

REPORT TO: <b>Audit Committee</b>	DATE <b>29<sup>th</sup> September 2009</b>	CLASSIFICATION	REPORT NO.	AGENDA NO.
REPORT OF: <b>Corporate Director, Resources</b>		<b>Internal Audit Quarterly Assurance Report</b>		
ORIGINATING OFFICER(S): <b>Service Head Risk Management</b>				
		<b>Ward(s) Affected: N/A</b>		

## 1. SUMMARY

- 1.1. This report summarises the work of Internal Audit for the period April 2009 to August 2009.
- 1.2. The report sets out the assurance rating of each audit finalised in the period and gives an overall assurance rating. The quarterly assurance report feeds into the annual internal audit opinion which will be produced at the end of the financial year.

## 2. RECOMMENDATION

- 2.1. The Audit Committee is asked to note the contents of this report and to take account of the assurance opinion assigned to the systems reviewed during the period.

---

**LOCAL GOVERNMENT ACT, 2000 (SECTION 97)**  
**LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT**

Brief description of "background papers"

*Working Files – Internal Audit*

Name and telephone number of holder  
And address where open to inspection

*Bharat Mehta 02073644765*

### 3. Background

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

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

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

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

### 4. Overall Audit Opinion

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

## **5. Overview of finalised audits**

- 5.1. Since the last Assurance Report that was presented to the Audit Committee in June 2009, 33 final reports have been issued. The findings of these audits are presented as follows:
- The chart 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 2003 and the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.

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

**Chart 1 Analysis of Assurance Levels**

SUMMARY		Assurance				
		Full	Substantial	Limited	Nil	Total
Significance	Extensive	0	12	3	0	15
	Moderate	0	7	7	0	14
	Low	0	1	3	0	4
Total %		0	61%	39%	0	100%

- 5.4. From the table above it can be seen that of the 15 finalised audits which focused on high risk or high value areas; 12 audits were assigned Substantial Assurance and 3 received Limited Assurance. A further 14 audits were of moderate significance and of these, 7 were assigned Substantial Assurance and 7 received Limited assurance. The remaining 4 audits were of low significance of which 1 was assigned Substantial Assurance and the remaining 3 had Limited assurance.
- 5.5. Overall, 61% of audits resulted in an adequate assurance (substantial or full). The remaining 39% of audits have an inadequate assurance rating (limited or nil). Work in progress is shown in Appendix 3.

## **6. Performance Indicators**

- 6.1. At the start of the year, two performance indicators were formulated to monitor the delivery of the Internal Audit service as part of the Chief Executive's Monitoring process. The table below shows the actual and targets for each indicator for the period April to July 2009.

<b>Performance measure</b>	<b>Target</b>	<b>Actual</b>
Percentage of Audit Plan completed up to July 2009	32%	32%
Percentage of Priority 1 Audit Recommendations implemented by Auditees at six monthly follow up audit stage	100%	100%
Percentage of Priority 2 Audit Recommendations implemented by Auditees at six monthly follow up audit stage	95%	82%

- 6.2. The table above shows that the proportion of internal audit work completed to July 2009 which is broadly in line with the plan. The target for the year is to complete 100% of the plan.
- 6.3. The percentage of priority 1 recommendations implemented at the follow up stage was around 100%, whereas the % of priority 2 recommendations was 82%.

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

- 7.1 These are contained within the body of this report.

## **8. Concurrent Report of the Assistant Chief Executive (Legal Services)**

- 8.1. 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 to maintain an effective system of internal audit of its system of internal control in accordance with proper practices. 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. Equal Opportunity Considerations**

9.1 There are no specific Equal Opportunities issues arising from this report.

**10 . Anti-Poverty Considerations**

10.1 There are no specific Anti-Poverty issues arising from this report.

**11. Risk Management Implications**

11.1 The revised control environment should pick up the areas identified as of concern and reduce the residual risk.

**12. Sustainable Action for a Greener Environment (SAGE)**

12.1 There are no specific SAGE implications.

## Summary of Audits Undertaken

## APPENDIX 1

Assurance level	Significance	Directorate	Audit title
<b>LIMITED</b>			
	Extensive	Communities Localities Culture	Transport Recharges – Systems Audit
	Extensive	Resources	Creditors Systems Audit
	Extensive	Children, Schools and Families	Fostering – Follow Up audit
	Moderate	Resources	Contract Monitoring of Corporate Photocopying Contract
	Moderate	Children, Schools and Families	St Mary's and St Michael's Primary School
	Moderate	Children, Schools and Families	St Elizabeth Primary School
	Moderate	Children, Schools and Families	Lansbury Lawrence Primary School
	Moderate	Children, Schools and Families	St Saviour's Primary School
	Moderate	Children, Schools and Families	St Peter's Primary School
	Moderate	Children, Schools and Families	Woolmore Primary School
	Low	Communities Localities Culture and all other Directorates	Purchase and Utilisation of Transport Fuel - Systems Audit
	Low	Communities Localities Culture	Management and Control of Street Lighting – Follow Up audit
	Low	Communities Localities Culture	Management of Street Works – Follow Up audit

## Summary of Audits Undertaken

## APPENDIX 1

<b>Assurance level</b>	<b>Significance</b>	<b>Directorate</b>	<b>Audit title</b>
<b>SUBSTANTIAL</b>	Extensive	Communities Localities Culture	Community Safety Projects
	Extensive	Communities Localities Culture	Management of Anti Social Behaviour
	Extensive	Resources	Pensions – Systems Audit
	Extensive	Resources	General Ledger – Systems Audit
	Extensive	Resources	Bank Reconciliation – 2 <sup>nd</sup> Follow Up
	Extensive	Resources	Implementation of International Financial Reporting Standards
	Extensive	Resources	Management of Corporate Complaints – Follow Up
	Extensive	Resources	Disaster Recovery
	Extensive	Resources	Sever Virtualisation
	Extensive	Tower Hamlets Homes	Strategic Management of SLAs
	Extensive	Assistant Chief Executive's	Scheme of Delegation
	Extensive	Assistant Chief Executive's	Communication Strategy – Follow Up
	Moderate	Communities Localities Culture	Canary Wharf Idea Stores Follow Up audit
	Moderate	Communities Localities Culture	Acolaid IT Application Audit
	Moderate	Children, Schools and Families	Contract Services – Welfare contract income control – Follow up

