

Summaries of Finalised Internal Audits for 2021/22

Assurance level	Significance	Directorate	Audit title
Limited Assurance	Extensive	Children and Culture	Commissioning and Monitoring of Looked After Children and Leaving Care Placements
Limited Assurance	Extensive	Health, Adults and Community	Monitoring of Recommendations from Safeguarding Adults Reviews
Limited Assurance	Extensive	Place	Barnsley Street and Mellish Street New House Building Programme - Contract Audit
Reasonable	Extensive	Place	Highways Repairs and Maintenance

Limited / Reasonable Assurance

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Commissioning and Monitoring of Looked After Children and Leaving Care Placements	July 2022	<p>The objective of this audit was to provide assurance that the systems for commissioning and managing of placements for children and young people are sound and secure and achieve Council's objectives. At the time of audit, there were some 315 looked after children and young people who were in different kinds of placements. The audit identified the following good practice:</p> <ul style="list-style-type: none"> • Orders were raised at the beginning of the financial year for each external placement in our audit sample of 25. Each order had been approved by the budget holder. • An up-to-date care or pathway plan was filed on MOSAIC for each Child Looked After or Care Leaver in our sample of 25. • Up-to-date foster care agreements were on file – although not on MOSAIC – for all six in-house foster carers in our sample. • A monthly score card is produced for the Supporting Families Division which collates key data and performance indicators, including Children Looked After <p>The audit highlighted the following key issues:</p> <ul style="list-style-type: none"> • Referrals – Referrals for placements were completed using a standalone Word document which was emailed to senior managers for approval. As there is currently no work step in MOSAIC, the management trail is broken when referral forms and approval emails are uploaded to MOSAIC in a haphazard fashion. Referrals could be located on MOSAIC for 8 out of 19 relevant cases and approval emails had been uploaded for 5 of those 8 referrals. • Contracts – Only 1 contract between the Council and the placement provider could be located out of 15 relevant placements. Any vetting of regulated providers which may have been carried out was not 	Extensive	Limited

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
		<p>documented. In addition, there was no evidence of quality assuring of spot purchased unregulated Semi-Independent Living (SIL) accommodation except for health and safety measures, yet the majority of placements of this type is purchased on a spot basis (66/78 semi-independent living placements). We were advised that there was a system of quality assuring such accommodation pre-pandemic and that there are plans to purchase SIL from CCRAAG (Children's Cross Regional Arrangement Group) framework to ensure provision is quality assured.</p> <ul style="list-style-type: none"> • Payments - Audit testing showed that 16 of 20 applicable payments were found to be correct and agreed with either information provided by Business Support regarding the weekly rate, or the payment agreed with the schedule of foster care allowances for 2021-22. In 3 of the remaining cases the invoiced weekly rate was lower (range £180 to £2240) than the committed weekly amount. • Budget monitoring – there was no active monitoring of placement budgets as these budgets were being re-aligned for 2022/23. Some manual sample checks are carried out by the accountant to ensure the appropriate funding is applied to the correct individual, while plans are underway to update the financial monitoring tool developed by the finance team. • Placement monitoring – Looked After Children (LAC) visits had been carried out in accordance with statutory requirements (once every six weeks) in 19 cases in the audit sample of 20. In 3 cases recent visits had been carried out virtually, but reasons for this were not provided. For one visit report, the summary and placement details had been copied and pasted from the summaries relating to the two previous visits although the child had moved to a new placement since then. The number of care leavers in semi-independent accommodation could not be determined. 		

