January 2018	 TOWER HAMLETS
Report of: Zena Cooke - Corporate Director - Resources	Classification: Unrestricted
Quarterly Assurance Report	

Originating Officer(s)	Minesh Jani
Wards affected	All wards

1. SUMMARY

- 1.1. This report summarises the work of Internal Audit for the period covering September to December 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 a substantial level of assurance over the systems and controls in place over the areas reviewed.

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 2017, eighteen 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	Nil	Total
Significance	Extensive	-	8	8	-	16
	Moderate	-	2	-	-	2
	Low	-	-	-	-	-
Total Numbers		-	10	8	-	18
Total %		-	56%	44%	-	100%

- 5.4. From the table above it can be seen that of the sixteen finalised audits which focused on high risk or high value areas; eight were assigned Substantial Assurance and eight were assigned Limited assurance. A further two audits were of moderate significance and were assigned Substantial Assurance.
- 5.5. Overall, 56% of audits resulted in an adequate assurance (substantial or full). The remaining 44% 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 to November 2017	60%	54%
Percentage of Priority 1 Audit Recommendations implemented up to November 2017 by Auditees at six monthly follow up audit stage	100%	88% 22 of 25 (*)
Percentage of Priority 2 Audit Recommendations implemented up to November 2017 by Auditees at six monthly follow up audit stage	95%	87% 20 of 23

- 6.2. Percentage of audit plan completed up to November 2017 was 54% against a target of 60%. The percentage of priority 1 recommendations fully implemented at the follow up stage was 88%, whereas the percentage of priority 2 recommendations was 87%. 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 Divisional Director and the Corporate Director for any appropriate action they would like to take.

- * Four recommendations relating to the establishment control and community languages have either been subsequently reported as implemented or are subject to a larger change management programme and will be captured as part of the new arrangements.

7. Comments of the Chief Finance Officers

- 7.1. This is a quarterly noting report covering the period from September to December 2017 highlighting findings arising from the work of the internal audit. There are no specific financial implications arising from the contents of this report.
- 7.2. The implications from each audit report will be considered in terms of risk and any costs as part of the normal budget monitoring process.

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.

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.

Assurance ratings – Table of Audits and level of Assurance


Assurance level	Significance	Directorate	Audit title
Limited	Extensive	Corporate	Management and Monitoring of Purchase Cards
	Extensive	Corporate	Monitoring and Delivery of Economic Benefits
	Extensive	Corporate	Establishment Control – Follow Up
	Extensive	Children's Services	Community Languages
	Extensive	Governance	Control and Monitoring of Members' Gifts and Hospitalities
	Extensive	Tower Hamlets Homes	Management of Housing Disrepairs
	Extensive	Place	Inspections of Playgrounds
	Extensive	Resources	Programme and Project Management
Substantial	Extensive	Resources	IR35 Compliance
	Extensive	Resources	Enforcement and Tracing - Follow Up
	Extensive	Resources	Pensions Statements - Follow Up
	Extensive	Heath, Adults and Community	Domiciliary Care procurement
	Extensive	Place	Penalty Charge Notices - Follow Up

Assurance level	Significance	Directorate	Audit title
	Extensive	Tower Hamlets Homes	Corporate Health and Safety - Follow Up
	Extensive	Tower Hamlets Homes	Major Works - Follow Up
	Extensive	Tower Hamlets Homes	Specialist Repairs Contract - Follow Up
	Moderate	Resources	One Stop Shops - Follow Up
	Moderate	Place	Licences - Follow Up

**Summary of Audits Undertaken
Limited Assurance**

APPENDIX 2

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Management and Control of Corporate Purchase Cards	Sept. 2017	<p>This audit examined systems and procedures for the control and monitoring of payments made by using the Council's Corporate Purchase Card facility. Purchase Cards are a quick and convenient way to manage certain types and ranges of purchases of low value items. The total amount procured using payment cards between April 2016 and March 2017 was £854.6k against a target of £850k.</p> <p>Our review showed that there were corporate guidance and procedures in place for purchase card holders and for managers to follow. The Integrated Youth and Community Services Team (IYCS) now operate a clear requisition and advance approval system for P-card purchases. This provided an upfront control on P-Card expenditure and we have recommended that this control should be applied across the organisation to promote more compliance. We reported the following control issues which required management action:</p> <ul style="list-style-type: none"> • There were significant numbers of transactions which were not being reviewed and/or approved. This increased the risk of unauthorised payments and breach of Financial Procedures. Our review showed for transactions for the period 2016/17, 59% were reviewed and approved; 37% reviewed by the cardholders but not approved by the budget holders, and 4% of the transactions were neither reviewed nor approved. • Our testing of 21 transactions for VAT accounting showed that 15 of these were eligible for reclaiming VAT. However, no VAT was reclaimed for 10 of the 15 transactions, and the total VAT not reclaimed was £254.65. One of the transactions was for purchase of flowers, which may not be deemed as legitimate Council expenditure in accordance with the Council's Purchase Card procedures. 	Extensive	<p>Limited</p> <p style="text-align: center;">←</p>

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Management and Control of Corporate Purchase Cards	Sept. 2017	<ul style="list-style-type: none"> • The Council's Finance Compliance function has responsibility for identifying and investigating non-compliance with P-Card procedures. However, this function had not undertaken routine monthly compliance checks on P-card transactions, due to other work priorities. • Some active Cardholders' agreements dated before 2008 had been disposed of as per the Council's Retention Schedule. We have advised Procurement that Retention Schedules should be revised so that agreements are retained for at least seven years after the cards cease to be in use. • Our testing showed that in four of the 21 cases, the P-Card approvers were not authorised signatories on Agresso (Council's finance system). For a further two sample cases, the approvers were authorised signatories for different cost centres on Agresso. • Good quality and reliable management reports for effective analysis and monitoring of P-Card activities could not be produced efficiently from the existing IT system. Instead, manual reports were being produced which was time consuming and tedious, and may not capture all information reliably. <p>All findings and recommendations were agreed with the Divisional Director - Finance , Procurement and Audit. A copy of Final report was issued to all Corporate Directors.</p>	Extensive	Limited 

Management Comments

The current Purchase Card contract and system was introduced as a convenient and cost effective method of purchasing low value goods and services. Purchase Cards are a quick, convenient and efficient way to manage certain types and ranges of purchases. They are essentially used for low value and high volume goods or services where the risk associated with the purchase or the item itself is low. The transactional cost associated with the normal purchase is thus saving time and money. The use of purchase cards provides a number of benefits such as reducing procurement processing times and supporting the Government's prompt payment initiative for Small and Medium Enterprises.


Through our Procurement Category Management activities considerable work has been undertaken to control the use of purchasing card expenditure and re-direct spend through appropriate contracts. The improved controls, implemented as part of the Best Value Action Plan, have helped to reduce spend through purchase cards considerably from almost £7 million in 2008/09 to just under £1 million in 2016/17 (reduction of 17.36% against 16/17 spend). Total Council spend through purchase card is now just **0.27%** of the overall £320m annual procurement spend.