## Summary of Audits Undertaken

## APPENDIX 1

<b>Assurance level</b>	<b>Significance</b>	<b>Directorate</b>	<b>Audit title</b>
<b>SUBSTANTIAL</b>	Moderate	Children, Schools and Families	Home to School Transport for Students with Special Educational Needs – Follow Up audit
	Moderate	Children, Schools and Families	Ben Jonson Primary School
	Moderate	Children, Schools and Families	Sir William Burrough Primary School
	Moderate	Children, Schools and Families	Elizabeth Selby School
	Low	Children, Schools and Families	Marners School Refurbishment – Current Contract Audit

**Summary of Audits Undertaken**

**Limited Assurance**

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Transport Recharges Systems Audit	Aug 2009	<p>The objective of this audit was to assure management that the systems of controls for the administration, management and control of Transport Recharges were sound, secure and adequate.</p> <p>Our review found that Directorates were being recharged for transport costs. However, there no documented procedures existed which clarified which costs were rechargeable, the basis on which overheads were recharged and how the charges were budgeted and calculated. Moreover, the assumptions made in budgeting and calculating the charges were not recorded on working papers. Budget monitoring information received from the CLC Finance team was not formatted to the requirements of the Transport Services Manager whose management information needs were not met. We noted that Passenger Transport and Fleet Management budget monitoring reports were received broken down in terms of expenditure headings, by cost centre, rather than for each vehicle. As a result, Audit could not carry out any meaningful testing to provide assurance that only relevant direct and indirect costs were being recharged to clients in a transparent manner. The system did not provide a reliable audit trail and in absence of agreed standards and procedures for budgeting and recovering overheads, there was risk of under/over recovery of costs. We have, therefore, recommended that the entire transport recharge system should be reviewed, including the finance systems currently used in terms of the sufficiency of the coding structure to support the TSU's business management needs.</p> <p>All findings and recommendations were agreed with the TSU Manager, Service Head – Public Realm and Head of Finance.</p>	£6.7M	Limited

**APPENDIX 2**

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Transport Recharges Systems Audit	Aug 2009	<p><b>Management Comments</b></p> <p>Audit recommendations were accepted and a review of the method of recharging costs to clients is underway. However, it needs to be borne in mind that the Transport Services Unit operates an internal Trading Account whose main clients are Adults and Children's Services. The costs of the service are fully recharged on an annual basis and the account regularly makes an operating surplus which is returned to clients.</p> <p>Whilst audit concerns regarding the coding structure and overhead apportionment need to be addressed, the impact is likely to result in adjustments between the costs charged to the major clients, rather than any major system errors.</p>		

**APPENDIX 2**

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Creditors Systems Audit	July 2009	<p>The objective of the Creditors system is to ensure that payments are made accurately and in a timely manner for services and goods received.</p> <p>6 recommendations were raised, including one priority 1 issues, as follows.</p> <ul style="list-style-type: none"> <li>• The controls around setting up new creditors on the JDEdwards systems were found to be inadequate. More than 700 duplicate creditors were identified. There was no evidence of post set-up review to confirm that creditors are accurately set up on the JDE system and to confirm there are no duplicate creditors.</li> <li>• A debit balance of more than £3.3m was identified in the Sundry Creditors Account. Appropriate action needed to be taken to recover any funds outstanding.</li> <li>• The controls around preventing payments without purchase orders or vouchers were found to be inadequate.</li> </ul> <p>All findings and recommendations were agreed with the Service Head and reported to the Director of Resources.</p> <p><b>Management Comments</b></p> <p>The controls around setting up of creditors on JDE system will be addressed by implementing a QAS (address book software) system which should reduce the set up of duplicate creditors in JDE. The system will be implemented by December 2009.</p>	Extensive	Limited

**APPENDIX 2**

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Creditors Systems Audit	July 2009	<p><b>Management Comments (cont.)</b></p> <p>To address the issue of debit balances on the creditors system, a number of companies have been identified using the framework supplied by Procurement to undertake this work. Interviews are being held the week commencing 14th September 2009 to discuss the project with two interested companies and it is hoped that one of the interested parties will commence work on this project at the end of September. This work is to identify what is actually owed to the council. Credit against current suppliers would be collected against any new invoices.</p> <p>The controls around preventing payments without a purchase order will be addressed by the Requisition to Pay (R2P) project currently in progress and the promotion of compliance by the procurement team over the coming months.</p>		

**APPENDIX 2**

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Fostering Follow Up audit	July 2009	<p>This was a follow up audit on the full systems audit reported in August 2008. From our follow up review, we have found that of the two recommendations made in the original audit report, one which related to signing and dating of the Agreements had been progressed, although we have noted that agreements were being signed some time after the children had been placed and that in some cases there were facsimile signatures used. The second recommendation relating to ensuring that documentation existed to support that visits had been undertaken by Social Workers within the first week of placement had not been progressed well. We found cases where visits were not undertaken within the first week of placement and that where visits had been undertaken, these could not be verified as review agendas and minutes of the visits were not consistently recorded on the IT system. We recognise that the circumstances of the children under foster care are sometimes exceptionally complex which may lead to the adherence to timescales challenging. The Service Manager has assured Audit that although procedures were not complied with, the needs and welfare of the children were not compromised. Findings and recommendations were agreed with the Service Head.</p> <p><b>Management Comments</b> Following the audit, the requirements to undertake visits were reinforced with all managers, social workers and Independent Reviewing Officers. Clearly the audit found that in some cases these procedures were not complied with. These cases were investigated and management were satisfied that although procedures had not been followed there were operational reasons for this.</p>	Extensive	Limited

