

REPORT TO: <b>Audit Committee</b>	DATE <b>15 December 2009</b>	CLASSIFICATION	REPORT NO.	AGENDA NO.
REPORT OF: <b>Corporate Director, Resources</b>		Quarterly Internal Audit Assurance Report		
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 September to November 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.

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

Brief description of "background papers"

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

*Minesh Jani – 0207 364 0738*

### **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 September 2009, 14 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. The Audit Committee may wish to focus on those with a higher level of significance and those assigned Nil or Limited assurance. These are clearly set out in Appendix 1.
- 5.3. The chart ranks the overall adequacy and effectiveness of the controls in place. This assurance rating will feed into Internal Audit's overall assessment of the adequacy of governance arrangements that is required as part of the Accounts and Audit Regulations 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		7	1		8
	Moderate		4	2		6
	Low					
<b>Total Numbers</b>			<b>11</b>	<b>3</b>		<b>14</b>
<b>Total %</b>			<b>79%</b>	<b>21%</b>		<b>100%</b>

- 5.4. From the table above it can be seen that of the eight finalised audits which focused on high risk or high value areas; seven audits were assigned Substantial Assurance and one received Limited Assurance. A further six audits were of moderate significance and of these, four were assigned Substantial Assurance and two received Limited assurance.
- 5.5. Overall, 79% of audits resulted in an adequate assurance (substantial or full). The remaining 21% of audits have an inadequate assurance rating (limited or nil). This is broadly in line with previous reports. Work in progress is shown in Appendix 3.

## **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 Chief Executive's Monitoring process. The table below shows the actual and targets for each indicator for the period August to October 2009.

<b>Performance measure</b>	<b>Target</b>	<b>Actual</b>
Percentage of Audit Plan completed up to October 2009	56%	56%
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%	71%

- 6.2. The table above shows that the proportion of internal audit work completed to October 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 percentage of priority 2 recommendations was 71%. In view of the unsatisfactory progress in implementing agreed recommendations, relevant Corporate Directors were recently sent reports highlighting specific performance against the set targets, so that measures can be taken at Directorate level to improve performance in this area.

## **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	Tower Hamlets Homes	Management of Major Works
	Moderate	Communities Localities Culture and all other Directorates	Management and Control of Blue Badges
	Moderate	Tower Hamlets Homes	Teesdale Estate – Current Contract Audit
<b>SUBSTANTIAL</b>	Extensive	Communities Localities Culture	Health and Safety at Work
	Extensive	Communities Localities Culture	Waste Disposal Contract Management – Follow Up Audit
	Extensive	Tower Hamlets Homes	Management and Control of Void Dwellings – Follow Up
	Extensive	Resources	Capital Accounting Systems Audit
	Extensive	Resources	Payroll Systems Audit
	Extensive	Resources	Housing Rents Systems Audit
	Extensive	Resources	Housing Benefit Overpayments
	Moderate	Development and Renewal	Management of Commercial Property Portfolio – Follow Up
	Moderate	Development and Renewal	Homelessness Assessment – Follow Up
	Moderate	Communities Localities Culture	Control and Monitoring of On-Street Parking Income
	Moderate	Children's, Schools and Families	Bethnal Green Technical College – Regularity Audit

## APPENDIX 2

### Summary of Audits Undertaken Limited Assurance

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Management of Major Works Systems Audit	Sept 09	<p>This audit sought to provide assurance over the soundness and adequacy of systems of control for calculating, allocating, apportioning, and recovering costs of major works.</p> <p>Our review showed that for the previous 18 months, no reminders or chase up letters had been issued to leaseholders in respect of outstanding arrears for major works accounts. This would appear to be primarily due to existing problems with the Northgate (SX3) system and the recent amalgamation of the Revenue and Customer Services section within THH. Therefore, no recovery action has been undertaken since January 2007. Moreover, there appears to be no system to ensure that once a debt is unlikely to be recovered, consideration is given to put a charge on the property. From our review of the recovery procedures, we are concerned about the soundness of the system for debt recovery which increases the risk of loss of income and large write offs.</p> <p>We found that due to a lack of resources within Technical Services, the contractor's final accounts were not being audited in a frequent manner. Failure to audit the contractor's final accounts in a timely manner can add delays to the issue of the leaseholder's final adjusted invoice within the required time period which may result in loss of income where revisions are required to the estimated costs previously notified to the leaseholder.</p>	Extensive	Limited