Since August 2017, work has been underway to replace the current purchase cards supplied by Barclays as well as the legacy D-Cal system used for the approval of purchase card transactions, supplied by First Data. A mini-competition was conducted through the Crown Commercial Services Framework with all three suppliers invited to tender. The outcome of the tender resulted in RBS (Natwest) securing the contract. The solution offered by Natwest will allow the council to have a better control on the use and management of purchase cards.

The new system offers significant improvements in reporting capability and the quality of management information. Such capabilities will allow for effective contract management from financial compliance and a procurement perspective, providing an enhanced platform from which to spot trends and spend patterns where there may be opportunities to establish new corporate contracts.

As part of the new contract implementation, all existing purchase card related process and procedures has been refreshed to strengthen compliance as well as respond to the audit recommendations. A new User Acceptance form has also been introduced and signed by all card holders to ensure our records are up to date including a complete refresh of budget holders and approvers. User guidance and other associated documentation has also been updated. New cards have only been issued upon completion of the mandatory purchase card training.


The new contract will be actively managed and administrated by the Commercial & Contracts Manager and the Contracts & Administration Officer within the Procurement Team. All areas of the NatWest solution will be monitored closely during the initial period of the contract and a formal supplier review meeting will be scheduled for at the end of the first quarter of 2018 and reported to Strategic Procurement Board.

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Monitoring and Delivery of Economic Benefits	Sep 2017	<p>The Council has established a Procurement Strategy which sets a clear path for the organisation to use its procurement practices to both contribute the overall savings targets and to bring social and economic benefits, over and above the services provided to its residents.</p> <p>The audit was designed to provide assurance that the Council has effective systems and controls in place for timely identification, managing and monitoring various economic benefits, delivered through various agreements and contracts. This area was also the subject of an Overview and Scrutiny (O&S) Committee study in May 2017 and some of the findings of this study align with the audit findings. It should be noted that Tower Hamlets is perceived to be ahead of other similar councils in this developing area and the audit findings provide opportunity to improve controls further. The main issues reported were as follows:-</p> <ul style="list-style-type: none"> • The Auditor obtained the London Borough of Tower Hamlets Procurement Policy and the Sustainable Procurement Policy. However, the Sustainable Procurement Policy was last updated in May 2013 and was therefore deemed to be out-of-date. Furthermore, examination of the documents, and discussion with the Economic Benefits Manager and the Procurement Manager (Policy and Development), identified that there is not currently any clear guidance, policies or procedures in place that set out how the Economic Benefits Team will be involved in procurement activities of the Council, without interfering with the procurement process itself. • Through discussion with the Economic Benefits Manager, the Auditor identified that currently there is no schedule of contracts maintained by the Economic Benefits Team for contracts that may be applicable to attaining economic benefits. As a result, when the Auditor examined a report of all live contracts, and filtered the report for those which contain economic benefits (from the total of 226 live contracts as at 7 March 2017), 104 were declared as having an inclusion of economic benefits. 	Extensive	Limited 

		<ul style="list-style-type: none">• The Auditor selected a sample of 20 contracts from the report of live contracts, to confirm that the Output Schedule had been completed, thus documenting the economic benefit. However, the Auditor was unable to confirm, in four instances, that the contract had an economic benefit inclusion as the Output Schedule had not been completed and retained on file. Six contracts included the requirement for Employment and Community Benefits as part of the Method Statement but lacked clarity on specific measurable outputs.• Of the 10 instances where the contract had an economic benefit inclusion, verified via the Output Schedule being completed and retained on file, the Auditor was unable to verify, in nine instances, that the contracts were sufficiently monitored for the delivery of economic benefits as per the Output Schedule (following attempts to consult with the relevant Contract Managers). In the one remaining case, the Auditor was only able to verify that some the commitments stated had been partially monitored.• Through discussion with the Economic Benefits Manager and the Procurement Manager (Policy and Development), the Auditor was unable to identify that management information is prepared and reported to management informing them of the success, or otherwise, in delivering the principles of procurement imperatives in relation to economic benefits. <p>All findings and recommendations were agreed with the Divisional Director for Growth and Economic Development and Head of Procurement, and reported to the Corporate Director of Resources and Corporate Director of Governance.</p>		
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Management Comments

Growth and Economic Development (GED) and Procurement have strengthened their working relationship since the audit. GED have been involved in a number of larger contracts including waste management, facilities and the Tower Hamlets Community Homes (THCH) contract. The Firesouls project, which explores the use of a social value toolkit, is underway and is being piloted within the THCH contract. This pilot as well as enhanced GED engagement on larger contracts, will help to shape the community and economic benefit output schedule going forward. Areas for further development of joint working include the systematic notification of the Economic Benefits team of upcoming contracts, mutual agreement on the financial threshold for the inclusion of economic benefits in contracts and the adoption of an effective and sustainable methodology for the monitoring of economic benefits.

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Establishment Control – Follow Up Audit	August 2017	<p>The Council's establishment data is maintained on a system known as ResourceLink by the HR Service. Responsibility for managing the Council's establishment list lies with the Divisional Directors. Amendments to the establishment list are subject to appropriate authorisation.</p> <p>A full systems audit was undertaken (finalised in September 2016) to review the systems and processes in place, in order to provide assurance around the effective management of the Council's establishment levels. A Limited assurance opinion was awarded to this work.</p> <p>The follow up audit showed that, of the three high priority and two medium priority recommendations made in the original report, one medium priority recommendation has been fully implemented, two high priority and one medium priority recommendations have been partly implemented and one high priority recommendation has not been implemented.</p> <p>The following areas were reported:</p> <ul style="list-style-type: none"> • The Consultancy Business & Performance Manager confirmed that there is currently no requirement for a reminder to be sent to managers regarding the need to notify HR about any changes required to establishment lists. The Auditor was provided with a copy of the report considered by the One HR Programme Board dated 16th May in which set out the current processes for managing the ongoing maintenance for establishment control. • The Consultancy Business & Performance Manager explained to the Auditor that the cleanse of the establishment data held on ResourceLink was subject to an establishment validation programme which commenced in March 2017 as agreed by the Corporate Leadership Team. The deadline for this was 31st July 2017 (as set out in the report considered by the Council's Corporate Leadership Team on 26th April - a copy of which was provided to the Auditor). 	Extensive	Limited 

		<ul style="list-style-type: none"> No monthly reconciliations had been carried out between the Agresso list and ResourceLink to verify each post was funded. <p>All findings and recommendations were agreed with the Consultancy Business and Performance Manager and reported to the Corporate Director of Resources.</p>		
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Management Comments

Recommendation 1:

- There is currently no requirement for a reminder to be sent to managers regarding the need to notify HR about any changes required to establishment lists. Discussions are taking place as to the best way to implement confirmation of compliance which, when finalised will be built into the HR Systems Improvement project plan for development.