**APPENDIX 2**

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Fostering Follow Up audit	July 2009	<p><b>Management Comments (cont.)</b></p> <p>However, management are satisfied that no child or young person had been left at risk due to the failure to meet procedures. Monitoring requirements by supervising managers and by Independent Reviewing Officers at statutory reviews have been strengthened.</p> <p>With respect to the signing of agreements, this now happens contemporaneously and they are then e-faxed to the agency as confirmation.</p>		

## APPENDIX 2

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Contract Monitoring of the Corporate Photocopying Contract	July 2009	<p>The contract for provision and management of Multi-Functional Devices (MFDs - copiers, scanners, fax machines and printers) was awarded to Xerox with effect from 1<sup>st</sup> August 2007 for three years with an option to extend for one more year. The contract was procured by utilising the OGC Buying Solutions and was awarded after securing a competitive tender. However, at the time audit, a complete contract file was not available to carry out audit tests and accordingly we have recommended that Corporate Procurement should review their procedures for file maintenance.</p> <p>The successful contractor had identified efficiencies savings of £185,000 p.a. which equated to £555,000 over three years, by offering technological advancements to deliver copy, print, fax and scan functionality from a single device. However, to achieve this level of savings, 'SafeCom' software application needs to be installed to all the machines. Meetings have recently taken place with ICT, Xerox, procurement &amp; FM to investigate the "safecom" issue and a business case will be prepared.</p> <p>The Council's procurement procedures require a contract management regime covering areas such as performance management, relationship management and contract administration to be put in place for contracts over £25,000. Our review showed that these arrangements needed to be strengthened for effective monitoring of the contractor's performance. Moreover, the system for controlling variations and invoice payments to the contractor required to be made robust to manage the risk of error, omission and over payment. All findings and recommendations were agreed with the Service Head- Customer Access.</p>	£570K annual payment	Limited

**APPENDIX 2**

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Contract Monitoring of the Corporate Photocopying Contract</p>	<p>July 2009</p>	<p><b>Management Comments</b></p> <p>The contract to Xerox was awarded on a price per page basis. The devices being supplied had far greater functionality than just photocopying and a further option was put forward to exploit this for which possible savings were identified of £185,000 p.a on efficiency savings, which equated to £555,000 over the life of the contract. Following agreement of audit recommendations, a pilot project has been set up. The pilot will be assessed in 2 phases with phase 1 showing how effectively Safecom secure printing to MFD's can phase out the existing HP printers. Phase 2, Paper River will offer consultation on how the system integrates into the LBTH business processes of Civica and Power Trim.</p> <p>Clear roles have been defined for Procurement and FM to monitor this contract, where FM will retain responsibility for invoicing. Procurement will take the role of performance monitoring and reviewing the contract award. The contract file has recently been updated to include a copy of the OGC contract and the OGC SLA.</p> <p>Monthly contract monitoring meetings have replaced the quarterly meetings and these are recorded and copies kept in Procurement &amp; FM</p> <p>All invoices are now checked by the billing specialist before arriving at LBTH and checked again within FM for accuracy. The quarterly updated asset list is used to determine each lease payment on each machine. In addition a list of service users has been provided to Xerox where they are contacted for accurate readings, leaving no estimated reads on the account.</p>		

## APPENDIX 2

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
St Mary and St Michael Primary School	July 2009	<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. The school's 2008/09 budget is £2.26m. The main findings are summarised below:</p> <ul style="list-style-type: none"> <li>• The Scheme of Delegations document although approved by the full Governing Body is still not fully adopted to the school. It was identified that the declarations of business interests had not been submitted by two governors.</li> <li>• The school's purchasing procedure required formal tenders to be obtained for all procurement over £5000. This is not deemed to be obtaining best value as tendering is an expensive process, although the school had not actually undergone the tendering procedure as required when selecting contractors/suppliers over £5000.</li> <li>• The school had not raised orders for procurement of services.</li> <li>• There was no evidence that starters and leavers notifications to HR providers were properly authorised as the school did not have copies of starter and leaver forms.</li> </ul> <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of Governors and the Director of Children's Services.</p>	Moderate	Limited

## APPENDIX 2

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
St Elizabeth Catholic Primary School	July 2009	<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. The main findings are summarised below:</p> <ul style="list-style-type: none"> <li>• Whilst minutes were produced for all Governing Body and Committee meetings, they did not adequately record the formal approval of a number of documents such as the Charging Policy, School Improvement Plan and the Pay Policy. The school did not hold signed copies of all committee meetings. Furthermore, discussions with the School's Business Manager confirmed that three high value virements which were initially approved by the Finance Committee were presented to the full Governing Body. However, this had not been minuted.</li> <li>• The declaration of business interest had not been obtained from all current governors.</li> <li>• The school needs to undertake an annual inventory check. Furthermore, improvements are necessary in the maintenance of the equipment loans register.</li> </ul> <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of Governors and the Director of Children's Services.</p>	Moderate	Limited

## APPENDIX 2

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Lansbury Lawrence Primary School	June 2009	<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.</p> <p>The main findings are summarised below:</p> <ul style="list-style-type: none"> <li>• The school had not undergone tendering procedures for purchases over £15,000 as specified in the approved Financial Procedures. Discussions with school staff confirmed that the school had used a supplier recommended by another school.</li> <li>• Official orders are not always raised for procurement of goods and services.</li> <li>• There is a difference of £50,647.65 between the school's accounting records and the LEA balance. It was explained that the LEA is aware of this discrepancy due to the school making payments on behalf of EAZ for which the school was not reimbursed. Audit was informed that the Interim Finance Manager from Education Finance Section had assured the school that the discrepancy would be resolved at the end of the financial year. This issue is raised in the Executive Summary of the Final Internal Audit Report although no formal recommendation was made given the action already agreed.</li> </ul> <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of Governors and the Director of Children's Services</p>	Moderate	Limited