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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Management of Major Works</p> <p>Systems Audit</p>	<p>Sept 09</p>	<p>Overall, we have highlighted a risk exposure that income due to the Council may not be received if prompt action is not taken.</p> <p>All findings and recommendations were agreed with the THH Director of Asset Management and Final Report issued to the THH Chief Executive and LBTH Service Head – Housing Strategy.</p> <p><b>Management Comments</b></p> <p>Organisationally we have combined the major works consultation team and the major works invoicing team into the Leaseholder Services unit. Previously these teams were located in under different Directorates. Phase 1 of the Leaseholder Services Improvement Project has been completed. The emphasis on this phase was data integrity which has enabled arrears recovery work to take place across the leaseholder debt portfolio. Certain categories of leaseholder debt have been moved to the Resources Directorate of the Council and this added capacity will also assist collections.</p>	<p>Extensive</p>	<p>Limited</p>

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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Management and Control of Blue Badges Systems Audit</p>	<p>Oct. 2009</p>	<p>This audit sought to assure management that there were sound systems in place for managing and controlling the Blue Badges Scheme.</p> <p>Our review found that there was a policy for screening of applicants which was in line with the legislative requirements. Screened applicants were referred to a contractor for assessment at various clinics within the borough. However, this contract expired in August 2007 and has been extended on an annual basis without further competition.</p> <p>In order to undertake audit testing to provide assurance on the correctness of the contractor's assessments, Audit requested management reports from which a valid sample can be drawn for testing. However, the CRM IT system is controlled by a consultant, who controls writing of reports and skills have not been transferred to any LBTH staff who could access the system to produce management reports they might wish to draw from the IT system. Similarly, as part of their routine management function, the Mobility Team are also unable to produce reports they might wish to examine for quality control and monitoring purposes. We also highlighted that there was no clear system for monitoring complaints and appeals, the results of which can be used by the Team for service improvement and learning. Moreover, the system for controlling and monitoring the stock of Blue Badges required improvements. The system for collecting and banking income required to be made robust. Procedures for managing and monitoring the contractor's performance required to be strengthened and the Mobility Team's own performance management regime needed to be defined.</p> <p>All findings and recommendations were agreed by the Service Head – Environmental Control.</p>	<p>Moderate</p>	<p>Limited</p>

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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Management and Control of Blue Badges Systems Audit</p>		<p><b>Management Comments</b></p> <p>Mobility Assessment Contractor - The last renewal of this contract was made in March 2009 by the CLC corporate director using discretion as per Financial Regulation B8. The Chief Legal Officer raised no objections to the extension but noted that the contract must be subject to competitive tendering next time. In line with this therefore there is currently a procurement process underway with an estimated start date no later than mid 2010.</p> <p>Managing and monitoring of the service is a key part of the tender. The method statement has 20% of the overall marks allocated to the tenderers' approach to service and 15% allocated to service implementation and management. In addition the Service Specification contains detailed requirements re monitoring and review.</p> <p>Section 5 of the Corporate Procurement Toolkit will then be used to assist in the management of the contract. As part of the quarterly review other checks will also be made. For example, the team leader will take a sample of applicants provided to the service provider and check these against the system inputs. They will also take samples of appointments input by the provider and check these back to records held by the mobility team.</p>	Moderate	Limited

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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Management and Control of Blue Badges Systems Audit</p>		<p><b>Management Comments (Cont)</b></p> <p>CRM IT system - There is currently a major procurement process underway to replace the Parking Services IT systems. The new system should be operational in mid 2010. The mobility aspect of the service will either be handled by the new system or, given the very specific nature of the requirements; the service may use the system run by Camden.</p> <p>Control of Blue Badge stock - A new system for controlling blue badges, clocks and permits has been in place since January this year. We now have online spreadsheets accounting for each item and giving the serial number, the product number, the date issued and the amount of stock remaining.</p> <p>Monitoring complaints and appeals - It is often difficult in the service to distinguish between complaints and appeals as the majority of complaints are actually appeals against the person's application being rejected. All complaints and appeals are taken very seriously.</p> <p>Some complaints and appeals come direct to the team. Members' enquiries and Corporate Complaints are passed to the mobility team from the Project and Facilitations Officer. In all cases the team leader will investigate. In those cases relating to an application being rejected this will mean either rejecting the application or the applicant will be asked to attend a second assessment. This will be done by a different occupational therapist. For all other complaints the team leader will investigate and take the appropriate action.</p>	Moderate	Limited

