

Summaries of Finalised Internal Audits

| Assurance level | Significance | Directorate | Audit title |
|------------------------|---------------------|----------------------------|--|
| Limited | Extensive | Children and Culture | Contract Monitoring of Children's Commissioned Services – Campbell Road Young People's Support |
| Limited | Extensive | Place | Aluminium Composite Material (ACM) Information and Record Management |
| Limited | Extensive | Resources | Payroll |
| Limited | Extensive | Health, Adults & Community | Contract Monitoring of Extra Care Sheltered Housing, and |
| Reasonable | | | Contract Monitoring of Integrated Community Equipment Store |
| Reasonable | Extensive | Children and Culture | Child Exploitation |
| Reasonable | Extensive | Place | Community Infrastructure Levy (CIL) Collection and Utilisation |

Limited Assurance

| Title | Date of Report | Comments / Findings | Scale of Service | Assurance Level |
|---|----------------|---|------------------|-----------------|
| Contract Monitoring of Campbell Road Young People's Support Service | Aug. 2021 | <p>This audit reviewed the soundness of contract monitoring for Campbell Road Young People's Support Service. The service supports young people who may be at risk and / or leaving care and / or at risk of re-offending with a range of complex support needs. The Contract was awarded on the 27/07/2017 on a fixed rate basis of £354,303 per annum and was extended, it is due to expire on 31/07/2022. Our review found that the Contract was signed and sealed. The Contractor indicated that staff costs included within their tender submission met the London Living Wage requirement. In terms of good practice, there were detailed specifications and performance standards, and the required insurances were in place. There was an electronic contract management folder that was well structured. The following issues were reported:</p> <ol style="list-style-type: none"> 1. The commissioners were not aware of and therefore not utilising the Contract Management Guidance and Toolkit. Instead, the service was using its own Quality Assurance Monitoring Guidance Notes, which were suitable for the specific task, but did not include all the critical contract management information. The local procedures detailed the monitoring requirements for site visits but did not incorporate all the core contract management processes outlined by the toolkit. Using the toolkit would have ensured that there was a more consistent and structured contract monitoring framework in place. 2. In relation to contract mobilisation meetings, there was no record of who attended these meetings from the Council and the provider. We were unable to confirm from the records provided that key roles and responsibilities were clearly recorded and that key information such as project schedule / mobilisation, staff engagement, DBS requirements, payment schedules, living wage requirements etc. had been provided and confirmed prior to the | Extensive | Limited |

| | | | | |
|--|--|--|--|--|
| | | <p>contract start.</p> <ol style="list-style-type: none">3. We understand that the Team inherited these contracts from another Directorate after the contracts were let. Audit testing found that the target performance levels had not been consistently set or monitored against the KPI's listed within the contract, nor were we able to evidence that these KPI's, or the revised KPI's that the Commissioning Team identified, had been discussed and documented as agreed with the contractor.4. We were unable to establish how the contracted hours recorded and delivered within the monitoring report had been substantiated against hours included within the contract document. The contracted hours for the period make up the monthly payment to the contractor which currently is £29,531.585. Based on the Annual Monitoring visit in 2020, an Action Plan recording the areas requiring improvement was prepared for the contractor in July 2020, there were 34 recommendations for improvement. We were advised that the action plan progress was discussed at the contract meetings, which showed that 18 recommendations were rated amber and still required implementation. A further Action Plan dated 10th June 2021 showed that as of 28th May 2021, 12 recommendations were still outstanding and were rated as Amber. However, we could not determine from the action plans how the issues were resolved and/or could not evidence how the contract manager had verified that the actions had been delivered in full.6. Testing of the 7 monthly invoices showed that there was no supporting documentation detailing the makeup of the payments being requested by the provider. Further examination of the invoices found that there was no invoice or payment for the month of October 2020. Officers could not provide an explanation as to why the contractor had not invoiced for this period or why | | |
|--|--|--|--|--|

| | | | | |
|--|--|---|--|--|
| | | <p>officers had not questioned the contractor regarding this omission.</p> <p>All findings and issues were discussed with the Divisional Director, Sports, Leisure and Culture and final report was issued to the Corporate Director, Children and Culture.</p> | | |
|--|--|---|--|--|