## APPENDIX 2

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
St Saviours CoE Primary School	July 2009	<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.</p> <p>he main findings are summarised below:</p> <ul style="list-style-type: none"> <li>▪ Whilst the Governors had authorised financial limits to the Head Teacher in the Governing Body minutes of 30 September 2008 they are not included in the official Scheme of Delegations. Furthermore, the Scheme of Delegations had delegated authorisation of orders to the Deputy Head Teacher, Finance Officer and Heads of Departments but no maximum limits had been specified.</li> <li>▪ The school's current bank mandate included a staff member who had not been authorised to sign bank documents in the Scheme of Delegations.</li> <li>▪ The school did not have a comprehensive charging policy at the time of the audit.</li> <li>▪ A staff member was identified as having been overpaid. These incorrect payments were not detected as the school did not undertake robust monthly payroll reconciliations.</li> </ul> <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of Governors and the Director of Children's Services.</p>	Moderate	Limited

## APPENDIX 2

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
St Peter's Church of England Primary School	July 2009	<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.</p> <p>The main findings are summarised below:</p> <ul style="list-style-type: none"> <li>• Whilst the school's financial procedures manual details most roles within the school, it does not include the role of the administration assistant's financial responsibilities.</li> <li>• The current bank mandate included a staff member who had not been authorised to sign bank documents in the Financial Procedures Manual and also included a member of staff no longer employed by the school.</li> <li>• The school had not complied with the procedure for obtaining quotes for purchases over £5,000 as specified in the approved Financial Procedures.</li> <li>• New staff members had already started work in the school prior to receiving CRB clearance.</li> <li>• There was no cash book for recording income and expenditure for the school fund account. Further, there were no reconciliations completed and evidenced for the school fund account or the governors fund account to confirm accuracy of the funds.</li> </ul> <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of Governors and the Director of Children's Services</p>	Moderate	Limited

## APPENDIX 2

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Woolmore Primary School	July 2009	<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.</p> <p>The main findings are summarised below:</p> <ul style="list-style-type: none"> <li>▪ The Scheme of Delegations document did not specify the maximum limits for authorisation of orders for the Deputy Head Teacher, Finance Officer and Heads of Departments.</li> <li>▪ The declaration of business interests had not been obtained from all current governors.</li> <li>▪ The school has not undertaken a recent annual inventory check. The current inventory records were only created in November 2008. Furthermore, control around equipment loans was inadequate. Details in the loan book were insufficient, some items loaned as far back as 2007 had not been returned to the school and there was no evidence that all loans of equipment were authorised prior to their removal from school premises.</li> </ul> <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of Governors and the Director of Children's Services.</p>	Moderate	Limited

## APPENDIX 2

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Purchase and Utilisation of Transport Fuel Systems Audit	August 2009	<p>This audit examined the systems for purchasing and monitoring fuel usage for the Council's transport fleet. The procurement for fuel was undertaken in 2004 and the contract is controlled by the Transport Services Unit (TSU) of the CLC Directorate who has set out the procedural framework within which all Directorate employees should operate. The responsibility to purchase and monitor fuel rests with the individual Directorates. We found that overall, TSU had put some basic systems in place to control and monitor fuel costs and usage across the Council. Written procedures had been issued to all the clients and users. A system of Fuel Cards was in place and the name of each officer responsible for the fuel card together with the fleet number was recorded. Fuel utilisation monitoring reports highlighting vehicles with excess/abnormal fuel consumption were produced by TSU and distributed to line managers for investigation. Overall, there was basically a sound system at the TSU level and we provided an assurance level of 'substantial' at this level.</p> <p>However, we highlighted a number of non-compliance issues at individual Directorate level which can increase the risk of error, omission and irregularity. For example, receipts and vouchers were not checked against the monthly cost statements provided by TSU. The logs kept by line managers to record the issue of fuel cards to individual drivers were not adequately completed. Line managers in the audit sample were not checking the fuel utilisation monitoring reports hence no investigation was carried out of cases where excess/abnormal fuel utilisation was highlighted. We noted that weaknesses in the systems of control at Directorate level put the systems objectives at risk.</p> <p>All findings and recommendations were agreed by the Service Head – Public Realm.</p>	£250K p.a.	Limited

**APPENDIX 2**

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Purchase and Utilisation of Transport Fuel Systems Audit		<p><b>Management Comments</b></p> <p>Improvements recommended in the audit report have been implemented within TSU. The Supervisor Handbook has been updated, including new fuel management arrangements, and has been circulated to all supervisors in the Council who manage vehicles. This Handbook has also been placed on the Transport Service's web-pages for download as required. A fuel usage register has been developed and has been attached to the Handbook to assist supervisors in reconciling fuel recharges against usage. In addition a new e-mail process has been implemented that provides fuel usage information monthly directly to each service supervisor operating vehicles. Some thirty five services in all Directorates operate Council vehicles in support of their services and therefore the key audit comments relating to non-compliance issues at individual Directorate level is an issue for individual Directorate Managers to deal with.</p>		

**APPENDIX 2**

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Management and Control of Street Lighting</p> <p>Follow Up audit</p>	<p>Aug 2009</p>	<p>This was a follow up audit to the full audit carried out in September 2008. Our review showed that out of 7 recommendations within the original report, only one recommendation had been partially implemented. Of the remaining 6 outstanding recommendations, one recommendation was priority 1 recommendation and 5 were priority 2 recommendations which should have been implemented by March 2009.</p> <p>Our follow up review showed that the responsibility of scouting for faulty street lights had been passed from the in-house team to the contractor who carries out the repairs and maintenance works. However, a system for monitoring the contractor's scouting duties needed to be clarified to ensure that the arrangement provided good value for money. The system for updating the street lighting inventory was not fully implemented. Recommendations relating to the logging of requests for works by external agencies and members of the public, and for notification of completion of these works had not been implemented. All findings and recommendations were agreed with the Service Head – Public Realm.</p> <p><b>Management Comments</b></p> <p>The transfer of scouting from in-house staff to the contractor produced immediate cost savings in staffing alone and the system of monitoring has been kept under review whilst it was embedded. The changes to the number of faults detected and the speed of repair has continued to be continuously monitored to develop the most cost effective method of managing the scouting process, which once finalised will be documented as the final procedure but officers are not yet satisfied that the best system has been achieved.</p>	<p>Low</p>	<p>Limited</p>