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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Management and Control of Blue Badges Systems Audit</p>		<p><b>Management Comments (Cont)</b></p> <p>The team should have a clear record of the appeal and the result of the second assessment. In the current system this is controlled by the consultant. This will be a user report in the new system.</p> <p>Collecting and Banking income - The system of banking is about to change and should be in place by the end of January 2010. Assistance will be provided by the CLC finance team. As part of the new processes and owing to the small amount of money handled by the team, procedures will put in place for the cheques to go to the main Cashier's office at Bethnal Green.</p> <p>Mobility Team's Performance management routine - The Corporate PDR process is in use but is also acknowledged that SMART targets need to be developed. It is anticipated that following changes arising from the restructure it should be possible to do this. Sickness returns are provided regularly to the Project and Facilitations Officer.</p>	<p>Moderate</p>	<p>Limited</p>

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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Teesdale Estate Concrete Works and Associated Repairs</p> <p>Follow Up Contract Audit</p>		<p>This audit reviewed the progress made in implementing the recommendations made at the conclusion of the original audit in June 2008.</p> <p>Our follow-up review found that out of 6 recommendations agreed at the conclusion of the original report, two recommendations could not be implemented as the Council's Legal Services had advised THH in November 2008 not to use the Framework Contracts due to objections raised by the Leaseholders. Of the remaining 4 recommendations, three were outstanding and one was for Procurement to progress. We reported that the roles and responsibilities of client's QS in respect of cost reports should be clearly specified, that the financial effect of each instruction is shown on the Instruction Document and that omissions and additions instructed on a Variation should be referenced to the contract documents. We recommended that the Director of Asset Management should instruct the LBTH Procurement Service to arrange competitive tendering to be undertaken urgently for the category of works previously covered by Framework Contracts and that an assessment should be made on the effect this might have on the 2009/10 Capital Programme.</p> <p>All findings and recommendations were agreed with the Director of Asset Management and Final Report was sent to the THH Chief Executive and LBTH Service Head – Housing Strategy.</p>	Moderate	Limited

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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Teesdale Estate Concrete Works and Associated Repairs Follow Up Contract Audit		<b>Management Comments</b> In November 2009 Cabinet approved new contracts as recommended in the internal audit report. The capital programme is carefully monitored to ensure that delivery is maximised from available capital resources. A capital programme group has also been recently been established to co-ordinate capital programme activity.	Moderate	Limited

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**Substantial Assurance**

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Health and Safety at Work Systems Audit	Sept. 2009	<p>The objective of this audit was to assure management that the systems in place for managing and controlling Health and Safety in the work place are sound, secure and adequate.</p> <p>The Council has developed a clear Health &amp; Safety policy in compliance with legal requirements placed on it. The policy was approved by the Chief Executive and the Leader of the Council on 24<sup>th</sup> November 2008. Clear terms of reference and constitution have been established by various Committees and Safety Panel charged with strategic and operational aspects of Health &amp; Safety.</p> <p>Our review found that five of the six Council Directorates had developed their Health &amp; Safety policies to-date. For 09-10 compulsory Health &amp; Safety training will be provided for all Managers. Risk assessments were being undertaken in some instances, but compliance with this requirement was not being monitored. Accident and incidents were being recorded on site as required. However, it was unclear if the detailed Accident and Incident Reports were being submitted to Health &amp; Safety Civil Protection Unit as required. First Aid and Fire Drill provision is being provided in accordance with policy. The responsibility for reporting and monitoring of Health &amp; Safety has been clearly determined. An annual review by the Corporate Joint Health &amp; Safety Civil Protection Unit of the Health &amp; Safety Policy was carried out as required.</p> <p>All findings and recommendations were agreed with the Service Head – Environmental Control.</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>
<p>Waste Disposal Contract Management</p> <p>Follow Up Audit</p>	<p>Oct. 2009</p>	<p>The key objective of this audit was to evaluate the action taken since the original audit review in November 2008.</p> <p>Our follow up review showed that eight out of the fourteen previous audit recommendations had been implemented and two recommendations were in the process of being implemented. Of the four outstanding recommendations, one was high priority. We noted that the Municipal Waste Strategy is currently in the process of being formulated. The performance against revised KPI targets on key aspects of the contractor's performance was being monitored on a regular basis and the contractor's performance was shown to be above the minimum acceptable standards. However, the work on finalising the Contract Management and Monitoring manual was still outstanding and the officer authorising the contractors' invoices for payment needed to have their financial limits revised.</p> <p>All findings and recommendations were agreed with the Service Head-Public Realm.</p>	<p>Extensive</p>	<p>Substantial</p>