The Auditor was provided with a copy of the report considered by the One HR Programme Board dated 16th May in which set out the current processes for managing the ongoing maintenance for establishment control. Revised post creation and post deletion forms have been uploaded on to the Intranet.

Recommendation 2:

- The deadline for managers to verify their establishment data was 31st July 2017 and all changes notified to the HR Advisor's team as part of the Establishment Validation Programme were completed by September 2017. The establishment report was provided to the Finance service for them to undertake a reconciliation with the data held on the Agresso system with a deadline with a completion date for reconciliation of 31st October 2017. The HR Advisor's team continue to make ongoing business as usual changes and changes resulting from restructures.
- The Divisional Director, IT has separately requested that a data cleansing project with HR be carried out as he has concerns regarding the number of people listed on the ICT Active Directory. Consideration is being given to a proposal to link this workstream with the ongoing establishment data cleansing exercise.

Recommendation 3:

- The deadline for managers to verify their establishment data was 31st July 2017 and all changes notified to the HR Advisor's team as part of the Establishment Validation Programme were completed by September 2017. The establishment report was subsequently provided to the Finance service for them to undertake a reconciliation with the data held on the Agresso system with the deadline for completion of the reconciliation being 31st October 2017. The HR Advisor's team continue to make ongoing BAU changes and changes

resulting from restructures.

Recommendation 4:

As a result of technical limitations it is currently not possible for Agilisys to produce a weekly report and as such the HR Business Information Manager is looking at a potential workaround which may include commissioning bespoke work on Resourclink. Monthly budget reports continue to be emailed to budget holders by Finance.

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Community Language Service Follow-Up	August 2017	<p>The Community Language Service (CLS) provides two separate educational programmes to school children across the borough as follows:</p> <p>Out of School Language Classes - Out of school language classes are held in 46 venues across the borough including both primary and secondary schools, Idea Stores, local community centres, churches and mosques. The classes deliver the following languages: Arabic, Bengali, Cantonese, Lithuanian, Mandarin, Somali, Urdu and Vietnamese. Over 1,777 children are registered to attend these classes every week. The service employs over 112 permanent tutors.</p> <p>Early GCSE Programme - The programme offers an opportunity for children to take an early GCSE in Community Languages. This programme terminated at the end of June 2017.</p> <p>A systems audit of Community Language Services was undertaken as a part of the 2015/16 agreed Internal Audit Plan and the final audit report was issued in June 2016. This audit was assigned Nil Assurance and nine recommendations were raised (nine high priority recommendations).</p> <p>This report presents the findings and recommendations of the follow up audit and the objective was to assess whether the agreed recommendations at the conclusion of the original full systems audit have been implemented.</p> <p>Our follow up review showed that of the nine high priority recommendations made at the conclusion of the original June 2016 full systems audit, two have been implemented, five have been partly implemented and two have not been implemented.</p> <p>We raised seven recommendations and reported the following findings:</p> <ul style="list-style-type: none"> • There was no: <ul style="list-style-type: none"> - guidance in respect of a minimum number of students who need to be enrolled, or 	Extensive	Limited ⇒

		<ul style="list-style-type: none"> - key performance indicators to compare the effectiveness and cost of the service being provided with other similar councils. • The Service Level Agreement (SLA) Template was still under review by senior management and Legal Services. <p>The Auditor selected a sample of five out of 45 Community Language Service SLAs (covering September 2016 to July 2017). Testing identified that in all five cases the SLAs were:</p> <ul style="list-style-type: none"> - not signed by a Council representative; and - did not include the terms and conditions under which the provider organisation is to perform its responsibilities. <ul style="list-style-type: none"> • The Auditor identified that the Child Safeguarding Policy did not indicate the date the policy was last reviewed and the date of approval. • Testing of five out of 654 payment claim forms made between December 2016 and June 2017 identified that, in one instance (S.A. Payment Claim form), the payment claim form was not dated by the CLS certifying officer. In addition, there was not a signatory list in place. • Through review of the Staff Handbook, the Auditor identified that there was no version control indicating: <ul style="list-style-type: none"> - date of review and name of the reviewer; or - date of approval and name of the approver. <p>Furthermore, the Auditor identified that the Handbook did not cover the following elements expected to fall within a tutor's responsibility:</p> <ul style="list-style-type: none"> - recording of learner progress; - lesson planning; and - lesson observation and teaching & learning procedure. <ul style="list-style-type: none"> • The Curriculum and Quality Assurance Manager explained to the Auditor that the Draft Monitoring Visit Guidance had not been yet been approved by senior management. Furthermore, the Auditor identified that the Draft Monitoring Visit Guidance was last reviewed in 2015. <p>Further testing of five out of eight Monitoring Reports, obtained from the</p>		
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		<p>Curriculum and Quality Assurance Manager (for monitoring visits carried out from January 2017 to May 2017), identified that:</p> <ul style="list-style-type: none">- In one instance, the date of the visit was not recorded on the Monitoring Visit Schedule (14/05/2017 Wapping Women Centre visit).- In all five instances, the overall grade of the visit and action plan were not indicated on the Monitoring Visit Schedule (26/01/2017 Cubitt Town BCA visit; 17/01/2017 Wapping Women Centre; 18/05/2017 Stewart Headlam Primary School for two tutors; and 14/05/2017 Wapping Women Centre visit).- In all five instances, the number of students attending the class and its conformity to the SLA were not indicated in the Monitoring Report (26/01/2017 Cubitt Town BCA visit; 17/01/2017 Wapping Women Centre; 18/05/2017 Stewart Headlam Primary School for two tutors; and 14/05/2017 Wapping Women Centre visit).• The procedure on tutor appointment had not been updated following the centre reorganisations. However, the CLS Service Manager communicated that there had not been any tutors recruited since the full audit. <p>All findings and recommendations were agreed with the Acting Divisional Director for Sports, Leisure and Culture and Deputy Head of Lifelong Learning One Stop and reported to the Corporate Director (Children's Services).</p>		
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Management Comments

All follow-up actions from the audit have been completed within the agreed timeframes.

1.1 - Curriculum model has been developed and disseminated to all partner organisations. Documents given are:

- Curriculum Plan
- Tutor PDR annual Targets

1.2 - KPIs developed and are used to assess performance of tutors and partners during monitoring visits.

1.3 - Observation reports of formal monitoring visits are being produced.

1.4 - Observation Guidelines have been updated and the final version given to all Tutors in the Annual PDR sessions on 18th and 20th October 2017.