**APPENDIX 2**

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Management and Control of Street Lighting</p> <p>Follow Up audit</p>	<p>Aug 2009</p>	<p><b>Management Comments (cont.)</b></p> <p>A web-based Asset Management System was commissioned in March which will provide the basis for continuous updating of the inventory. This system will go live on October 1<sup>st</sup>, following delays which were experienced in checking the base data on site.</p> <p>The notification of works completed is recorded for each task and monitored as part of local indicator (formerly BV ) 215a.</p> <p>An instruction to staff has been issued to log the source of requests for works on orders raised.</p>		

APPENDIX 2

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Management and Control of Street Works</p> <p>Follow Up audit</p>	<p>Aug 2009</p>	<p>The New Roads and Street Works Act 1991 gives Street Authorities like LBTH, the power to inspect, investigate and report on undertakers' (mainly utility companies) works and reinstatements. This was a follow up audit to the full audit carried out in September 2008.</p> <p>Our follow-up review showed that out of 10 recommendations finally agreed for implementation, 3 recommendations were progressed. Of the remaining 7 recommendations still to be implemented, 3 were priority 1 and 4 were priority 2 recommendations. These related to issues like developing clear policy and procedures, having a risk assessment system to identify key areas of work for the Council, developing local performance indicators to assess the efficiency and effectiveness of the service and improving the budget setting for street works income. Overall, we were of the opinion that the control environment had not improved since the full audit. All findings and recommendations were agreed with the Service Head – Public Realm.</p> <p><b>Management Comments</b></p> <p>The majority of these recommendations related to having a clear policy and procedure in place. Officers were of the impression that the National Code of Practice provided that procedure and policy but the follow-up audit insisted that this be re-written to be specific to Tower Hamlets and this has been taken on board and is in hand along with the risk assessment.</p> <p>The budget setting for streetworks has been reviewed in detail but, despite concerted pressure at a London-wide level, the inability of utilities companies to give a robust plan of works more than 3 months ahead means that income cannot be reliably predicted against programmed works and has to take account of historic patterns.</p>	<p>Low</p>	<p>Limited</p>

## APPENDIX 2

### Substantial Assurance

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Community Safety Projects Systems Audit	July 2009	<p>The main aim of this audit was to assure management that there were sound project management arrangements in place for the efficient and effective delivery of the Safe and Supportive Community themed priority of Tackling and Preventing Crime.</p> <p>The audit review showed that Project Management within the Community Safety Service was generally sound, particularly the Strategic and Management Information arrangements. The maintenance of project records and the payment process was also generally satisfactory. However, the following areas needed addressing:-</p> <ul style="list-style-type: none"> <li>• Updating and finalising the Project Management Framework document to ensure that all projects are managed in a standardised manner.</li> <li>• Ensuring that there are local working procedures throughout each Strategic Partnership group.</li> <li>• Ensuring that there are signed SLA's in place for all Projects.</li> </ul> <p>All findings and recommendations were agreed with the Service Head – Community Safety.</p>	£10.25M	Substantial

## APPENDIX 2

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Management of Anti-Social Behaviour Systems Audit</p>	<p>July 2009</p>	<p>The objective of this audit was to provide assurance that there were efficient and effective processes in place for the delivery of the Safe and Supportive Community themed priority of Tackling and Preventing Crime by employing a multi agency approach to prevent and manage nuisance and anti-social behaviour.</p> <p>The audit review showed that ASB Management within the Community Safety Service was generally sound. There was a robust commitment to address the concerns of local communities around anti-social behaviour and a clear thread running through the strategic and operational to enable effective delivery of the service. The management of ASB complaints were controlled adequately within the 'FLARE' computer system and tenant access for the reporting of complaints was varied and widely available. There was a comprehensive system in place for the monitoring and production of management information and for all stakeholders to be kept fully informed on the performance and management of ASB cases.</p> <p>However, our review showed that in 50% of the sample tested by audit, initial case reviews were not carried out within the stated target of 1 week, which can have an impact on the service's ability to meet their performance target. We also reported that the target completion of cases within 50 days was being achieved in 67% of cases against a target of 75%.</p> <p>All the findings and recommendations were agreed with the Service Head – Community Safety.</p>	<p>Extensive</p>	<p>Substantial</p>

**APPENDIX 2**

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Pensions Systems Audit	July 2009	<p>The objective of the Authority's Pensions system is to ensure accurate pension payments to bone fide recipients through the provision of accurate and timely data to Payroll, enabling collection of contributions and payment of benefits for all Scheme members and complying with all relevant statutory obligations.</p> <p>The main issues are summarised below:</p> <ul style="list-style-type: none"> <li>• The employee contribution rate used to calculate the pension deductions was not in line with the pension scheme banding in 2 cases. i.e the contribution rate of 5.9% instead of 6.5% was applied to an employee earning £19,869. Both these members are <u>currently</u> paying the correct rate of contributions.</li> <li>• A reconciliation takes place between pension records maintained on the Pensions System (AXIS) and the pension transactions on the General Ledger (One World). Whilst it is the responsibility of the Principal Pensions Officer to undertake this reconciliation on a monthly basis, there was no evidence to confirm that this is signed off and independently reviewed.</li> </ul> <p>The findings and recommendations were agreed with the Pensions Manager, the Service Head and reported to the Director of Resources.</p>	Extensive	Substantial