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<b>Title</b>	<b>Date of Report</b>	<b>Comments / Findings</b>	<b>Scale of Service</b>	<b>Assurance Level</b>
Management and Control of Void Dwellings  Follow Up Audit	Oct. 2009	<p>This was a follow up audit which assessed the progress made in implementing recommendations made at the conclusion of the original audit in January 2009.</p> <p>From our follow up review, we found that of the nine recommendations made in the original report, eight had been progressed and implemented. Procedures for managing voids had been drafted. However, we have noted non-compliance with these procedures which can weaken the level of control. For example, works completion certificates were not being signed by the contractor and Repairs Inspector. The lettings section had to improve the marketing of vacant dwellings so that the void turnaround target is effectively achieved and the reasons for delays in the turnaround needed to be written on SX3 system. The term of reference, membership, frequency of meetings and reporting lines for the Voids Panel needed to be clearly laid down to increase its legitimacy and effectiveness, and the minutes of the meeting needed to be written up. However, THH management was requested to note that although most recommendations were implemented, there were still some non-compliance issues which can put some of the control objectives at risk.</p> <p>All findings and recommendations were agreed with the Area Housing Manager and the Final Report was issued to the THH Chief Executive.</p>	Extensive	Substantial

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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Capital Accounting	Oct. 2009	<p>The objective of the Authority's Capital Accounting system is to ensure that all capital expenditure, capital receipts and financial commitments relating to the capital programme are in accordance with the accepted accounting principles. The following key issues were reported:-</p> <ul style="list-style-type: none"><li>• The controls around the Capital Budget setting process were found to be adequate. The Capital Budget was prepared in accordance with the timetable prescribed in the Budget Practitioners Guide. Responsibility for budget setting was confirmed to be laid out in the Council's Financial Regulations and Financial Procedures.</li><li>• The Capital Monitoring Report for quarter 3 states that: "Capital Receipts can only be estimated based on knowledge of the market prevailing at the time, and realisation of receipts is susceptible to a range of factors outside the control of the Council." Subsequently, a more prudent view is now in place where only capital receipts actually received are recognised.</li><li>• Five recommendations were made in the 2007/08 Capital Accounting Internal Audit of which four recommendations were agreed and action scheduled. It was identified that three out of the agreed four recommendations have been implemented and the remaining issue was partly implemented.</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**

<b>Title</b>	<b>Date of Report</b>	<b>Comments / Findings</b>	<b>Scale of Service</b>	<b>Assurance Level</b>
Payroll Systems Audit	Oct. 2009	<p>The objective of the Payroll system is to ensure that the correct salaries and other monies payable to staff are paid to the correct employees promptly in accordance with policies and procedures. The following findings were reported:-</p> <ul style="list-style-type: none"><li>• The control environment was found to be adequate around starters to the system, changes made to standing data, the feeder systems and reconciliations.</li><li>• More specifically, the control over administration of leavers needed to be improved. From our sample testing, we identified that 30% of leavers in our sample were not brought to the attention of the payroll section in a timely manner. This increases the risk of salary overpayments made to leavers and also removal of privileges such as ICT systems access etc. promptly.</li><li>• Performance indicators where designed adequately can help to improve payroll practices and ultimately deliver better services. Although the payroll section carries out a benchmarking exercise to compare the Council's payroll activities to that of similar Council's on an annual basis, as at the time of the audit, there were no performance indicators in respect of the Council's payroll service performance.</li></ul> <p>The findings and recommendations were agreed with the Service Head – Human Resources and reported to the Director of Resources.</p>	Extensive	Substantial