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
		<p>As noted above, there is very little monitoring of semi-independent living accommodation.</p> <ul style="list-style-type: none"> • Management information – A monthly score card and dashboard detailing key data and performance indicators was produced for the Supporting Families division. It was noted that the breakdown of LAC placements did not agree with the actual number of LAC placements and breakdown of placement types. • Joint funding: Audit was advised that two children’s placements were jointly funded by Health and the Council. One case had been identified as potentially eligible for joint funding in October 2021 but due to the departure of a key officer this had not been actioned further. <p><i>All findings and recommendations were agreed with the Director of Supporting Families and final report was issued to the Corporate Director of Children and Culture.</i></p>		
Monitoring of Recommendations from Safeguarding Adults Reviews	Aug 2022	<p>This audit reviewed the monitoring, tracking, and reporting of multi-agency recommendations to the Safeguarding Adults Board (SAB) and Safeguarding Adults Review (SAR) subgroups, in line with the SAR Protocol and Terms of Reference The SAR, previously known as a Serious Case Review, is a multi-agency review process which seeks to determine what could have been done differently to have prevented the harm or death of an adult. The purpose of a SAR is to create a multi-agency action plan which identifies weaknesses in processes and sets out clear lessons to be learned, and recommendations which should be implemented to address the gaps in controls identified by the SAR.</p> <p>The following key issues and risks were reported:</p> <ul style="list-style-type: none"> • The Safeguarding Adults Review (SAR) sub-group has been delegated the key responsibility for monitoring the implementation of SAR actions 	Extensive	Limited

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
		<p>through the SAR protocol. However, there is no TOR for this group and at times attendance to ensure appropriate levels of monitoring and scrutiny of the implementation has not been sufficient.</p> <ul style="list-style-type: none"> • Required levels of evidence to confirm the implementation of agreed actions has not been defined. Additionally, there is a lack of audit trail as the filing and storage requirements have not been identified, meaning that evidence was often held in email accounts of members of staff who have since left the organisation. Escalation processes have not been documented and there is no formal requirement to sign actions off as completed within either of the governance forums in place. • The SAB Executive TOR assigns no responsibility or accountability for ensuring the adequate and timely completion of action implementation or that lessons are learned through appropriate implementation. • There are a number of key gaps throughout the tracker where actions have not been updated for long periods of time, covering a number of years despite remaining open. Some actions do not have clearly defined implementation timescales and agreed actions are not linked to SMART objectives. The tracker utilised to monitor applications is not used efficiently or effectively and does not contain an appropriate audit trail of all actions taken and subsequently closed. • There are no defined Key Performance Indicators (KPIs at either the SAR sub-group level or at the Safeguarding Adults Board (SAB) monitoring level and no standard reports provided to each in which to monitor. Implementation of outstanding actions is not included within annual reports or in a collated report at the SAB. <p><i>All findings and recommendations were agreed with the Interim Director of Adults Social Care and Corporate Director of Health, Adults and Community. Final report was issued to the Corporate Director.</i></p>		

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Barnsley Street and Mellish Street New House Building Programme - Contract Audit	Sep 2022	<p>This audit reviewed the systems for effective administration and control of the construction contracts for new build Council housing to ensure that the Council's policies and procedures are complied with and that there are sound systems in place for programme and cost control, payment and variation control, health and safety management and management reporting and monitoring. The following good practice was noted:</p> <ul style="list-style-type: none"> • For both the new build schemes, monthly contract progress site meetings were programmed with the Principal Contractor where the contractors' assessment of the works completed was checked by the Employer's Agents (EA) and Cost Consultants. The meetings were attended by the LBTH Project management team, Employers Agents, Principal Contractors, Principal Designers, and the Clerks of Works. • For both schemes, regular and timely interim valuations were prepared in accordance with the terms of the contracts. • The monthly Capital Programme High Light reporting process was undertaken by the respective Project Managers in both cases. The reports covered the total approved budget, total actual expenditure (including total spend to completion including fees), contractors' performance, risk, and issues logs. • For both schemes, contract payments were authorised and supported by confirmation that payments reflected the works carried out. • For both schemes, the procedures for interim valuations and payment certification were undertaken in accordance with JCT Design and Build (2016) contract conditions. • For both schemes, the quality of works was being reported on as part of the contractor's monthly progress meetings through the site inspection reporting process. <p>The following key issues and risks were reported:</p> <p>Barnsley Steet</p>	Extensive	Limited