**APPENDIX 2**

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
General Ledger Systems Audit	July 2009	<p>The objective of the Authority's General Ledger system is to ensure there are sound arrangements for the proper administration of the Authority's financial affairs and to ensure the accuracy of the General Ledger to ultimately present its financial accounts. Overall, we have found that adequate controls were in place. However, the following issues were highlighted:</p> <ul style="list-style-type: none"> <li>• There were a number of unidentified cash receipts that have not been cleared in a timely manner (since May 2005) to promote good systems management; in particular, there was an unidentified cash receipt of £95,000 that has not been cleared since June 2006.</li> <li>• Two journal entries were identified however without any narrative, and a further two journal entries that did not contain sufficient information (i.e. date, contact details of officer and/or purpose of journal).</li> </ul> <p>The findings and recommendations were agreed with the Service Head – Corporate Finance and reported to the Director of Resources</p>	Extensive	Substantial

**APPENDIX 2**

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Bank Reconciliation Follow Up Audit	Nov 2008	<p>This was a second follow up audit on the systems and controls for Bank Account Reconciliation. The original audit report was issued in March 2008 and the first follow up report was issued in December 2008 which reported that five of the six recommendations made in the original review had not yet been implemented.</p> <p>The second follow up audit reported the implementation of all the outstanding recommendations. Procedure notes for the reconciliation process had been prepared. A complete review of all the Council's subsidiary bank accounts and responsibility for bank account management had commenced. A system was put in place to ensure that all bank accounts were reconciled by Directorate Finance Managers and reported to the Corporate Director of Resources. Finally, the fidelity guarantee insurance cover had been reviewed and based on a clearly documented risk assessment system.</p> <p>All findings were agreed with the Head of Corporate Finance.</p>	Extensive	Substantial

## APPENDIX 2

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Implementation of the International Financial Reporting Standards	July 2009	<p>The objective of this audit was to assure management that there were adequate systems in place for the planning and implementation of the IFRS in order to fully capture the requirements of a future IFRS code of practice.</p> <p>Our review found that in preparation for the implementation of IFRS, a preliminary study was commissioned from Price Waterhouse Coopers. This study identified seven areas that would have most impact and put forward an action plan for conversion of the financial statements. Following this study, a Project was set up to steer the implementation of IFRS. A Project Initiation Document was prepared and approved. A project plan was prepared and clear reporting and governance structure was put in place.</p> <p>Our review has found that the Council is well placed through its structured and phased approach to implement IFRS, although the project is still at an early stage of its life cycle. We have noted that the progress in respect of Financial Instruments, Leases and PFI has been classified as high risk and hence these areas would have to be managed and monitored accordingly. We have recommended that in order to engage those charged with governance in the process more effectively, the IFRS timetable, approach and progress should be reported to Audit Committee on a regular basis.</p> <p>All findings and recommendations were agreed with the Head of Corporate Finance.</p>	Extensive	Substantial

**APPENDIX 2**

Title	Date of Report	Comment Comments / Findings	Scale of Service	Assurance Level
Management of Corporate Complaints Follow Up	July 2009	<p>This was a follow up audit on the full systems audit reported in August 2008. From our follow up review, we have found that of the two recommendations made in the original audit report, one has been implemented and the second has been partially implemented. One recommendation relating to the importance of recording and issuing of acknowledgement letters to all complainants has been progressed. The second recommendation, relating to a system being established to report significant control failures and redressing actions to the relevant Directorate Management Teams and Service Heads has been progressed more recently. The link with Internal Audit to inform them of major service failures so that these risks can be programmed for full audit reviews has now been established.</p> <p>Findings and recommendations have been agreed with the Service Head – Customer Access.</p>	Extensive	Substantial

**APPENDIX 2**

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Disaster Recovery Provisions	June 2009	<p>The objective of this audit was to identify the controls in place over Disaster Recovery Provisions. The Council has a contract for the provision of disaster recovery with ICM who provides off site recovery solutions in the event of failure within LBTH IT environment. Following issues were raised:</p> <ul style="list-style-type: none"> <li>▪ Communication regarding the Disaster Recovery Plan and arrangements is performed to all key staff. Consistent escalation procedures are documented within the DR documentation, the Emergency procedures and the Out of Hours contact list. Results of disaster recovery tests are formally documented, indicating issues encountered and the actions taken to resolve these. These results should then be reported to all pertinent stakeholders.</li> <li>▪ Consistent system recovery time objectives are documented within the Disaster Recovery and Business Continuity Plans and that these objectives meet the requirements of the business.</li> <li>▪ Procedures and solutions are in place for the continuity and recovery of the voice communication networks.</li> <li>▪ The backup tape rotation cycle documented within the Disaster Recovery Plan is accurate and up-to-date. The WAN connection between ICM and the Council is tested on a periodic basis.</li> <li>▪ Contact details are obtained and documented for all ICT third parties and that these are maintained up to date within the Disaster Recovery plan and Emergency Procedures.</li> <li>▪ The Disaster Recovery Plan is reviewed and updated on a periodic basis and that evidence of these reviews is maintained. The updated plan is distributed to all relevant staff on a timely basis. Any outdated plans should be deleted or destroyed or if maintained clearly marked as out dated. Furthermore, the latest version of the plan should be available offsite.</li> </ul> <p>All Findings and recommendations were agreed with the Service Head ICT.</p>	Extensive	Substantial