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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Housing Rents Systems Audit	Sept. 2009	<p>The objective of the Housing Rents system is to ensure that the assessment of rent is in accordance with policy and that rent is collected accurately and promptly, so that housing rent revenue is maximised. Four recommendations were raised as a result of this audit although no priority 1 issues were raised. The main findings are summarised below:</p> <ul style="list-style-type: none"> <li>• The report highlighted 'all tenancies created where there is no rent account in place' was reviewed and it was identified that the tenancy agreement for 4/11 new rent accounts had not been sent to the Rent Accounting Team by the Local Service Centre (LSC). In 2/11 cases the rent account was opened after the tenancy start date.</li> <li>• No documentary evidence was found that all members of staff within the rent accounting and arrears recovery teams were appropriately authorised to access the rents system by management. It was also established that there is no process in place where staff access rights are reviewed periodically to confirm that access to the rents system (Northgate) was only available to relevant members of staff and that the level of access is appropriate.</li> <li>• 6 Recommendations were made in the 2007/08 Housing Rents Internal Audit. Five out of the Six recommendations have been implemented. The remaining recommendation was deemed to be partly implemented.</li> </ul> <p>All findings and recommendations were agreed with the Director of Housing Management (THH).</p>	Extensive	Substantial

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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Housing Benefit Overpayments	Oct. 2009	<p>The objective of the system is to ensure that there is an effective process in place for identifying and recovering Housing Benefit overpayments promptly and completely. In general, the control environment was found to be adequate. The main areas of weakness were highlighted as being:-</p> <ul style="list-style-type: none"><li>• Prior to December 2008, reports were submitted to A.J.S. Recoveries every month for 100 or more claimants to chase up the debts. However, it was confirmed that no recovery of overpayments have progressed beyond the Council's final reminder stage since December 2008. Therefore, overpayments which have reached a final reminder since December 2008 have not been pursued further.</li><li>• The corporate debtors system is incompatible with the sundry debtors system and therefore once a debt is handed off to the corporate debtors system, any subsequent revisions to benefits entitlement are not detected. Consequently, the Overpayments Team do not have control over the entire overpayment recovery process or access to all the means of recovery which are at the Council's disposal.</li></ul> <p>The findings and recommendations were agreed with the Service Head – Customer Access.</p>	Extensive	Substantial

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<b>Title</b>	<b>Date of Report</b>	<b>Comments / Findings</b>	<b>Scale of Service</b>	<b>Assurance Level</b>
Management of Commercial Property Portfolio – Follow Up Audit	Sept. 2009	<p>This was a follow up audit to assess the progress made in implementing recommendations made at the conclusion of the audit in January 2009.</p> <p>The follow up review has shown that good progress had been made in implementing all the 17 recommendations made in the original report. Documented procedures were in place which reflected the current Asset Management work processes such as lease renewals, rent reviews, valuations, assignments and reconciliation of asset data maintained on CAP'S system and the Authority's Fixed Asset Register. The work on the Directorates Scheme of Management has now been finalised and adequately covers matters such as the sale or acquisition of any property and the authorisation of proceedings for rent arrears or any other breach of leases. KPI targets covering outstanding lease renewals and rent reviews have been established and form part of the services Team Plan for performance monitoring purposes.</p> <p>All findings and recommendations were agreed with the Service Head – Capital Delivery &amp; Property Services.</p>	Moderate	Substantial

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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Homelessness Assessment Follow Up Audit	Oct 2009	<p>This follow up audit assessed the progress made in implementing recommendations agreed at the conclusion of the original audit issued in March 2009.</p> <p>Our Follow-up review has found that all four recommendations had been progressed. Written procedures had been developed; a computer interrogation facility now allows an easy Performance Management monitoring tool in addition to Team Leader casework supervision and the signing off of individual cases. Audit testing found that applications were scanned onto the Comino application. Budget surgery meeting notes were typed and found to include action points and responsibility. However, we noted that between April and August 2009, 55% of cases assessed were decided upon within the recommended 33 day target. We have therefore, recommended that a more robust approach should be adopted by management to address any performance issues and that the Monthly Performance Management Report to the Directorate Management Team should include Performance against the 33 day target.</p> <p>All findings and recommendations were agreed with the Head of Homelessness and Housing Advice Services and Final Report issued to Corporate Director Development and Renewal.</p>	Moderate	Substantial