2.1 to 2.3 - Revised SLAs issued to all partner organisations with deadlines to return signed copies. New SLA includes provision for signature by CLS Service Manager. An authorised signatory from the management committee of the partner organisation will sign the SLA. Responsibilities of the organisation and terms and conditions to comply with Council's policies have been inserted. SLA has been approved by senior management and Legal Service was sent the new SLA; no further amendment of the SLA was suggested by the Legal Service. All SLAs have been signed and dated by partner organisations and CLS Service Manager.

3.1 - All partners have submitted the updated Child Protection and Safeguarding Policy signed and dated by end of November 2017.

4.1 - All payment claim forms are scrutinised and signed by CLS Service Manager from October 2017. Some incomplete pay claim forms have been rejected and returned to claimants for correction and re-submission.

4.2 - Authorised Signatory lists have been collected and kept in the SLA folders which are matched with countersignatures from partner organisations.

5.1 - Staff Handbook reviewed and passed on to HR for amendments and approval.

5.2 – Updates to the staff handbook and recommendations to the audit have been inserted.


5.3 - All responsibilities of tutors inserted.

6.1 - Monitoring visit guidance implemented and guidelines shared with all tutors and partners.

6.2 - Monitoring Visit guidance included details recommended by audit.

6.3 - New Monitoring Visit Schedule includes details recommended by audit.

7.1 to 7.3 - All recruitment of staff is carried throughout and is in compliance with the Council's HR procedures

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Control and Monitoring of Members' Gifts and Hospitality	Oct. 2017	<p>This audit was designed to provide assurance to management that the system of control around the Members Gifts and Hospitality is sound, secure and adequate. Within Part 5, Para 5.4. – Codes and Protocols of the Council's Constitution, there is a short protocol for Members on Gifts and Hospitality set out within Sections 13.1 to 13.3. This advises members of treating "... <i>with extreme caution any offer or gift, favour or hospitality that is made to you personally...</i>". Our review showed that members were reminded twice annually of their obligation to declare their interests and gifts and hospitality offered / received. A Register had been established for this purpose. Our audit highlighted the following:</p> <ul style="list-style-type: none"> • The guidance to Members in the three short paragraphs was not sufficient to make an informed decision on whether to accept or reject the offers. We carried out a benchmarking exercise to compare LBTH's Protocol with two other London authorities and found that these two authorities provided further detailed guidance and advice to Members on a range of issues on gifts and hospitality. Copies of these authorities' guidance were given to the Head of Members' Support so that the examples can be considered and included within the LBTH protocols. • We noted that the current Protocol and the Members' Handbook did not state the timescale for reporting gifts and hospitality accepted to the Council and whether gifts declined should be declared. Therefore, there was risk that offers of gifts and hospitality may not be declared on a timely basis or at all. For example, the other two London Boroughs benchmarked require Members to register gifts or hospitality within 28 days of receiving them. • Our testing of the Gifts and Hospitality Registers for the period April 2014 to March 2017 showed that in 8 out of 20 cases, the dates of actual receipt of gift/hospitality was not recorded in the Register. We also noted that some gifts and hospitality were disclosed months after their receipt. 	Extensive	Limited 

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
		<ul style="list-style-type: none"> • Our review showed that there was no standard approach promoted to the reporting of gifts and hospitality, which may lead to inconsistencies, duplication and errors. For example, Members can complete the declaration form and hand the form in personally, or notify the Members Support via e-mail, or submit it via the online facility. • Internal staff procedures needed to be reviewed and revised to reflect current practice and any changes to the protocols. • Procedures for monitoring and formal sign-off of the Register by the Monitoring Officer needed to be formalised and roles of officers involved in recording and monitoring information clearly defined. <p>All findings and recommendations were agreed with the Head of Member's Support and the Council's Monitoring Officer. Final report was issued to the Chief Executive and the Monitoring Officer.</p>		


Management Comments

Guidance for Members was developed and refreshed. The guidance prepared for Members provides clear guidance on reporting gifts and hospitality, and advice on contact details for clarification. It defines the reporting requirements and timeframes, and includes examples, frequently asked questions and has a prescribed form to ensure all required information is submitted. Standards Advisory Committee on 19th October 2017 agreed the revised guidance and to receive regular updates on the declarations made.

Ethics and Probity training was conducted for all elected and co-opted Members on the 13th September 2017 and 2nd October 2017. The training, discussion and exercises included a strong emphasis on offers and receipt of gifts and hospitality.

Staff received a briefing regarding Members' declaration of offers and receipts of gifts and hospitality on the 10th October 2017. The forms and details will be incorporated into the Council's intranet. Detailed desk procedures which identify roles and responsibilities are presently being reviewed.


Periodic review of the gifts and hospitality declarations occurs as part of the Monitoring Officer role, to see who is being approached and why and the reasons, i.e. development, procurement, etc. All notifications made by the Members are published on their individual web page and regular updates of the register will be presented to the Standards Advisory Committee.

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Management of Housing Disrepairs	Oct. 2017	<p>This audit examined systems of control for managing and monitoring Housing Disrepairs claims by Tower Hamlets Homes (THH). As the landlord, the Council has a legal obligation to repair its housing portfolio and maintain it to a certain decent standard and this is discharged by THH. The following issues were highlighted:-</p> <ul style="list-style-type: none"> • There was no THH Policy Statement on Housing Disrepairs defining the aims, purpose and objectives of the service. Due to lack of audit trails and relevant information not being made available in a coherent manner, audit testing was limited on how claims for Disrepairs were being processed, managed, controlled and monitored. • There was a lack of adequate separation of duties. We noted that one officer was made responsible for the entire process in performing the administrative, technical and management functions in respect of claims for disrepair. • There was an absence of a robust case management system which hindered management's ability to keep track of progress of claims. • The present governance arrangements between THH and LBTH's Legal Team did not provide clarity on who was responsible for making the final decision on whether claims should be defended in court, or settled out of court. • The true cost of settling a claim over the period of the claim was not transparent. <p>All findings and recommendations were agreed with the head of repairs and Interim Director of Asset Management. Final report was issued to the THH Chief Executive and LBTH Divisional Director of Housing and Regeneration.</p>	Extensive	Limited 

Management Comments

The actions as set out in the previous Audit update are underway. A project has been agreed, led by Repairs Area Manager. Initial meetings have been held with representatives from LBTH Legal Team, to ensure their requirements are met in any new procedure.

NB: Due dates are mainly March 2018 to June 2018, therefore none are complete at this time.