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
		<ul style="list-style-type: none"> <li data-bbox="685 288 1691 587">• The initial scheme for the development of Ashington East, was approved by Cabinet on the 02/04/2014 with an adopted capital estimate of £11,740,000 (including Fees). This budget was further increased to £17.5m and approved by Cabinet on 30/01/2019 for Barnsley Street as a replacement scheme. However, from our review of the Cabinet report and minutes of the meeting, there appeared to be no specific approval of the funding for the revised scheme or approval to start the procurement for works and professional services and to award the contracts to successful bidders. <li data-bbox="685 632 1691 986">• The procurement process for the replacement project at Barnsley Street was undertaken in June 2019 with only one tender received which was in the sum of £18,776,414 for the works element. This was an increase of £1.323m above the capital estimate approved by Cabinet in January 2019. Following value engineering exercise by the Council's Employer's Agents and post tender negotiation, the tender sum was reduced to £18,096,913. However, this tender was still higher than the approved capital budget of £17.5m which included fees. The contract was awarded on 12/09/2019. Therefore, the authority to award contract higher than the adopted capital estimate was not clear. <li data-bbox="685 1018 1691 1353">• A Change Control Note (dated 13/08/2019) was completed by the Project Manager in accordance with procedures, but this was not reported to the Cabinet to seek additional budget and funding. The Change Control Note states that current approved budget was £17.5m, but total budget required was £22.35m (increase of £4.85m). Although the Capital Strategy Board later approved the budget uplift of £4.892m on the 16/01/2020. The current total budget for the scheme is £25.110m (including fees), which was finally approved by the Cabinet in June 2021, which is some 15 months after the Capital Strategy Board meeting and nearly 2 years after the contract was awarded. 		

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
		<ul style="list-style-type: none"> • We noted that contractor had submitted their signed copy of the Deed of Contract (dated 20/03/2020) which had been duly signed by the Council's Authorised Officer. However, several clauses had been added/omitted by the contractor, thus overriding the Council's contract terms and conditions which was deemed unacceptable by the Council. The contractor was required to either accept the current contract terms and conditions without further amendments or withdraw their offer. However, there was no evidence to support that the contractor accepted the Council's Terms and Conditions by the required date and hence it is unclear how this contract would stand legally should there be any contractual matters. • Our review showed the capital estimate figures adopted at various stages were for works and professional fees shown as one lump sum and not clearly differentiated between a budget for works and a budget for fees to enhance transparency, audit trail and budgetary control. • We noted that the Capital Delivery team do not have written contract administration procedures to guide the team in managing building works contracts. Therefore, it was difficult for audit to assess how the building contracts were being administered and whether key requirements were complied with. • Design inadequacies have been highlighted by the contractor following a detailed design audit by the contractor. The contractor is currently showing £3,097,946,75 in their contract variation analysis included in their proposed final account sum of £21,194,859.75, of which £711,902.38 is for design inadequacies which are not covered by formal instructions. The Project Manager confirmed that not all contract variations have been priced or agreed by client and there are on-going discussions with the contractor regarding the costs covering the design inadequacies. Audit noted that a claim against the original designer in respect of design inadequacies was being considered by the Council following legal advice. 		

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
		<ul style="list-style-type: none"> • There were 6 Employers Agents Instructions issued between March 2020 and July 2021. Our testing showed that there were several items which still required pricing to be agreed by the contractor and not all contract variations had been accepted by the client. This included, for example, the costs in relation to several revised structural engineers' drawings, architects' drawings and noise impact assessment and other items. • The contractor's tender submission provided Social Value of £515,122, but there appeared to be no evidence of any monitoring to ensure that the contractually agreed Economic Benefits were being delivered by the contractor. • Project Managers advised that standard folders are maintained in MS Teams. However, not all relevant contract documentation was filed, which resulted in additional requests for the information which took additional time for this audit to complete. <p>Mellish Street</p> <ul style="list-style-type: none"> • Cabinet approved a total budget of £14.0m for works and fees on the 30/01/2019. However, the make-up of the approved £14m budget was not clear. We noted that the figure for works, and professional fees was shown as one lump sum and not clearly differentiated between a budget for works and a budget for fees to enhance transparency, audit trail and budgetary control. We noted that the total cost of the scheme as of February 2022 is projected to be £8,977,891 against a total budget of £14m. • The tender submission dated 24/01/2020 by the successful bidder was for £6,820,298. However, a revised tender value of £7,168,385.70 was recommended for acceptance (difference of +£347,845). The build-up of the revised tender sum of £7,168,143.70 was not provided for audit. 		

