

<b>REPORT TO:</b> Audit Committee	<b>DATE</b> 20 September 2011	<b>CLASSIFICATION</b> Unrestricted	<b>REPORT NO.</b>	<b>AGENDA NO.</b>
<b>REPORT OF:</b> Corporate Director, Resources		Quarterly Internal Audit Assurance Report  <b>Ward(s) Affected: N/A</b>		
<b>ORIGINATING OFFICER(S):</b> <i>Minesh Jani, Head of Risk Management and Audit</i>				

## 1. SUMMARY

- 1.1. This report summarises the work of Internal Audit for the period June to August 2011.
- 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.

### **3. Background**

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

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

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

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

### **4. Overall Audit Opinion**

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

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

- 5.1. Since the last Assurance Report that was presented to the Audit Committee in June 2011, 21 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**

<b>SUMMARY</b>		<b>Assurance</b>				
		Full	Substantial	Limited	Nil	Total
<b>Significance</b>	Extensive	-	7	1	-	8
	Moderate	-	8	5	-	13
	Low	-	-	-	-	-
<b>Total Numbers</b>		-	15	6		21
<b>Total %</b>		-	71%	29%		100%

- 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 were assigned Substantial Assurance and one received Limited Assurance. A further thirteen audits were of moderate significance and of these; eight were assigned Substantial Assurance and five, Limited Assurance.
- 5.5. Overall, 71% of audits resulted in an adequate assurance (substantial or full). The remaining 29% of audits have an inadequate assurance rating (limited or nil).

## **6. Performance Indicators**

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

<b>Performance measure</b>	<b>Target</b>	<b>Actual</b>
Percentage of Audit Plan completed up to July 2011	23%	23%
Percentage of Priority 1 Audit Recommendations implemented by Auditees at six monthly follow up audit stage	100%	88% 7/8
Percentage of Priority 2 Audit Recommendations implemented by Auditees at six monthly follow up audit stage	95%	91% 20/22

- 6.2. The table above shows that the proportion of internal audit work completed to August 2011 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 88%, whereas the percentage of priority 2 recommendations was 91%. Relevant Corporate Directors were sent copies of the final Follow Up audit reports. Details of recommendations not implemented are set out in Appendix 3.

## **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. There are no immediate legal implications arising from this report.

## **9. One Tower Hamlets**

- 9.1. There are no specific one Tower Hamlets considerations.

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

### **10. Risk Management Implications**

10.1. This report highlights risks arising from weaknesses in controls that may expose the Council to unnecessary risk. This risks highlighted in this report require management responsible for the systems of control to take steps so that effective governance can be put in place to manage the authority's exposure to risk.

### **11. Sustainable Action for a Greener Environment (SAGE)**

11.1. There are no specific SAGE implications.

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**Local Government Act, 1972 SECTION 100D (AS AMENDED)**  
**List of "Background Papers" used in the preparation of this report**

Brief description of "background papers"

**Contact :**

N/A

*Minesh Jani, 0207 364 0738*

## Summary of Audits Undertaken

## APPENDIX 1

Assurance level	Significance	Directorate	Audit title
<b>LIMITED</b>	Extensive	Corporate	Information Security – Paper Based Data Storage and Disposal - Systems Audit
	Moderate	Adult, Health and Wellbeing	Community Equipment Store – Systems Audit
	Moderate	Adult, Health and Wellbeing	Apasenth Day Service Provision - Contract Management and Monitoring
	Moderate	Children, Schools and Families	Marion Richardson Primary School - Probity Audit
	Moderate	Children, Schools and Families	Cyril Jackson Primary School - Probity Audit
	Moderate	Children, Schools and Families	St Anne's Primary School - Probity Audit
<b>SUBSTANTIAL</b>			
	Extensive	Development and Renewal	Building Schools for the Future – Current Contract Audit on Morpeth and Swanlea Secondary Schools
	Extensive	Children, Schools and Families	Youth Offending Service - Systems Audit
	Extensive	Children, Schools and Families	Programme and Project Management for CSF Directorate - Systems Audit
	Extensive	Children, Schools and Families	Youth Service – Contract Monitoring Systems Audit
	Extensive	Adult, Health and Wellbeing	Homeless Payments and Placements - Follow Up audit
	Extensive	Resources	Pensions
	Extensive	Tower Hamlets Homes	Caretaking Services – Follow Up