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Inspections Of Playgrounds	Nov. 2017	<p>The objective of this audit was to assure management that the systems and controls for inspecting playgrounds are sound and secure. The management of the Parks and Open Spaces within the Council is divided between two separate Directorates. Mile End Park and Victoria Park fall under the management of the Head of Arts, Parks and Events Team within Children’s Services Directorate. Whereas the Clean Green Team, within the Place Directorate, are responsible for maintaining the remaining parks and open spaces within the borough, which was the subject of this audit. A separate audit on inspections of playgrounds in Mile End and Victoria Parks is currently being carried out.</p> <p>Our review showed that inspections are carried out on a weekly (Visual), quarterly (Operational) and annual basis, in line with the standards laid down by RPII and the ROSPA guidance. Routine and Operational inspections are carried out in house by Registered Inspectors and annual inspections are undertaken by an external independent organisation. Our testing showed the following issues:-</p> <ul style="list-style-type: none"> • There was a lack of detailed procedures for undertaking visual and operational inspections; for monitoring and spot checks of inspections; and for carrying out post inspections of repairs and maintenance works undertaken. • There appeared to be no set programme of visual and quarterly inspections. This combined with lack of management reports produced from “My Pi” system meant that management could not demonstrate to Audit whether any monitoring control was in place to ensure that the required inspections were being completed within the set time. • Our testing showed that there was a lack of clear guidance and criteria for undertaking risk assessments to identify the risks associated with the conditions of the equipment and other items inspected. • Although post inspections of completed works were undertaken before an invoice was paid, there was no monitoring and spot checks of the quality of post inspections. 	Extensive	Limited 

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
		<ul style="list-style-type: none"> <li data-bbox="584 280 1646 544">A review of the invoices paid showed that the costs charged by the contractor had not been market tested as a competitive procurement exercise was not undertaken to procure these works as required by Council's Procurement Procedures. As at 25th August 2017, the service had spent £236,617 with the one supplier without competition. The service was advised to report this breach to the S151 Officer and the monitoring officer. We now understand that a separate contract for the works has now been procured following a competitive tendering process. <p data-bbox="584 584 1646 644">All findings and recommendations were agreed with the Divisional Director, Public Realm. Final report was issued to the Acting Corporate Director, Place.</p>		

Management Comments

Finding 1

The existing procedure has been updated to be more detailed and encompass all operations that are undertaken in respect of maintenance of play areas managed by the Green Team

Finding 2

Included within the updated procedure is a full programme of visual and quarterly inspection and details of the mechanism for how these are monitored and reports correlated for KPI

Finding 3


The standard for assessing risk on play equipment faults is detailed within RPII qualifications and guidance for which all staff who undertakes inspections are fully qualified to the required level. Further details of this are included within the updated procedure and to make this process auditable, Included within the procedure is a clear chart detailing how the risk rating is calculated in line with RPII guidance

Finding 4

New systems to be implemented whereby a percentage of post inspections are re inspected for quality monitoring. Details of this are within the newly updated procedure

Finding 5

Newly tendered contract has been evaluated following procurement process and has been through Competition board process. Following a query from one bidder this is with legal and once the query has been responded to standstill letters will be issued in anticipation of awarding the play contract.

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Programme and Project Management	Dec. 2017	<p>This audit sought to provide assurance that systems and governance in place for Programme and Project Management were sound and secure. On 2nd November 2016, the CLT agreed to establish a new Corporate Programme Management Office (PMO) to deliver all Medium Term Financial Strategy (MTFS) projects along with some non MTFS projects. This audit was undertaken at the request of the Divisional Director, Finance, Procurement and Audit, following risks around the timely delivery of key projects. The audit review identified the following control weaknesses which were also reported by the new interim Head of PMO in her diagnostic review of the service.</p> <ul style="list-style-type: none"> • There was a lack of corporate standards, policies and procedures, roles and responsibilities, project management tools and performance measures and targets. Due to these weaknesses, various working practices emerged across the whole programme delivery which could put the systems objectives at risk. • There was confusion over the ownership of the savings programme and the underpinning projects, including lack of clarity on how projects were grouped and sequenced under each programme. A clear communication plan was not in place to facilitate information share. • The overall accountability for the Savings Programme was with the Transformation Board, responsible for overseeing the delivery of the Savings Programme. However, the terms of reference for the Transformation Board and individual Programme Boards was not formalised. The terms of references for a number of projects boards were being developed. <p>All findings and recommendations were agreed with the interim Head of PMO and Divisional Director of Finance, Procurement and Audit. Final report was issued to the Corporate Director of Resources.</p>	Extensive	Limited 

Management Comments

Over the past few months, the Corporate PMO has developed a portfolio, programme and project management framework setting corporate standards for delivery, governance and controls. A suite of supporting tools and templates are in the process of being developed with the intention of publishing documents on the PMO intranet pages in January 2018.


The purpose and role of the PMO – to ensure the right investments are made rather than a support function to track and deliver MTFS savings – has been clarified. A comprehensive review has also been completed to identify those change initiatives that require investment and therefore PMO resource assigned. The Transformation Board approved the criteria for scoring initiatives to identify those initiatives that should be prioritised. The priority initiatives have now been sensibly categorised and grouped into overarching programmes. Detailed plans to sequence delivery are in development and will be underpinned by planning assumptions that will be routinely tested.


A governance review is being carried out with a view to engage senior stakeholders early in the New Year and secure approval from the Transformation Board in January 2018. This will set out the governance arrangements for delivery and likely escalation triggers for consistent reporting on milestone achievements. A standard template for Board and Working Group forums has been developed. All existing terms of reference will be reviewed on approval of recommendations in the governance review.


A stakeholder engagement strategy and communications plan has been developed. Work is now underway to link the Smarter Together Programme narrative to the Council blueprint setting out the vision for 2022. This will be the final stage for clearly communicating the role and function of the PMO.

Accountability for making organisational savings remains with the Corporate Leadership Team. Those change initiatives delivering MTFS savings and outside the PMO remit will be reported as part of the budget monitoring process. Change initiatives in scope for PMO delivery will be supported by HMT's five-point business case and monitored via a benefits dashboard on an activity/FTE basis. The business case for historic change initiatives will be re-validated where they are in scope for PMO delivery.


Substantial Assurance


Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
IR 35 Compliance		<p>This audit provided assurance over the Council’s arrangements for complying with the IR35 regulations. HMRC introduced stricter controls over classification of staff “employed” for the purposes of taxation from 01/04/2017. Those who are deemed to be “in scope” are treated as employees of the organisation and subject to deduction of income tax and national insurance at source through PAYE system. Apart from the staff engaged via normal HR process, the Council engages staff through agencies using Comensura, through procurement process on Proactis and those paid directly on submission of an invoice via Agresso. Stringent checks need to be applied to these categories. Our review showed that arrangements were being developed to ensure compliance across the Council. All agency staff via Comensura was treated as being “In Scope” pending an assessment of their tax status, reducing the risk of non-compliance with IR35. The initial assessments carried out by hiring managers were reviewed by an independent officer. However, we highlighted the following issues for management to address:-</p> <ul style="list-style-type: none"> • There needed to be an adequate awareness of IR35 and its implications throughout the organisation. Management’s ability to monitor compliance in respect of suppliers procured via Proactis was initially hindered by the lack of a reporting tool which would enable checks to be performed to confirm whether assessments undertaken by the “end client” were correct. We understand that a reporting tool has now been introduced. • Reporting of compliance with IR35 via the different systems of engagement needed to be co-ordinated and reported centrally to provide management with an overview of how compliance was managed across all areas of the Council. An increased level of compliance monitoring from the Finance Compliance function was required. <p>All findings and recommendations were agreed with the Divisional Director of HR and WD and final report was issued to the Corporate Director of Resources.</p>	Extensive	Substantial 