| Title | Date of Report | Comments / Findings | Scale of Service | Assurance Level |
|--|----------------|---|------------------|-----------------|
| Aluminium Composite Material (ACM) Information and Record Management | Sept 2021 | <p>The objectives of this audit were to provide assurance around the systems in place to identify private sector (not Council owned) residential blocks which do not conform to the required building standards and regulations and has examined the effectiveness of the action taken by the Council where ACM has been identified, in addition to the effectiveness of the processes around the collection of External Wall Survey (EWS) data to identify buildings with external cladding issues.</p> <p>The Council has some enforcement powers with regards to remedial works to remove ACM cladding, but removal is the responsibility of private building owners. Remediation and the speed of remediation can be dependent on the building owner having access to capital resources, valid warranties, the outcome of funding applications to Government and the covenants/leases that exist for a said building. Speed of removal can also be influenced by the percentage of ACM on the building and the interim measures in place to prevent spread of a fire. Nevertheless, the Government's directive is that all ACM needs to be removed.</p> <p>During the audit we identified areas of good practice which included the following:</p> <p>DELTA External Wall Surveys</p> <ul style="list-style-type: none"> In July 2019, MHCLG introduced the EWS Survey, which | Extensive | Limited |

| | | | | |
|--|--|---|--|--|
| | | <p>required all Councils to collect information on all Council owned and private sector blocks and enter these onto a separate DELTA External Wall Survey (EWS) database (however private landlords are required to populate this information themselves).</p> <ul style="list-style-type: none"> • The Council's Fire Safety Working Group maintains a EWS spreadsheet which is used for its data collection exercise. As at March 2021, the spreadsheet contains 795 private sector blocks which exceed 18m in height. • We tested a sample of 15 properties from the EWS spreadsheet to confirm whether details were reflected accurately in the DELTA EWS system. In all 15 cases we confirmed that a EWS had been completed and that the details had been recorded on DELTA correctly. This may have benefited from an online survey that building owners completed directly rather than mail outs to building owners when ACM information was collected. <p>Fire Safety Scrutiny Review</p> <ul style="list-style-type: none"> • As a result of the Grenfell incident in June 2017, the Council's Overview and Scrutiny Committee recommended that the Housing Scrutiny Sub-Committee undertake an in-depth fire safety scrutiny review to consider the Council's response to fire safety issues in the aftermath of Grenfell and to identify any gaps in current policies and practices. • On 13 December 2017, the Housing Scrutiny Sub Committee defined the scope of the review and as part of its remit agreed that a comprehensive review of fire safety would take place, covering the following areas: <ul style="list-style-type: none"> ○ Roles, responsibilities, and compliance throughout the lifecycle of the building ○ Fire safety prevention ○ Emergency responses ○ Resident engagement | | |
|--|--|---|--|--|

| | | | | |
|--|--|---|--|--|
| | | <ul style="list-style-type: none">• To meet these four areas, 13 actions which relate to THH properties (nine of which also relate to private sector properties) were agreed to address key challenges to fire safety, categorised as follows:<ul style="list-style-type: none">○ Engagement: Residents feel engaged and that their concerns have been heard and are being addressed○ Prevention: Residents know how to minimise fire risks and how to raise concerns○ Emergency responses: are as effective as possible for all residents○ Resources: are in place to ensure the Council's current and future obligations and fire safety standards are met. <p>Housing & Regeneration Sub Committee Meeting</p> <ul style="list-style-type: none">• The Council's Housing & Regeneration Subcommittee meets six times per year. We reviewed the latest minutes publicly available online, dated 21 January 2020.• On the original action plan due dates ranged between October 2018 and March 2019. Responsibility for delivery of the action plan rests with Tower Hamlets Homes (THH), with the Council as its client.• Of the 13 agreed actions, (of which three have been partly accepted), we confirmed through our review of the Fire Safety Scrutiny Review Action Plan (July 2019) that comments have been noted against each recommendation by the responsible person(s) detailing the progress made. This was put in place following the internal audit carried out in September 2019 (Client Monitoring of Fire in Residential Buildings), where recommendations were made to ensure there was a monitoring system to monitor and record the actions from the Housing Sub-Committee scrutiny review, in addition to ensuring Tower Hamlets Homes (THH) also submits updates to the Council's Place DLT | | |
|--|--|---|--|--|