**APPENDIX 2**

<b>Title</b>	<b>Date of Report</b>	<b>Comments / Findings</b>	<b>Scale of Service</b>	<b>Assurance Level</b>
Server Virtualisation	June 2009	<p>The objective of this audit was to assess the procedures and controls in place and applied within the Internal ICT virtual server consolidation initiative. The audit work evaluated Project and Risk Management Controls, Server Topology Design and Resilience and Server Availability and Management Monitoring. At the time of the audit the Council was in the process of expanding the virtual server environment to address the increasing capacity demands for virtual server resources across the Council's existing server environment.</p> <p>The Audit report made 5 recommendations which were all agreed with the ICT Departmental Management Team.</p> <p>Recommendations were made to establish a clearly defined system risk register that assigns owners to risks within the Server Virtualisation process and carry out a formal Post Implementation Review (PIR) to assess the extent to which success criteria and benefits have been realised by the server consolidation initiative. The PIR should also assess the extent to which the initiative should be expanded and monitored for return on investment for future developments. Furthermore, future developments in the Virtual Server are managed according to a defined project structure.</p> <p>Recommendations were also made to ensure the virtual server system documentation is updated to reflect the changes made in the recent system upgrade, server capacity requirements are defined and both existing and future capacity capability measured against them for management of the Virtual Server environment and the virtual network security monitoring arrangements should be established in relation to the best practice guidance.</p>	Extensive	Substantial

## APPENDIX 2

Title	Date of Report	Comment Comments / Findings	Scale of Service	Assurance Level
Strategic Management of SLAs Systems Audit	Aug 2009	<p>The objective of this audit was to provide assurance that systems put in place by THH for reviewing and managing SLAs with LBTH are sound and secure, so that these arrangements assist THH in the effective achievement of its policies</p> <p>Our review found that THH have developed a methodology for reviewing SLAs in a strategic manner. In addition, THH have developed their own Performance Management Framework Policy that covers SLAs. The policy includes performance monitoring arrangements and the criteria for prioritising SLA's for review. However, at the time of audit, there was an absence of detailed procedural manual to guide officers through the SLA review process. We also noted that in a number of SLAs, performance standards and performance indicators had not been clearly established. We have recommended that THH management should ensure that there are sufficient resources made available to enable the current programme of in-depth service reviews to be completed on schedule.</p> <p>All findings and recommendations were agreed with the Director of Resources.</p>	£9M	Substantial

## APPENDIX 2

Title	Date of Report	Comment Comments / Findings	Scale of Service	Assurance Level
Scheme of Delegation Systems Audit	June 2009	<p>This audit established that all the Directorates of the Council maintain a directorate scheme of delegation setting out all such delegations and have supplied the Council's Monitoring Officer with a copy of such delegations. The main objective of the audit was to assure management that statutory requirements were being met and that there was a clear documented base for the necessary discharge of Council functions.</p> <p>Our review found that the majority of the Directorates had submitted their Schemes of Delegation to the Monitoring Officer for approval and were ready for inclusion into the Council's Constitution. The Scheme for Communities, Localities Culture (CLC) Directorate was nearing completion stage apart from a small number of insertions. Our examination of the completed Schemes of Delegation showed that each had a clearly laid out list of officers, officer responsibilities and Council functions which were being delegated. However, the Scheme of Delegation for Adults Health &amp; Wellbeing (AHW) Directorate was still not in place. From the correspondence examined by audit, it appeared that work had been progressing on producing a new Scheme since October 2008 and that a target date for submission was given as May/June 2009 which will be monitored by the Assistant Chief Executive – Legal Services.</p> <p>All findings and recommendations were agreed with the Assistant Chief Executive – Legal Services.</p>	Extensive	Substantial

**APPENDIX 2**

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Communication Strategy Follow Up audit	Aug 2009	<p>This was a follow up audit to the full audit reported in January 2009. The review found that of the seven recommendations made in the original audit report, 6 had been progressed. Communications protocol had been updated and issued to Directorate staff when necessary. The 2009/10 Team Plan had been drafted, but needed to be finalised and signed off by the Assistance Chief Executive (ACE). An action plan had been agreed for internal communications. A proposal was developed to address the budgetary shortfall in the staffing budget and a growth bid was proposed so that the budgetary position can be regularised from 2010/2011. We have also noted that Resources Directorate (Revenue Services) was requested by Communications to arrange Direct Debit payments for securing timely payments by external commercial advertisers, but this has still not been progressed. The one outstanding recommendation relating to basic training being provided to all budget holders.</p> <p>All findings and recommendations were agreed with the Service Head – Communications Services and reported to the Assistant Chief Executive.</p>	Extensive	Substantial

**APPENDIX 2**

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Canary Wharf Idea Stores Follow Up audit	June 2009	<p>This was a follow up audit to the full audit carried out in November 2008. Our review showed that out of 21 recommendations made within the original report 17 had been implemented. Overall, it appeared that progress had been made by IDEA Stores Officers in addressing the weaknesses identified in the Audit reports. However, we recommended the IDEA Store Manager should continue to monitor the collection and banking of cash income. There were other minor issues that still require to be addressed, for example Finance / Budget surgery meetings needed to have minutes that were agreed and actions followed up at the next meeting. The IDEA Stores needed to have in place an acceptable User Policy for Public Access to ICT resources, and inventory control required to be made more robust.</p> <p>All findings and recommendations were agreed with the Head of Idea Stores.</p>	Moderate	Substantial

**APPENDIX 2**

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Acolaid Application Audit	May 2009	<p>The objective of this audit was to identify the controls that the Council has put in place for the management of the Acolaid Application. The Acolaid application comprises of a suite of fully integrated modules that cover core property based services such as Environmental Health, Planning, Land Charges and Building Control and is managed within the Development and Resource Directorate of the Council.</p> <p>The Audit report made 10 recommendations which were all agreed with the ICT Departmental Management Team.</p> <p>Access Controls - Recommendations were made to establish procedures to ensure leaver accounts are deactivated from the Acolaid system in a timely manner, user accounts are assigned to named individuals, strong logical access controls are implemented, security violations are reported &amp; monitored on a regular basis and unsuccessful logon attempts are restricted, requiring the System Administrator to re-enable the account prior to system access being obtained.</p> <p>Recommendations were also raised in relation to data input controls being in place to ensure that data input is complete, accurate and reliable and data input being checked regularly to ensure data quality is maintained.</p> <p>Audit trails that include the username and date/time stamp for the creation, amendment, deletion and viewing of key data within the system should also be available.</p> <p>Recommendations were also raised to ensure disaster recovery planning and testing is undertaken and that Patches and Updates from the supplier are implemented in a timely manner to ensure the latest version of the application is running.</p>	Moderate	Substantial