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Enforcement and Tracing Follow Up	Sept. 2017	<p>This follow up audit assessed the progress made in implementing the recommendations agreed at the conclusion of the original audit in June 2016.</p> <p>Our testing showed that out of six medium priority recommendations followed up, four had had been progressed and two recommendations had not been fully implemented. The key findings were as follows:-</p> <ul style="list-style-type: none"> • Formalised contract administration and monitoring procedures needed to be developed as required by the Council's Corporate Contract Management Guidance and Toolkits. This should include clear definition of services to be provided by the contractor, key activities and responsibilities for managing the contract, the monitoring process, risks and risk transfers, the agreed KPIs, and the frequency with which agreed KPIs are to be reported and monitored. • An effective monitoring system needed to be introduced to ensure that the contractors had the necessary insurance provisions as required by the contract. <p>All findings and recommendations were agreed with the Head of Revenues and final report was issued to the Corporate Director of Resources.</p>	Extensive	Substantial 


Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Pensions Statements Follow Up Audit		<p>This follow up assessed the progress made in implementing the agreed recommendations at the conclusion of the original audit in February 2017 which was undertaken following a data protection breach. A significant number of employees had received Annual Benefits Statements (ABS) of other active members of the Local Government Pension Scheme. This represented a clear breach of the Data Protection Act, which was reported to the Information Commissioner's Office (ICO).</p> <p>The follow up audit showed that of the nine high priority recommendations followed up, one was fully implemented, eight had been partially implemented. The following issues were highlighted:-</p> <ul style="list-style-type: none"> • The production 2017 annual statements was automated which eradicated the necessity to use formulae on Excel spread sheets, which was the root cause of data corruption last year. • However, the pensions system (Altair) was not being updated from the HR system on a programmed basis and the update was not independently checked to confirm completeness of the update. Audit testing of a sample of 24 cases identified that in 2 cases, member address amendments made on Resource Link had not been captured on Altair during the interface process. • The level of quality control undertaken on the accuracy of the addresses printed on the 2017 ABS prior to their dispatch was not sound. No records were kept of the quality control checks undertaken as recommended in the last audit to identify statements posted to incorrect addresses. 	Extensive	Substantial 

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Pensions Statements Follow Up Audit		<ul style="list-style-type: none"> • The project to implement an online member self-service system whereby, members are able to access their current pension scheme data in real time thus avoiding need to update Altair from HR system, was delayed and has still not been implemented. • The Pension Team were unable to provide Internal Audit with evidence of the final outcome of the full 2016 ABS address anomalies interrogation exercise and resulting rectification actions, as advised to the ICO. <p>All findings and recommendations were agreed with the Divisional Director, HR and WD and final report was issued to the Corporate Director of Resources.</p>	Extensive	

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Domiciliary Care procurement	Sept. 2017	<p>This review determined whether the EU Regulations, and the Council's Procurement Procedures and Financial Regulations had been complied with in procuring the Domiciliary Care Block contracts. Adult Services procured a total of fourteen contracts. The total value of the 5 year contract was estimated at £108M. Our review showed that EU Regulations and the Councils' Procurement procedures were largely complied with. However, there were some key issues for the service and for Procurement to address, as follows:-</p> <ul style="list-style-type: none"> • Although approval was sought from Cabinet on 5/01/2016 for the tendering and subsequent awarding of contracts, the indicative contract sum was not included within the Cabinet report. This should have been picked up by Legal and Finance when providing legal and Finance comments. • Conflict of Interest and Confidentiality Agreement forms had been completed by officers in the tender evaluation panel for Lots A to H. However, two of the three officers for the evaluation panel for Lot G completed their forms retrospectively in July 2017. • In absence of clear guidance on the formation of the tender evaluation panel and moderation process, we noted that the complex tender evaluation was not checked and moderated by an independent officer. • Successful bidders' financial viability was to be assessed prior to contract award. Documentation to confirm that these checks had been done was not provided to Audit for review, as officers undertaking those checks had left the Council and the documentation could not be located. • Contract extension and the associated costs needed to be formally approved. <p>All findings and recommendations were agreed with the Divisional Director - Integrated Commissioning and final report was issued to the Corporate Director, Health, Adults and Community.</p>	Extensive	Substantial 

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Penalty Charge Notices (PCNs) Follow-Up	August 2017	<p>A Penalty Charge Notice (PCN) can be issued, by London Borough of Tower Hamlets (Council) employed Civil Enforcement Officers, for parking offences or for breaking traffic rules. The issue of PCNs is considered to be a legal case and can be subject to challenge at various stages by the recipient of the PCN. The PCN formally becomes a debt once a warrant is issued. The Council works alongside contracted bailiffs to recover any monies that are due as a result of the issue of PCNs.</p> <p>The total number of PCNs issued in 2016/17 was 116,986, and year-to-date for 2017/18 was 36,870 (as at June 2017). The income collected in the period 2016/17 was £6,785,187.23 and the income collected from the PCNs issued from March 2017 to June 2017 was £1,345,808.00.</p> <p>The follow up review identified that, of the four medium recommendations made in the original March 2017 full systems audit report, all four have been partly implemented.</p> <p>We have made four recommendations. The areas of weakness are as follows:</p> <ul style="list-style-type: none"> • Through our engagement with the Deputy Enforcement Managers (DEMs), it was identified that there was no record of the weekly spot checks undertaken by the DEMs. • The Auditor tested a sample of five out of 180 cancellations from March 2017 to June 2017 and identified that, in one instance (PCN TT25393854), there was no response given by the Appeal and Cancellation Adviser (to London Tribunals) to accept or provide evidence (case pack) to contest the appeal. • At the date of the audit, no write offs have been completed. The Parking Appeals & Permits Manager confirmed, to the Auditor, that the Corporate Team proposed to commission the list of aged outstanding debt to a bailiff 	Extensive	Substantial 