| | | | | |
|--|--|--|--|--|
| | | <p>and other stakeholders regarding actions from the Fire Safety Action Plan.</p> <ul style="list-style-type: none"> • We liaised with the Strategy and Policy Manager (Place) who advised us the Council is working with THH to publish a further update against actions from the Fire Safety Action Plan by 18 December 2020. • We reviewed the latest update against the Fire Safety Acton Plan for December 2020 and confirmed that actions have been implemented in relation to the creation of a quarterly Fire Safety Joint Working Group and the implementation of a monthly fire safety dashboard to monitor progress against completion of Fire Risk Assessment actions for blocks owned by THH which are to be reported to LBTH quarterly. • An update to the Fire Safety Scrutiny Review Action Plan was provided to the Housing & Regeneration Scrutiny Sub-Committee in April 2021, which noted all actions as complete and awaiting approval of the closure of the plan from the Housing & Regeneration Sub-Committee. <p>Our key findings from this audit include the following:</p> <p>Completion of Remedial Works to Remove Aluminium Composite Material (ACM) Cladding (Private Properties) by Private Building Owners</p> <ul style="list-style-type: none"> • The Council's has two and a half full time team members, dedicated to maintaining a spreadsheet detailing private sector and social residential properties in the Borough that exceed 18m in height and contain ACM cladding as well as visiting premises, reviewing technical documents, monitoring remediation progress, and developing enforcement responses. This information is entered into the MHCLG's DELTA system which is used to record progress on remediation works across the country. As at March 2021, the spreadsheet lists 38 private sector blocks which require | | |
|--|--|--|--|--|

| | | | | |
|--|--|--|--|--|
| | | <p>remediation works to remove ACM. In addition, a further 13 buildings have been noted as under investigation as they have been deemed to potentially contain ACM.</p> <ul style="list-style-type: none">• For the sample of 15 private sector properties selected from the ACM Spreadsheet, we confirmed that all 15 properties in question were on DELTA, and that ACM remedial works had been commissioned by the private building owners or had been commenced in accordance with the agreed timescales per the ACM spreadsheet maintained by the Fire Safety Working Group in 11/15 cases.<ul style="list-style-type: none">○ In ten cases, remedial works commissioned by building owners have commenced, however work was taking longer than planned due to the Covid-19 pandemic, with some sites temporarily closed.○ Despite the impact of Covid-19, the Housing Secretary Robert Jenrick MP has stated that “work must resume to ensure the safety of residents living in buildings with unsafe cladding or with insufficient fire safety measures, and it is entirely possible for this work to be done safely within health guidelines”.○ With that in mind the Council needs to satisfy itself that works delayed because of Covid-19 have been recommenced and that the estimated and actual completion dates meet the deadlines required. <p>Record of external wall survey returns</p> <ul style="list-style-type: none">• The Fire Safety Working Group maintains a comprehensive spreadsheet (titled ‘EWS Property List’) recording key details for all properties in the Borough, including property address, name of freeholder or managing agent, whether a survey has been completed, original letter date, reminder letter date, last date to respond, date saved to delta and date submitted.• However, from our testing below and discussions held with | | |
|--|--|--|--|--|

| | | | | |
|--|--|---|--|--|
| | | <p>management, the use of a manual Excel based spreadsheet held on a shared network folder is not sufficient to manage the scale of the programme, particularly in terms of recording correspondence with building owners.</p> <ul style="list-style-type: none">• Although out of scope of the government's directions, the Fire Safety Working Group also maintains a separate spreadsheet, which records details of Private and Social Residential buildings less than 18m. We noted this record to be a live document which details the building address, whether any interim measures are in place, whether there are plans to carry out remedial works including start date and actions and positions from previous meetings.• However, we found the level of detail contained within this spreadsheet to be incomplete and inconsistent in terms of issues identified, remedial works required, start date and current position. <p>Follow Up of Building Owners to Complete External Wall Survey (EWS)</p> <ul style="list-style-type: none">• We reviewed a sample of 15 properties from the EWS Property List which were noted as 'outstanding' where the Council has not received a completed External Wall Survey from private building owners. The Council's process is that initial letters are sent to the freeholder or managing agent requesting a survey, which is followed up as necessary with reminder letters, and the dates of issue recorded.<ul style="list-style-type: none">○ In four instances, no evidence of communication or follow up could be evidenced. In seven additional cases, the date of the initial and reminder letter did not match the dates on the EWS property spreadsheet.○ We were informed by management that due to staff changes and a lack of resources; this has resulted in letters not being sent out in time, in addition to the EWS | | |
|--|--|---|--|--|