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
		<p>Therefore, we were unable to test that that the valuation sheet was prepared based on the same format, sequence of the work elements and revised contract sum and confirm that contract payments were in accordance with the revised contract sum. In addition, retention rates of 1.5% and 3% was being deducted by the Employers Agent from the Contractors interim valuation/payment. However, the contract specifies retention rates of 5% and 2.5% respectively. Audit was not provided with evidence to show that these changes had been authorised by the client team.</p> <ul style="list-style-type: none"> • There were several upgrades to the community centre covered by variation orders. Items such as installation of aircon (£10,540), installation of shower and disabled WC (£9,419.47) and forming a new office area near the entrance (£12,499.28). However, these appear to be client generated variation orders and it is unclear why these were not included in the original specification. • Audit noted that although the contract required some outputs/outcomes relating to Local Economic & Community Benefits (LECBs), these were not reported in either the Contractors Monthly Progress reports or the Clients High Light Reports process. The tender submission provided Social Value total costs of £219,521, but there appeared to be no evidence of any monitoring to ensure that the contractually agreed Economic Benefits were being delivered by the contractor. • Not all relevant contract documentation was filed which resulted in additional requests for the information and some information was not provided for audit. <p><i>All findings and recommendations were agreed with the Head of Capital Delivery team and Principal Project Manager. Final report was issued to the</i></p>		

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
		<i>Acting Director of Property and Major Programmes and Corporate Director, Place.</i>		
Highways Repairs and Maintenance	Aug 2022	<p>This audit examined the systems and procedures for management and control of highways repairs and maintenance works. During the audit we identified areas of good practice which include the following:</p> <ul style="list-style-type: none"> • There were documented procedures and process maps in place covering activities such as planned inspections, reactive inspections, pre-inspections, ordering process, post-inspection process etc. These were updated / reviewed annually, and version controlled. • As recommended by the last audit the contract handbook had been completed with contract details, insurances, KPIs etc. • There was an agreed set of criteria for assessing, categorising, and prioritising works which reflect the requirements of the Highways Code of Practice. • Purchase orders were raised and authorised by the Highways Group Manager prior to being issued. • Purchase orders were raised, works certified as completed, applications for payment were approved and invoices matched to applications for payments and purchase orders. • There was evidence of budget monitoring. Period 11 budget monitoring showed that for 2021/22 gross budget for Road Maintenance (cost centre 53383) was set at £2,218,400 (net budget £903,400) and at Period 11 of 2021/22, the actual spend was £1,658,336 and forecast of £2,218,400. • Quarterly contract monitoring meetings were held between the Council and the contractor. These meetings were minuted and actions recorded. The contractor reported its performance on 4 KPIs <p>The following key issues and risks were highlighted:</p>	Extensive	Reasonable