		<p>(Phoenix Enforcement) to recover the debt instead of writing these off (aged outstanding debt 2013/14).</p> <ul style="list-style-type: none">• The Auditor selected a sample of five days from March 2017 to June 2017 (490 cheques) to check whether a segregation of duties had been enforced during the cheques recording process. Testing identified that, in three instances, cheques were processed into the CHIPSIDE system and approved by the same officer (07/04/2017 Cheque payment BATCH TT 00002030 for £130; 28/04/2017 Cheque payment BATCH TT 00002044 for £1,355.00 and 06/06/2017 Cheque payment BATCH TT 00002071 for £925.00). <p>Furthermore, the Auditor identified that, in one instance (15/05/2017 Cheque payment BATCH TT 00002056 for £1,430.00), the cheque reconciliation form was not signed off by the approving officer.</p> <p>All findings and recommendations were agreed with the Operations Manager and reported to the Acting Corporate Director – Place and Strategic Director.</p>		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
THH Corporate H&S Follow-Up	August 2017	<p>Tower Hamlets Homes (THH) is responsible for ensuring a safe and healthy workplace in accordance with the Health and Safety at Work Act 1974. Health and safety compliance is monitored via dashboard reporting and meetings of the bi-monthly Health and Safety Forum. Within THH, health and safety services are provided by the Health and Safety Manager, who reports to the Director of Asset Management. Policies and procedures for health and safety have been created, and an accident reporting system, maintained by Santia, is in place.</p> <p>A full systems audit on THH Health and Safety audit was undertaken as part of the agreed 2015/16 Audit Plan. This audit was assigned Limited Assurance. The objective of the follow up audit was to assess whether the agreed recommendations at the conclusion of the original systems audit had been implemented. From the two high priority recommendations and the two medium priority recommendations given at the end of the full systems audit, the Auditor identified that one of the high priority recommendations and one of the medium priorities have been implemented with the remaining two recommendations being partly implemented.</p> <p>We have made two recommendations. The areas of weakness are as follows:</p> <ul style="list-style-type: none"> • The Auditor sampled five out of 28 incident investigation forms, of which one had over a month's delay in investigating the incident, one had recorded the incorrect date of the investigation and one had not been signed by the Manager who had completed the form. • There were eight incident cases out of the 28 provided since the beginning of December 2016 where an incident investigation was yet to have been undertaken. In seven out of the eight, the Manager had not been reminded to complete the expected Investigation Form. <p>All findings and recommendations were agreed with the Head of Health and Safety (THH) and reported to the Director of Asset Management (THH) and Chief Executive (THH).</p>	Extensive	Substantial 


Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
THH Major Works Follow Up	August 2017	<p>Major works are usually large ‘one-off’ projects designed to extend and improve the life of a building, and could include the replacement of old windows or the replacement of a broken lift. They are typically payable under the terms of leaseholders’ agreements with the Council. Where works are carried out on buildings in which leaseholder properties are located, the leaseholders are liable for a proportion of the costs incurred. As at July 2017 there were 98 blocks where major works were being undertaken. These projects include external refurbishment (Better Neighbourhoods), lift renewals, door entry renewals and installation of new water tanks.</p> <p>As per Section 20 of the Landlord and Tenant Act 1985, Tower Hamlets Homes (THH) is required to carry out statutory consultations with leaseholders for all repairs and maintenance expenditure over the statutory levels of £250 for any one leaseholder for works of maintenance, repair or improvements, or £100 for any one leaseholder for works carried out under a qualifying long term agreement. Following the completion of the consultation process, THH is also obliged to provide adequate notification to the leaseholders of the intention to commence the work, the specific proposal, and invoices for the work once completed. At the end of 2016/17 there was an outstanding debt of £5.3m and since then a further £11.6m has been issued.</p> <p>Two high priority recommendations and seven medium priority recommendations were made in the original audit report, which was awarded Limited Assurance. Our follow up review identified that, of these, one high priority recommendation and four medium priority recommendations have been fully implemented. One high priority recommendation and two medium priority recommendation remain partly implemented. One medium priority recommendation has not been implemented.</p> <p>We have made three recommendations. The areas of weakness are as follows:</p> <ul style="list-style-type: none"> • There is a six to eight week time lapse for debt recovery between the reminder letter and the final demand letter being sent. No further action is 	Extensive	Substantial ⇒

		<p>undertaken in the interim.</p> <ul style="list-style-type: none">• Policies and procedures were not provided to the Auditor and therefore assurance could not be provided to verify that guidance is subject to review and approval every two years.• It was identified that, where the final accounts for Major Works blocks had been obtained, they had not been signed by the responsible officer at the Council to confirm they had been agreed. <p>All findings and recommendations were agreed with the Acting Head of Leasehold Services and reported to the THH Director of Finance, Director of Asset Management and Chief Executive.</p>		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>THH Specialist Repairs Contracts</p> <p>Follow Up</p>	<p>August 2017</p>	<p>As an ALMO, THH manages the tenancies and leases on behalf of the Council as all properties remain Council-owned. THH has a legal responsibility to conduct checks each year on every gas boiler or other installation located in a tenanted property, and residents have a responsibility to allow access for the gas safety checks, per their tenancy agreements. THH is also responsible for conducting repairs and maintenance on any gas installations on behalf of their tenants, and in void properties.</p> <p>The communal gas maintenance, servicing and repairs contract was previously held by Gem, a subcontractor of Mears, until the end of the financial year 2015/16, and from April 2016 has been held by Mears (with the now subcontractor, Castlepoint).</p> <p>This follow up review identified that of the two medium priority recommendations made in the original audit report, one recommendation has been fully implemented, with one recommendation only partly implemented.</p> <p>We have made one recommendation. The area of weakness was as follows:</p> <ul style="list-style-type: none"> • There was an issue with the interface used to populate the Key Performance Indicator (KPI) for the number of jobs overdue. A number of jobs that were classed as overdue had actually been completed but not closed down. The Team is now focusing on a data cleansing technique to identify which jobs are actually completed and to close them down as appropriate. <p>All findings and recommendations were agreed with the THH Head of Repairs and reported to the THH Director of Asset Management and Chief Executive.</p>	<p>Extensive</p>	<p>Substantial</p> <p style="text-align: center;">↔</p>

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
One Stop Shops Follow-Up	August 2017	<p>This follow-up audit has been undertaken as part of the 2016/17 agreed Internal Audit Plan.</p> <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 in addition to the Council Tax Reduction Scheme as well as housing provided by Tower Hamlets Homes, Council Tax, Social Services, and Parking.</p> <p>The One Stop Shops aim to ensure that experienced customer care professionals are available at all times to put the needs of the customers first, and provide advice on, or solutions to, enquiries about Council services.</p> <p>Regular surgeries are held offering advice on pensions, debt and other services available in Tower Hamlets, and the One Stop Shops offer details on these in the branches during opening hours.</p> <p>The One Stop Shops in Tower Hamlets are open for six days each week, and are located at four different sites across the Borough; Bethnal Green, Bow & North Poplar, South Poplar, and Stepney & Wapping.</p> <p>The One Stop Shops planned budget for 2016/17 was set at £862,589 and at the end of the 2016/17 financial there was overspend of £43,687 (2016/17 year end outturn: £906,276).</p> <p>The budget for 2017/18 was set at £903,813 and, as at May 2017 (quarter 1), the expenditure was £231,116.19.</p> <p>The original full systems audit undertaken for the One Stop Shops was a regularity audit and therefore an opinion was not provided. We have however included an opinion for the purposes of follow and have assessed (below) how far the recommendations raised in the original 2015/16 full systems audit have been implemented.</p>	Extensive	<p>Substantial</p> <p><i>(Direction of Travel N/A)</i></p>