| | | | | |
|--|--|---|--|--|
| | | <p>property spreadsheet not being updated. As a result, building owners are not prompted to complete an External Wall Survey therefore the Council is not aware of the fabric of the building and whether ACM cladding is present. Additionally, not recording correspondence dates also results in building owners being sent multiple letters.</p> <ul style="list-style-type: none"> The Housing & Regeneration Sub Scrutiny minutes dated 15 April 2021 stated that the Council has collected a total of 734 replies, all of which have been entered into the DELTA EWS system. As at this date, 158 building owners have not provided complete information. | | |
|--|--|---|--|--|

| Title | Date of Report | Comments / Findings | Scale of Service | Assurance Level |
|-----------------------|-----------------------|--|-------------------------|------------------------|
| Payroll Systems Audit | Aug 2021 | <p>This audit examined the main payroll processes together with other corporate and associated systems and processes. The audit opinion, therefore, is for the whole system and not just for the payroll section of the system. During 2020/21, the Council's Payroll team processed 505 new starters; 572 leavers; Gross Pay of £254.3M; and Net Pay of £184.3M. Our review found that payroll service has a suite of 29 payroll procedures. An examination of 25 new starters confirmed that new starters process was adequate and that new starters were set-up on payroll correctly and in a timely manner. Testing of 20 leavers found that they had been promptly removed from payroll once they were notified to Payroll. There was evidence that a check list is completed and signed off by the team leader who prepares each payroll run. The following issues were reported:</p> <ol style="list-style-type: none"> Our testing of starters, leavers, deductions, grade changes and temporary changes to employee's pay record identified an ongoing issue with document management. Documentation to support the payroll transactions is not consistently stored on ResourceLink. The same finding was raised in the previous payroll audit report. | Extensive | Limited |

| | | | | |
|--|--|---|--|--|
| | | <p>2. Although there is evidence that exception reports are run and checked, there is no formal list of reports that need to be run. For February 2021 only 14 out of 44 available exception reports had been run. There are no procedures setting out which reports should be run, how often, what should be checked, and how any discrepancies and exceptions should be resolved and actioned. There is a risk, therefore, that not all exceptions are identified and actioned.</p> | | |
|--|--|---|--|--|

| Title | Date of Report | Comments / Findings | Scale of Service | Assurance Level |
|-------|----------------|---|------------------|-----------------|
| | | <p>3. Payroll reconciliation controls and processes needed to be made robust. There were no processes documented for the overall reconciliation and specifically for the double entry pertaining to adjustments, overpayments, suspense transactions and miss-coding.</p> <p>4. There is only limited guidance on the intranet for managers regarding their management responsibilities such as notifying promptly any changes in working pattern, maternity leave, resignation, secondment etc. If managers do not take sufficient ownership of these responsibilities, this can result in a delay or failure to notify changes to HR/Payroll and subsequent overpayments.</p> <p>5. Before a BACS payment can be submitted there are 4 steps to be completed, however we noted that these 4 steps were completed by one officer, there being no segregation of duties.</p> <p>6. The procedures for recovering overpayments made to leavers and making advance payments together with the associated accounting procedures needed to be reviewed and documented to ensure that both payroll and finance staff have visibility of these procedures.</p> <p>7. Recoveries of overpaid salaries were coded to the Payroll revenue code, instead of a balance sheet code. In 5 of 31 cases, an invoice to recover overpaid salaries had not been raised promptly.</p> <p>8. It was noted that none of the previously agreed audit recommendations</p> | | |