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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Control and Monitoring of On-Street Parking Income Systems Audit		<p>This audit reviewed the systems in place for the collection, banking, and monitoring of on-street parking income. Our review found that overall, cash income from P&amp;D machines was being collected, counted and banked by the contractor in accordance with contract requirements, and hence substantial assurance was assigned as systems were generally in place. However, we have highlighted the following further improvement:-</p> <ul style="list-style-type: none"> <li>• Parking Services were manually checking and monitoring 100% of income collected from individual P&amp;D machines. We recommended that this intensive manual monitoring system should be reviewed to ensure efficient and effective use staffing resources.</li> <li>• Income received was not disbursed to the parking income account promptly, and an adequate system has yet to be developed for reconciling credit card income received from piloted machines. We recommended that the function for reconciling credit card income and for disbursing all income to the GL system should be transferred to the CLC Finance Section.</li> <li>• Instances of non-collections and incidences where audit tickets were not being produced by P&amp;D machines were being investigated by parking services; however, the timeliness of the subsequent inspections could be improved upon. There were a number of old P&amp;D machines currently in service, some of which did not routinely produce an Audit Ticket and some machines were unable to be fully repaired. We have recommended that an investment be made to replace these machines.</li> </ul> <p>All findings and recommendations were reported to the Service Head Environmental Control.</p>	Moderate	Substantial

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<b>Title</b>	<b>Date of Report</b>	<b>Comments / Findings</b>	<b>Scale of Service</b>	<b>Assurance Level</b>
Bethnal Green Technology College	Oct. 2009	<p>The audit was designed to ensure that the Head Teacher and the Governing Body have implemented adequate and effective controls over the financial management and administration of the school.</p> <p>7 recommendations were made as a result of the audit work, although no Priority one issues were identified. The main issues are summarised below:</p> <ul style="list-style-type: none"><li>• The Business Manager processes starter leaver forms and they are authorised by the Head Teacher. However there is no evidence of the separation of duties in this process as there is no requirement for the processing officer's signature.</li><li>• It was established that budget holders initiate the procurement of goods and services by raising a manual order which is sent to the Finance Office to raise a RM order. However, the staff member who raises orders on RM did not have a list of officers who are authorised to order goods and services.</li></ul> <p>All findings and recommendations were agreed with the Head Teacher and reported to the Chair of Governors and the Corporate Director – Children, Schools and Families.</p>	Moderate	Substantial

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

<b>Audit Activity</b>	<b>Audit status</b>
<b>Corporate Systems and Council-wide Reviews</b>	
BV Performance Indicators	Draft Report
Management of Climate Change	Draft Report
Council Wide Debt Management	Draft Report
Contract Management and Monitoring	Field work
Scheme of Delegation – Compliance testing	Field work
Sickness Management	Field work
<b>Assistant Chief Executive's</b>	
Charges on Property	Draft report
Legal Services Planning Meetings	Draft Report
Mainstream Grants – Strategic Commissioning	Field work
Members Allowances	Draft Report
<b>Children's, Schools and Families</b>	
Social Care Commissioning	Draft Report
Management and Control of Surplus Balances	Draft Report
Building Schools for Future – contract audits	Field work
Children's Centres	Draft report

### APPENDIX 3

<b>CLC</b>	
Household Recycling Contract Monitoring	Draft Report
Management of Highways Programme	Draft Report
Governance of Local Strategic Partnership	Draft Report
Budgetary Control	Filed work
<b>Development and Renewal</b>	
S 106 planning obligations – FU	Exit meeting
<b>Tower Hamlets Homes</b>	
Kerry House – Central Heating works, Current Contract Audit	Draft report
Grounds Maintenance – Contract Monitoring FU	Draft Report
Installation of Aerials – Contract Audit	Draft Report
Unauthorised Occupants FU Audit	Draft Report
Financial Systems	Field work
Control and Management of Keys – Void Dwellings – Other Housing Areas	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	Draft Report
Council Tax	Field work
Pensions	Field work
Management and control of VAT	Field work