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## APPENDIX 1

<b>Assurance level</b>	<b>Significance</b>	<b>Directorate</b>	<b>Audit title</b>
<b>SUBSTANTIAL</b>	Moderate	Children, Schools and Families	Bygrove and Elizabeth Selby schools New Extensions projects - Current Contract Audit
	Moderate	Children, Schools and Families	Payments to Claims Based Staff within CSF Directorate Systems Audit
	Moderate	Children, Schools and Families	Common Assessment Framework (CAF) Follow Up Report
	Moderate	Children, Schools and Families	Harbinger Primary School – Probity Audit
	Moderate	Children, Schools and Families Children	Canon Barnet Primary School
	Moderate	Children, Schools and Families Children	Smithy Street Primary School
	Moderate	Children, Schools and Families Children	Banga Bandhu Primary Schools
	Moderate	Children, Schools and Families Children	Alice Model Nursery School



**Summary of Audits Undertaken  
Limited Assurance**

**APPENDIX 2**

<b>Title</b>	<b>Date of Report</b>	<b>Comments / Findings</b>	<b>Scale of Service</b>	<b>Assurance Level</b>
<p>Information Security – Paper Based Data Storage and Disposal Systems Audit</p>	<p>Aug 2011</p>	<p>The purpose of this audit was to assure management that the systems for securing and protecting the Authority’s paper based data were sound, secure and adequate.</p> <p>This review identified that whilst policies and guidance relating to the security and management of ICT based systems were clear, there was no explicit guidance to staff on handling, storing and disposing of paper based material. There were no risk plans to test and monitor the effectiveness of the Council’s paper based data. A system required to be developed to capture and record paper based security incidents and to ensure that these incidents are collected from all sources, categorised and analysed to identify trends. In addition, the systems for data disposal of confidential waste was weak, with little control over the recording of disposal sacks collected by Facilities Management and reconciling these with the sacks collected by the contractor for destruction.</p> <p>Due to the corporate implications emerging from this audit, we have recommended that a working group should be set up to steer, manage and embed the principles of robust information security around paper based data across the Council.</p> <p>The findings and recommendations were agreed with the Information Governance Manager and Head of Legal Service (Community). The final report was issued to Assistant Chief Executive (Legal Services) and Corporate Director – Resources.</p>	<p>Extensive</p>	<p>Limited</p>

## **Management Comments**

Action is being taken to meet the recommendations in the report. On 20 July 2011, the Information Governance Group (IGG) considered revised versions of the following: records management policy; information security policy; information handling policy; corporate information risk policy; and incident register. The IGG is an officer group with representation from across the Council, including legal, risk, ICT, facilities management (from August 2011) and information governance. Further revisions to these documents have been made following the 20 July meeting and these are to be considered by the IGG on 31 August 2011. The revised suite of documents is to be presented to the corporate management team in September 2011, together with recommendations for further implementation.

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Community Equipment Stores  Systems Audit	July 2011	<p>The objective of this audit was to provide assurance that systems for procuring, ordering, issuing and controlling the Community Equipment Stores (CES) were sound and secure. Our review showed the following issues:-</p> <ul style="list-style-type: none"> <li>• There were policies and procedures in place to govern the procurement, ordering, issuing and stock control of the stores. However, some of these procedures needed to be reviewed.</li> <li>• CES staff did not check to ensure that prescribers / supervisors had obtained the necessary number of quotations in accordance with the policy before placing orders with suppliers.</li> <li>• There was evidence of a lack of authorisation by individuals with delegated responsibility before the issue of special equipment to patients.</li> <li>• Procedures for condemning obsolete equipment were inadequate. A high quantity of equipment was condemned annually with a cumulative total value of £292,427.16, all of which was not adequately recorded and verified by two individuals.</li> <li>• Review of the last inventory check found there were many discrepancies between equipment recorded on ELMS (Equipment Loan Management System) and actual quantity held in stock. There was no evidence of discrepancies having been investigated and reported to the CES Management Board.</li> </ul> <p>All findings and recommendations were agreed with the Service Head Adult Social Care and copy of final report was issued to the Corporate Director – Adults, Health and Wellbeing.</p>	Moderate	Limited

**Management Comments**

The CES has been without a manager for almost a year. There is a new manager in place and work on completing and updating policies and procedures are underway. The new manager will work with staff to remind them of the procedural requirement in relation to the issue of special equipment and checking that financial regulations have been adhered to by prescribers. There was an issue with a particular member of staff in relation to condemning of equipment and this has been dealt with via disciplinary procedures. All staff will be updated on procedures and a record of this kept.