| | | | | |
|--|--|---|--|--|
| | | <p>such as storing all personal HR/Payroll records on Resourcelink, carrying out spot checks to confirm compliance with this requirement, and the modification of the e-leaver form had been implemented.</p> <p>All findings and issues were agreed with the Interim Divisional Director, Finance, Audit and Procurement and final report was issued to the Interim Corporate Director, Resources.</p> | | |
|--|--|---|--|--|

| Title | Date of Report | Comments / Findings | Scale of Service | Assurance Level |
|--|------------------|--|------------------|-----------------|
| <p>Contract Monitoring of Extra Care Sheltered Housing and Contract Monitoring of Integrated Community Equipment Store</p> | <p>Aug. 2021</p> | <p>This audit reviewed the contract monitoring arrangements for the two contracts. The Extra Care Sheltered Housing (ECSH) contract has 6 sites for service delivery, the annual value being £2.3m. The Integrated Community Equipment Service has an annual value of £1.5m. The audit found that both contracts had clear specification and performance requirements and were managed by dedicated monitoring officers. Signed contracts were in place. Management information on providers' performance were produced and reported to the appropriate level of management. The following issues were reported:</p> <p>Extra Care Sheltered Housing</p> <ol style="list-style-type: none"> 1. There was Contract Handbook in place, but the contract monitoring processes had not been documented to identify which key aspects/risks required monitoring, with which frequencies, various templates that are required to be completed, payments checking and reconciliation process and other critical monitoring aspects. 2. Testing showed that performance monitoring information including data on Covid-19 was being collected. However, going forward it is considered that this information should be broader in terms of outcomes for people living longer in care with person centred performance measures. 3. Of the 15 service users' costs tested, we found that in 4 cases (26.6%) the invoiced costs for spot hours were in excess of the costs set out on | <p>Extensive</p> | <p>Limited</p> |

| | | | | |
|--|--|---|--|--|
| | | <p>the official purchase order. Variances ranged from £49.44 to £461.44 per month representing total annual overpayments of some £11,272.32 in these 4 cases. Audit testing confirmed that there was no reconciliation carried out between the contract values and what was being paid monthly/annually and the reasons for any variances.</p> <ol style="list-style-type: none"> 4. DBS report produced during the audit showed that the provider staff had DBS in place, However, DBS compliance had not been checked. 5. Although the provider confirmed that no staff in the 6 schemes in Tower Hamlets were paid below the London Living Wage, during 2020/21, this requirement had not been monitored for compliance. 6. The supplier's insurances and indemnities were not subject to regular monitoring throughout the contract period and at the time of the audit the insurance certificates had expired. <p>Integrated Community Equipment Service</p> <ol style="list-style-type: none"> 1. Although there was a Contract Handbook, no internal procedures defining the standard to which this contract requires monitoring were in place for guiding staff as to which aspects/risks required monitoring, monitoring frequencies, templates that are required to be used, payments checking and reconciliation process and other key aspects. 2. A review of the monthly contract meetings showed that the minutes did not always specify the responsible officer and the deadline for each action for follow-up at subsequent meeting. 3. Testing confirmed that of the 12 invoices sampled, only 7 were paid by the due date. Audit was advised that regular thematic review of invoices was undertaken, but the methodology used and checks undertaken were not recorded. 4. DBS report from the provider showed that of the 39 staff requiring DBS certificates, 12 (30.76%) were out of date as the checks related to 2017 and were not renewed in 2020. As part of the Framework Agreement, it is the responsibility of the London Consortium to oversee DBS | | |
|--|--|---|--|--|

| | | | | |
|--|--|---|--|--|
| | | <p>compliance.</p> <p>5. The London Living Wage (LLW) requirement did not form part of the current Contract or Framework Agreement as a majority of boroughs within the Consortium were not LLW employers. Audit was advised that going forward, the next tender will include LLW requirement.</p> <p>All findings and actions were agreed with the Divisional Director for Integrated Commissioning and final report was issued to the Corporate Director, Adults, Health and Community.</p> | | |
|--|--|---|--|--|