**APPENDIX 2**

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Welfare Catering Follow Up audit	May 2009	<p>This was a follow up audit to the full audit carried out in November 2008. Our review showed that out of 15 recommendations made within the original report 13 had been implemented. Our review showed that good progress had been made by Contract Services in addressing the weaknesses identified in the original Audit work. Further work is in progress to ensure that responsible officers involved in the collection of income are given suitable training and provided with an operational procedure guidance note tailored to the services needs. However, we have reported that the outstanding income from the CLC Directorate amounting to some £12k needed to be recovered promptly.</p> <p>All findings and recommendations were agreed with the Head of Contract Services and Service Head Resources.</p>	Moderate	Substantial

**APPENDIX 2**

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Home to School Transport for Students with Special Educational Needs</p> <p>Follow up audit</p>		<p>This was a follow up audit to the full audit carried out in November 2008. Our review showed that 2 of the 5 previous recommendations had been implemented both by Children's Services and By the Transport Services Unit. The remaining 3 recommendations had been delayed due to the Transport Service Review now being proposed for September 2009, and the resultant appointment of a dedicated officer to progress these recommendations. In view of this, we have assigned an assurance level of Substantial to this audit, subject to a second Follow Up being undertaken in December 2009.</p> <p>All findings were agreed with the Service Head – Public Realm</p>	Moderate	Substantial

## APPENDIX 2

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Ben Jonson School	June 2009	<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. The school's 2008/09 budget is £2.6m.</p> <p>Eight recommendations were made as a result of the audit including one priority 1 recommendation. The main issues are summarised below:</p> <ul style="list-style-type: none"> <li>• There are some orders placed by members of staff by-passing the Business Manager who is responsible for issuing official orders.</li> <li>• Whilst the school has formulated a Pay Policy there was no evidence that the Governing Body had reviewed and approved this.</li> </ul> <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of Governors and the Director of Children's Services.</p>	Moderate	Substantial

**APPENDIX 2**

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Sir William Burrough Primary School	June 2009	<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.</p> <p>The main issues are summarised below:</p> <ul style="list-style-type: none"> <li>• Sound controls have been established to control and monitor the school's disbursement account. However, it was established that banking of income into the school bank accounts was not always undertaken in a timely manner which resulted in having large amounts of cash on school property.</li> <li>• The school's income collection procedures for breakfast and tea time clubs were found to be inadequate.</li> </ul> <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of Governors and the Director of Children's Services</p>	Moderate	Substantial

**APPENDIX 2**

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Elizabeth Selby Infant School	July 2009	<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.</p> <p>The main issues are summarised below:</p> <ul style="list-style-type: none"> <li>• A new staff member had already started work in the school prior to receiving CRB clearance</li> <li>• Asset control is weakened by not undertaking an annual check of inventory items.</li> </ul> <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of Governors and the Director of Children's Services.</p>	Moderate	Substantial

**APPENDIX 2**

<b>Title</b>	<b>Date of Report</b>	<b>Comments / Findings</b>	<b>Scale of Service</b>	<b>Assurance Level</b>
Marnier School Current Contract Audit	June 2009	<p>The objective of this contract audit was to assure management that the systems in place for making interim payments; for controlling and issuing variation orders; for receiving and evaluating claims; and for monitoring cost and work programmes for the contract are sound and secure.</p> <p>Generally the controls in place for procuring works, managing the works programme, making payments and controlling variations were sound. The contract estimate was within 10% of the tender sum. Health &amp; Safety requirements were in accordance with Construction Design and Management Regulations. However, the review highlighted weaknesses in cost reporting and securing the contract bond and deed.</p> <p>All findings and recommendations were agreed with the Service Head – Resources.</p>	£500K	Substantial

**Audit Plan 2009/10****Work in progress**

<b>Audit Activity</b>	<b>Audit status</b>
<b>Corporate Systems and Council-wide Reviews</b>	
Procurement of Mobile Phones	Draft Report
BV Performance Indicators	Draft Report
Management of Climate Change	Audit brief
Council Wide Debt Management	Audit brief
<b>Assistant Chief Executive's</b>	
Charges of Property	Draft report
Legal Services Planning Meetings	Draft Report
Communication Strategy - FU	Draft report
<b>Children's, Schools and Families</b>	
Child Protection	Field work
Social Care Commissioning	Exit meeting
Management and control of surplus balances	Field work
<b>CLC</b>	
Control and Monitoring of on-street parking income	Draft Report
Management and control of Blue Badges systems audit	Draft Report
Waste Disposal – Contract Monitoring FU	Draft Report
Household Recycling Contract Monitoring	Exit meeting
Management of Highways Programme	Field work
Governance of Local Strategic Partnership	Field work
<b>Development and Renewal</b>	
S 106 planning obligations – FU	Field work

**APPENDIX 3**

<b>Audit Activity</b>	<b>Audit status</b>
Management of Commercial Property portfolio - FU	Draft Report
Client Monitoring of THH	Draft Report
<b>Tower Hamlets Homes</b>	
Major Works	Draft report
Management of Voids - FU	Draft report
Kerry House – Central Heating works, Current Contract Audit	Draft report
Gas repairs and maintenance – FU audit	Draft Report
RTB – FU audit	Field work
Grounds Maintenance – Contract Monitoring FU	Field work
Installation of Aerials – Contract Audit	Field work
Unauthorised Occupants	Field Works
Financial Systems	Field work
<b>Adult, Health and Wellbeing</b>	
Income control and monitoring	Draft report
<b>Resources</b>	
Parking permits	Draft report
Control and use of minicabs by staff	Field work