The audit report will be discussed at the next Pooled Budgets Governance Board in September with the proposal that progress on the recommendations is monitored via this Board including monitoring of discrepancies in the equipment record.

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Apasenth Day Service Provision</p> <p>Contract Management and Monitoring</p>		<p>This audit was undertaken at management's request and its objective was to assure management that systems in place for controlling and monitoring the contract were sound, adequate and secure. The Council commissions' community based services from Apasenth to provide support to Bangladeshi/Sylheti speaking people in Tower Hamlets with a learning disability.</p> <p>Our review showed that a service specification had been drawn up with the company which set out the framework for day service including the service description and aims, referral process, obligations of the service provider, monitoring and evaluation and quality assurance. However, we noted that the arrangement had not been formalised.</p> <p>Referrals made to the organisation for day care services for adults with a learning disability were commissioned via spot purchase arrangement, and we recommended consideration be given to use of block purchasing arrangement. If spot purchasing was to be continued we recommended that an individual placement contract/service agreement be put in place to minimise risks to the authority.</p> <p>All findings and recommendations were agreed with the Service Head – Commissioning and Strategy, and final report was issued to the Corporate Director – Adults, Health and Wellbeing.</p>	Moderate	Limited

## **Management Comments**

Since completion of the audit, Cabinet has agreed the Learning Disability Day Opportunities Modernisation Strategy which includes a plan to re-commission all day services including the Apasenth Day Service which is the subject of this audit. This means that new contract monitoring arrangements will be put in place.

In the meantime, work is in progress with Legal Services, to update our existing contract documentation (which we would do from time to time routinely). This includes individual placement agreements for providers with whom we place users on a spot basis. Regarding value for money, the Directorate is currently working on the procurement strategy to be used in implementing the strategy. This is likely to include a mix of block and spot arrangements but consideration will be given to a “preferred provider” framework that enables us to control spot prices. This will be subject to sign off via the Council’s tollgate process.

Finally, the reorganisation of Commissioning has created a specialist Contract Monitoring Team to strength our monitoring function. This includes quarterly meetings chaired by Service Head Commissioning and Strategy to review contract activity (block and spot) by provider – to cover utilisation rates, overall activity, spend, and quality issues.

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Marion Richardson Primary School  Probity Audit	July 2011	<p>The audit was designed to provide assurance over the adequacy of controls over the administration and financial management of the school.</p> <p>A number of issues were raised around the management and financial processes and the key issues (priority 1 recommendations) are detailed below:-</p> <ul style="list-style-type: none"> <li>• Significant improvements were required in the Scheme of Delegations, declaration of business interests, budget monitoring, governance arrangements, clerking of governing body meetings, purchasing systems, ordering and receipt of goods, control of credit card and in preserving good audit trails; and</li> <li>• Segregation of duties between ordering, receipting of goods, processing and certifying invoices needed to be improved to safeguard against the risk of errors, omissions, irregularity and fraud.</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	Limited

### **Management Comments for All Schools with Limited Assurance**

The Children, Schools and Families (CSF) Directorate have put the following systems and processes in place:-

- Internal audit reports on schools are now a regular item on the DMT agenda for discussion.
- Internal audit reports are used by CSF schools Finance team to feed into systems to determine schools requiring priority support.
- Internal Audit assurance rating is used to target specific support to schools.

In addition, necessary intervention is put in place by CSF Finance to assist and support schools in improving governance, financial management and control in specific areas of business activities. .



Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Cyril Jackson Primary School  Probity Audit	July 2011	<p>The audit was designed to provide assurance over the adequacy of controls over the administration and financial management of the school.</p> <p>A number of issues were raised around the management and financial processes and the key issues (priority 1 recommendations) are detailed below:-</p> <ul style="list-style-type: none"> <li>• The Scheme of Delegations needed to be amended to ensure that it referred to the correct legislation and that it reflected delegations of financial limits for credit card purchases and delegations to the Deputy Head Teacher, Bursar and departmental Heads;</li> <li>• A system for raising official orders and for receipting of goods and services needed to be established. Payments needed to be made only after receipt of satisfactory service; and</li> <li>• All invoices / supporting documents required to be certified by an independent authorised signatory and records maintained to maintain a good audit trail.</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	Limited

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
St Anne's Primary School  Probity Audit	July 2011	<p>The audit was designed to provide assurance over the adequacy of controls over the administration and financial management of the school. The following issues were raised:-</p> <ul style="list-style-type: none"> <li>• The Code of Practice for Financial Management &amp; Delegation of Financial Authority needed to be reviewed to ensure that it specified the delegation for authorising virements exceeding £10,000 and to clarify the responsibility for authorising expenditure between £5,000 and £20,000;</li> <li>• The school needed to obtain business interest declarations from all Governors and staff with financial management responsibility; and</li> <li>• An annual inventory check was not being undertaken by an officer other than the person who is responsible for maintaining the inventory.</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	Limited

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Building Schools for Future Programme</p> <p>Current Contract Audit on Morpeth and Swanlea Secondary Schools</p>	<p>Aug 2011</p>	<p>This audit sought to provide assurance that the client-side systems in place for controlling and monitoring the cost and work programmes for Morpeth and Swanlea Schools costing some £21.5M and £16.4M respectively were sound and secure.</p> <p>Our review found that there was a structured monitoring system in place to ensure that the controls associated with the currency of contract around cost control, programme control, interim valuations and variation control were adequate. On a monthly basis, the contractor submitted to the appointed Independent Certifier and the Council a valuation list in support of the milestone payment schedule for construction activities undertaken that month. The Independent Certifier verified that the Contractor's Application for payment represented works which had been carried out and was in accordance with the activities in the milestone payment schedule.</p> <p>However, our review showed that there were some errors between the amounts recorded within the total project cost on the valuations list and the amounts certified for payment. This had led to small underpayments of £34,509 to the contractor.</p> <p>All findings and recommendations were agreed with the Service Head – Building Schools for the Future programme and a copy of the final report was issued to the Corporate Director – Development and Renewal.</p>	<p>Extensive</p>	<p>Substantial</p>

## Substantial Assurance

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Youth Offending Service  Systems Audit	June 2011	<p>The objective of this audit was to provide assurance that there were sound administrative and financial management systems in place for the service so that its main business activities operate efficiently and effectively. The Youth Offending Service is a statutory function provided under the Crime and Disorder Act 1998 administered via the Home Office Youth Justice Board. Youth Offending Services are provided locally by a multi-agency team and the local authority takes the lead role.</p> <p>Our review showed that there were adequate governance arrangements in place through the Youth Offending Team Management Board (YOTMB) which brings all appropriate services and partnering organisations together as one forum. However, agendas and minutes of these meetings showed that individual partners' progress and compliance to demonstrate accountability needed to be improved. There were some critical success factors such as grant funding for the service, which needed to be identified, assessed and reflected on a risk register with clear mitigating action plan. Detailed testing showed that improvements were needed in the operational and financial management arrangements in relation to quality assurance, performance management, control of attendance, leave and sickness, petty cash management, inventory control and management of staff travel costs.</p> <p>The findings and recommendations were agreed with the Service Head, Youth and Community Learning and copy of final report was issued to the Corporate Director – Children, Schools and Families.</p>	Extensive	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Programme and Project Management for CSF Directorate</p> <p>Systems Audit</p>	<p>July 2011</p>	<p>The purpose of this audit was to assure management that the systems of control for Programme and Project Management (PPM) within CSF were in accordance with the Corporate Project and Programme Management framework.</p> <p>Our review found that policy and procedures for PPM were in place. There were systems for identifying and initiating programmes and projects. However, the Programme Management Office (PMO) was not always informed of new programmes and projects on a timely basis, and had to intervene at a later stage to regularise the project management process. There was risk that some projects were not in compliance with the corporate framework. Each programme/project was steered by a dedicated Project Board. Officers were generally complying with the principles under the guidance of the PMO, but there were variations and omissions of key documents that were being used / prepared for the recording of project information. We recommended that the PMO's role in monitoring compliance with the required procedures needed to be made more effective. High level reports on programmes and projects which required focused discussion were reported to the DMT. However, this forum may not provide an effective challenge and scrutiny of individual programmes and projects, thereby leading to potential risk. Consequently, we recommended that a Directorate Level Strategic Programme Board be established to provide challenge and scrutiny on a Directorate-wide basis.</p> <p>All findings and recommendations were agreed with the Service Head Resources and final report was issued to the Corporate Director – Children, Schools and Families.</p>	<p>Extensive</p>	<p>Substantial</p>