Reasonable Assurance

| Title | Date of Report | Comments / Findings | Scale of Service | Assurance Level |
|--------------------|----------------|--|------------------|-----------------|
| Child Exploitation | Aug 2021 | <p>This audit sought to provide assurance over the management of the Child Exploitation Team, which is a multiagency team within Children’s Social Care in response to growing concerns about the criminal exploitation of children and young people. It is staffed by the police and the Local Authority specialist staff to increase collaboration and communication across agencies who tackle child exploitation. There is also a contract with an external provider to perform Return Home Interviews of missing children upon return. For 2019/20, there were 803 missing episodes made up of 84 children. There were 340 away from placement episodes made up of 56 children who were reported missing.</p> <p>Our review identified that the Council has a strategy to tackle criminal and sexual exploitation and serious violence affecting children and young people. There is an information sharing agreement for the Council’s multi-agency safeguarding hub, as well as a specific gang’s data sharing agreements between the Council, and its partners. All agreements ensure compliance with data protection and GDPR principles. The performance of the provider contracted to perform Return Home Interviews is reviewed quarterly. An improvement plan was drawn up in September 2020 following poor performance. The following issues were reported:</p> <ol style="list-style-type: none"> 1. A team plan is being drafted for the Partnership. However, it is still very much at the conceptualisation stage and its implementation needed to be progressed and monitored. 2. We noted that a clear performance framework needed to be put in place and performance reports on measures such as number of exploitation risk assessment completed, number of missing children during the period and percentage of Return Home Interviews completed within 3 days of return from missing, needed to be introduced. 3. It was noted that the training plan for the Child Exploitation Team needed to be delivered. <p>All findings and actions were agreed with the Divisional Director of Children’s Social Care and final report was issued to the Corporate Director, Children and</p> | Extensive | Reasonable |

| | | | | |
|--|--|----------|--|--|
| | | Culture. | | |
|--|--|----------|--|--|

| Title | Date of Report | Comments / Findings | Scale of Service | Assurance Level |
|--|----------------|---|------------------|-----------------|
| Community Infrastructure Levy (CIL) Collection and Utilisation | July 2021 | <p>This audit reviewed the adequacy and effectiveness of controls and monitoring processes over the collection and utilisation of the Community Infrastructure Levy (CIL) and the Mayoral Community Infrastructure Levy (MCIL) funds. The CIL charges collected in 2020/21 totalled £50.357m.</p> <p>During the audit we identified that the processes for checking applications and calculation of CIL were adequate. Where necessary, default notices were being issued. The CIL Team checks for commencement of developments on Google Street View following a tip off and follow on with a Default Notice where applicable. On a monthly basis, the Team discusses reports from Exacom and Agresso to aid the CIL debt monitoring process. The CIL team also completes a payments reconciliation every month. The governance process was found to be working as expected for the four capital projects sampled. The following key findings emerged from the audit:-</p> <ol style="list-style-type: none"> 1. Two out of thirteen CIL debts were outstanding for more than 240 days. There was a delay of between 27 and 53 weeks in issue of a demand notice mainly owing to the complexity of the developments, recalculations of the liability and changes to initial development plans. 2. The terms of reference for the Financial Assessment Group responsible for assessing projects and recommending the allocation of CIL funds to projects is currently in draft and in need of approval by the Capital Delivery Board. In addition the governance structure for the decision making over the utilisation of funds including CIL funds for delivery of capital projects is not formalised into a single policy as a reference for staff and members. 3. Evidence for the agreement of CIL funds allocations was not available for two out of four projects sampled. These related to projects that started prior to March 2020 when the current Financial Assessment Group had not yet | Extensive | Reasonable |

| | | | | |
|--|--|---|--|--|
| | | <p>been introduced and the process not formalised. One out of four post March 2020 projects did not have evidence for CIL funds allocations. One project assessment for funds allocation was only supported by one member of the group, evidence of which could be improved as the rationale was too brief. In addition project funding approval support such as cabinet meeting decisions and minutes and the mayoral advisory board input was not readily available on the project file.</p> <p>4. There is currently no formalised monitoring mechanisms over CIL “in kind” delivered projects.</p> <p>All findings and actions were agreed and reported to the Divisional Director, Planning and Building and final report was issued to the Corporate Director, Place.</p> | | |
|--|--|---|--|--|