	<p>Our follow up review identified that, of the two medium priority recommendations made in the original audit report, both have been partly implemented.</p> <p>We have made three recommendations. The areas of weakness are as follows:</p> <ul style="list-style-type: none">• There were no documented records of the management reviews for the Key Performance Indicators (KPIs) and the action plans which were put in place to enable the achievement of the One Stop Shops' targets (the key target relating to the waiting time for customers who enter the One Stop Shops).• The Auditor identified that the reconciliation process flowchart did not specify that the daily reconciliation sheet should still be countersigned and dated by the reviewing officer where no discrepancies were found.• Examination of five daily reconciliation sheets (05/05/2017, 20/04/2017, 15/03/2017, 23/02/2017 and 10/01/2017), the Auditor identified that, in all five cases, the daily reconciliation sheets were signed but not dated by the reviewer (Team Leader). <p>All findings and recommendations were agreed with the One Stop Shop Manager And Head of Customer Services and reported to the Corporate Director (Resources).</p>		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Licence Applications Follow-Up	August 2017	<p>A full systems audit of Licence Applications was finalised in December 2016. This follow-up audit was undertaken to provide assurance as to whether the two medium priority recommendations raised at the time of the full systems audit have been subsequently implemented.</p> <p>The Licensing Act 2003 requires 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 licensing policy relates to the following activities (known as licensable activities) that are required to be licensed under the Act:</p> <ul style="list-style-type: none"> • The retail sale of alcohol including licensing of individuals, premises, wholesale of alcohol to members of the public and purchases via the internet or mail order; • The supply of alcohol to members of club premises; • The provision of regulated entertainment in the presence of an audience; • The licensing of activities on a temporary basis, TENs (temporary event notices); and • The provision of late night refreshment (hot food or drink between 23:00 and 05:00 hours). <p>There are 1,143 Licences currently in place.</p> <p>Our follow up review identified that the two medium priority recommendations made in the original audit report had been partly implemented.</p> <p>We have made two recommendations. The areas of weakness are as follows:</p> <ul style="list-style-type: none"> • Testing five out of 49 Licence Applications (received between December 2016 and April 2017) identified that, in one instance (APP 98062), no 	Extensive	Substantial 

		<p>licence was issued after a deemed letter (a letter sent to the individual explaining that they have been granted the licence, used until the official licence is produced) was sent.</p> <ul style="list-style-type: none">• The Auditor reviewed the March 2017 Licence Application spot check and identified that it did not indicate: the date and the name of the officer who performed the check, the areas that were being checked (supporting documentation presence and correctness of the information entered into the system), the result of the verification and whether or not actions were required.• Testing of five out of 133 outstanding licence renewal fees (from February 2017 to April 2017) identified that, in one case (Licence application APP 80167), a suspension letter was not sent in a timely manner and the outstanding payment was not referred for debt recovery. <p>In four of the five cases tested, no suspension letters were sent for outstanding payments of licence renewal fees (Licence Applications: APP 73338, APP 18036, APP 89341 and APP 53151).</p> <p>All findings and recommendations were agreed with the Head of Environmental Health and Trading Standards and Licensing Team Leader and reported to the Corporate Director (Place).</p>		
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Follow Up Audits – List of Priority 1 Recommendations to be Implemented

Audit Subject	Recommendation	Divisional Director	Officer Name
Establishment Control	The Council should ensure a new process, which has already been identified by the HR Service as an improvement, is implemented so there is a reminder for service managers to produce a monthly return notifying HR that either there have been no changes or that amendments are required to the establishment list. Management should monitor the receipt of such returns to ensure that all managers are complying with the requirement to provide a monthly return.	Heather Daley	Nick Harvey
Establishment Control	Posts identified as vacant for a substantial period of time should be identified and reviewed to determine whether they should be removed from the establishment list.	Heather Daley	Catriona Hunt
Community Languages	Management should issue guidance in respect of a minimum number of students who need to be enrolled before a course / class can be held and should monitor class sizes on an ongoing basis to ensure that the minimum stipulated class sizes are being achieved and, where they are not, take appropriate action. Guidance in respect of what monitoring officers are expected to consider when undertaking their monitoring visits and how monitoring visits are to be conducted and recorded effectively to identify areas of concern highlighted by the visits should also be issued.	Shazia Hussain	Showkat Khan
Community Languages	Management should identify key performance indicators and service standards for the service and require that the performance against these indicators is reported to them regularly.	Shazia Hussain	Showkat Khan
Pensions Statements	The completion of each update on the Pensions System (Altair) from HR system (Resource link) should be checked by another officer and signed off by both officers and a record of this should be retained to ensure that the update is full and complete.	Heather Daley	Ken Fontenard

Audit Subject	Recommendation	Divisional Director	Officer Name
THH Corporate Health and Safety	An officer should be made responsible for reviewing a sample of accident and incident reports cases on a monthly basis and also performing spot checks to confirm that forms have been completed and that accidents are investigated in a timely manner.	John Tunney	Janice Tofts
Major Works	Debt recovery actions should be taken on a regular basis using the debt recovery procedures in place. System generated reminder letters should be instigated by the Collections Officer according to the arrears records maintained.	John Tunney	Will Manning

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

Audit Subject	Recommendation	Divisional Director/ Corporate Director	Officer Name
Enforcement and Tracing Contract Monitoring	Ensure that formalised contract monitoring recording processes are introduced for all aspects of the contracts in accordance with the new corporate contract monitoring framework.	Roger Jones	Michael Alderson
Enforcement and Tracing Contract Monitoring	Ensure that copies of all insurance policies required by the contract are held by the Revenues Team	Roger Jones	Michael Alderson
THH Specialist Repairs Contracts	The Repairs Team should ensure that, once works are completed, they are appropriately closed down in a timely manner, to avoid skewing KPIs. It is suggested that a monitoring and escalation process be implemented to allow managers to utilise the data and implement swift remedial action in this area.	John Tunney	Keith Peirson
One Stop Shops	In order to help achieve the set performance targets, a documented record/trail should be maintained (subject to monitoring) to help track the achievement of the Key Performance Indicators.	Shazia Hussain	Keith Paulin
Licence Applications	Management should decide whether there is a need to further investigate the potential extent of any non-compliance in identifying how many cases have not had the full licences issued. The decision whether to pursue this recommendation should be made by management against whether or not the risk and impact of exceptions warrants such additional investigation.	Roy Ormsby	Karen Freeman