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
		<ul style="list-style-type: none"> <li data-bbox="689 288 1688 687">• The contractor has been given an inspection schedule (programme) which identifies all the roads in the borough and their frequency of inspections. We compared the frequency of inspections documented on this schedule with version 1.1 of the procedure notes and found that for a number of roads there were some inconsistencies. We were informed by Management that the reason for the above was due to a review of the inspection programme in 2018 (review is required every 5 years). A detailed analysis showed that the review resulted in an increase of 88.33 Km of roads to be inspected, resulting in an increase in cost of £31,799 p.a.to be paid to the contractor. As this change would be a permanent change to the contract, a contract variation should have been issued to the contractor via Legal services. <li data-bbox="689 727 1688 1094">• As part of the contract requirement, the contractor undertakes planned safety inspections and then raise their own requests for works orders for approval by LBTH. 80% of these works' orders are approved by LBTH without any pre-inspection. The previous audit report (October 2015) recommended that risk assessments be carried out to identify critical risks around the contractor identifying their own works. An examination of the Risk Assessment form dated 31st March 2021 showed that 5 risks were recorded, all of which were assessed as Low risks. However, as the impact and likelihood scoring used for the risk assessment was not recorded, we were not clear the basis on which these risks were assessed as Low. <li data-bbox="689 1134 1688 1361">• From our testing, we found that due to misunderstanding by the Insurance team, they requested an incorrect report from the contractor in order to process and repudiate any insurance claims. It was clear that there was an issue of miscommunication in this area which should be resolved by the two teams as soon as possible. Audit alerted the Insurance team of this issue in June 2022, and we understand that the team have now added a new process to ensure that the correct reports are requested from the 		

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
		<p>contractor. In addition, the Insurance team have requested Mayrise reports going back to 2020 for further investigation and assessment.</p> <ul style="list-style-type: none"> • We were not clear how LBTH officers monitor e.g. by means of spot checks, that those inspections planned on a monthly, bi-monthly, quarterly and annual basis were being carried out by the contractor. We understand that there is limited management monitoring of timeliness of inspections and reliance is placed on monthly KPI reports produced by the contractor who mostly report that the scheduled inspections are completed. Management have agreed to randomly sample some streets on a monthly basis to confirm that the inspection schedules are being complied with by the contractor. • Post inspections of completed jobs are not carried out on a sample of completed ECOs specifically but before a payment is approved, a desk top verification (as opposed to physical inspection) that an ECO job and a non-ECO job has been completed was carried out by means of an examination of the photos taken by the contractor, before and after the works are completed. A sample of 4 ECOs and 6 non-ECO's tested by Audit showed that in all cases, the before and after photos were not taken from the same angle and same length and hence Audit could not independently verify that the two photos were for the same job. These were referred to Management for checking and it was agreed the photos were from different angles and lengths, although Management were confident about the completion of works and the quality of works completed. • Testing of a sample of non-urgent works which require completion within 5 days and 28 days, showed that in 4 of 8 cases there were delays in approving the works orders ranging from 11 days to 38 days. In two of these cases this delay resulted in the works being completed outside of the 28-day target date. 		

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
		<ul style="list-style-type: none"> • Council procedures require 20% of non-urgent jobs identified by the contractor to be pre-inspected by the Highways Team prior to the works being approved. The procedures also say that the same jobs which are pre-inspected should also be post- inspected. We understand that 20% of jobs raised which are pre- and post-inspected are recorded on a spreadsheet. Our testing of the pre/post inspection spreadsheets highlighted data quality issues, We could not verify that as required, 20% of all jobs were physically pre and post inspected as required by procedures. • For urgent works required within 2 hours and 24 hours, there is no approval process due to the urgent nature of these repairs. The control over any variations to urgent jobs was not clear as r there was no system control to monitor the nature and extent of variations requested by the contractor for urgent works to ensure that risks are managed appropriately. • We selected 5 works orders and reviewed the variances to these orders and noted that in three of these cases there were significant variances in costs ranging from 124% to 215% of the original cost estimate, but these variations may not have been reviewed and approved if the value was below £1000. There appeared to be no specific pre-and post- inspection system for non-urgent orders which have variations. • We were informed that contract monitoring meetings should take place on a monthly, quarterly, and annual basis. We confirmed that quarterly and monthly contract meetings took place. However, the annual meeting which is required between the contractor's Director and LBTH Directors did not take place 		

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
		<i>All findings and recommendations were agreed with the Highways Manager, Interim Head and Director, Public Realm. Final report was issued to the Corporate Director of Place.</i>		