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Youth Service Contract Monitoring</p> <p>Systems Audit</p>	<p>Aug 2011</p>	<p>This audit sought to provide assurance that there were sound systems in place for managing the contract to achieve the objectives and priorities of the Council.</p> <p>Our review showed that there were adequate contract monitoring systems in place. Each of the five contracts contained clear work specification and performance standards against which the performance of the contractors was monitored. We have, however highlighted the following issues:-</p> <ul style="list-style-type: none"> <li>• The contract was not risk assessed to identify critical aspects that needed monitoring. We have recommended that once the risks are identified and assessed, a mitigation plan/action should be formulated to ensure that the risks are managed appropriately;</li> <li>• The system for monitoring contractors' compliance with Insurance and CRB requirements needed to be strengthened;</li> <li>• Action points arising from the minutes of each meeting needed to be recorded separately and attached to the minutes together with outcomes; and</li> <li>• We could not locate signed copies of all the contracts within Legal Services, within Procurement or within the Youth Service. We have recommended that once contracts are signed by all the parties, copies of signed copies should be retained by the contract monitoring officer.</li> </ul> <p>All findings and recommendations were agreed with the Service Head – Youth and Community Learning and final report was issued to the Corporate Director – Children, Schools and Families.</p>	<p>Extensive</p>	<p>Substantial</p>

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Homeless Payments and Placements  Follow Up audit	July 2011	<p>The objective of the audit was to provide assurance that the agreed recommended actions at the conclusion of the original audit in July 2010 had been implemented. There were 6 recommendations in the original report, all of which were categorised as Priority 2 recommendations. Our follow-up review showed that 3 recommendations had been fully implemented, one had been partially implemented and two had still to be implemented. It was noted that completion of the outstanding recommendations was partly reliant on enhancing the Comino system.</p> <p>We reported that a comprehensive system for monitoring accommodation officers' activities and performance needed to be set up. Regular reports were required from all managing agents in respect of their units which should then be recorded on a database and form part of overall performance management. Action needed to be taken on managing agents who fail to make inspection returns as per the lease agreements. In addition, written procedures needed to be produced covering all aspects of officers' duties. A planned approach required to be adopted to undertaking visits to ensure all temporary accommodation units are visited over a set period of time.</p> <p>All findings and recommendations were agreed with the Head of Homeless and Housing Advice Services and final report was issued to the Corporate Director – Development and Renewal.</p>	Extensive	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Pensions  Systems Audit	June 2011	<p>The objective of this audit was to provide assurance on whether the systems of control around the management and administration of Pensions were sound and secure.</p> <p>Our review of a sample of new joiners identified that a P1 opt in form was not found / fully completed in all instances. Forms received by HR and/or notifications advised to Payroll are not always passed to the Pensions Team. Testing also identified that the Pension Team was not always evidencing that they had followed up pension transfer-in requests.</p> <p>Our review also identified that only one of the Pensions Team Leaders received relevant training to run the interface between Resource Link and AXIS, therefore it cannot be run in his absence. Testing also identified that high value payment vouchers were being certified and approved for payment by the two Pensions Team Leaders as there were no delegated limits in place requiring authorisation of high value payments by the Pensions Manager.</p> <p>The monthly reconciliation of transfers-in income code did not reconcile. The amount stated on JDE was higher than that recorded on AXIS. This was as a result of the cashiers coding payments to the pension codes incorrectly as the payer had entered wrong / incomplete reference numbers on bank payments. In addition, although the completed reconciliations were stored electronically on the pensions shared drive the reconciliations were not reviewed by a second officer.</p> <p>All findings and recommendations were agreed with the Pensions Manager and a final report was issued to the Corporate Director – Resources.</p>	Extensive	Substantial



Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Caretaking Services</p> <p>Follow Up audit</p>	<p>July 2011</p>	<p>This follow up audit assessed the progress in implementing the recommendations made in October 2010. Twenty two recommendations were made in the Final Audit report, of which; eight were priority 1 and fourteen priority 2 recommendations.</p> <p>From our testing, we found that three priority 1 and four priority 2 recommendations had been implemented and 14 in the process of being implemented and/or partially implemented with new findings emerging. Improvements had been made since the original audit with regards to the publication of revised cleaning standards, enhanced approval processes for weekly attendance records and for working overtime, stricter controls over the use of the corporate credit cards and purchases for caretaking stores and materials which were now centrally processed via the R2P system. There were also clear and up to date records of current mobile phone users. Furthermore, a great deal of work had been undertaken with regards to the development of a Health &amp; Safety manual which was in the process of being issued to all caretaking staff.</p> <p>However, the requirement for detailed written procedures covering key elements of service delivery, monitoring procedures and the controls over caretaker's stores had not been completed but would be finalised through the proposed ISO90001 accreditation process planned for completion in March 2012. Furthermore, the lack of specific budgets for cleaning materials and store material still needs to be addressed by THH Finance. We further noted that not all delivery notes are being signed and dated by the receipting officer.</p> <p>All findings and recommendations were reported to the Director of Housing Management and Customer Services and final report was issued to the Chief Executive.</p>	<p>Extensive</p>	<p>Substantial</p>

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Bygrove and Elizabeth Selby schools New Extensions projects</p> <p>Current Contract Audit</p>	<p>July 2011</p>	<p>The objective of this audit was to provide assurance over the soundness of systems for making interim payments; for controlling and issuing variation orders; for receiving and evaluating claims; and for monitoring cost and work programmes for the contracts.</p> <ul style="list-style-type: none"> <li>• Our review showed that controls in place for a number of the Contract Administration procedures covering these two projects were compliant with the JCT Standard Form of Contract used and Procurement Procedures; and</li> <li>• However, the review showed weaknesses in the tendering criteria used for evaluating the tenders, the lack of a documented assessment of contractor's claims, the timeliness of the receipt of health and safety file and performance reviews of the contract, contractor and consultant.</li> </ul> <p>All findings and recommendations were agreed with the Head of Building and Technical Services and Head of Building Development. The final report was issued to the Corporate Director – Children, Schools and Families.</p>	<p>Moderate</p>	<p>Substantial</p>

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Payments to Claims Based Staff within CSF Directorate  Systems Audit	Aug 2011	<p>The objective of this audit was to assure management that there were sound systems in place for making, approving and processing payroll claims by Music Tutors, Community Language Tutors and Youth Workers. Our review showed that generally there were adequate controls over the payment, approval and processing of claims. However, the following issues were highlighted: -</p> <ul style="list-style-type: none"> <li>• Out of the three services examined, only the Thames Tutors provided written procedural guidance for their staff to follow for making claims;</li> <li>• For Community Languages, 8 out of 10 employment contracts were out of date. In these cases the hours claimed and paid did not match with the contracted hours. Tutors were regularly given additional hours by means of an engagement form and in a number of cases these additional hours were higher than the contracted hours. We therefore, recommended that all Tutor contracts should be reviewed to ensure that the control over additional hours is improved; and</li> <li>• The certification of claim forms needed to be improved to ensure that certifying officers check the hours claimed are in line with the hours recorded on their timesheets.</li> </ul> <p>All findings and recommendations were agreed and Final Report was sent to the Service Head – Youth and Community Learning; Service Head – Learning and Achievement and Corporate Director Children, Schools and Families.</p>	Moderate	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Common Assessment Framework (CAF) Follow Up Report	July 2011	<p>The objective of the audit was to follow up recommendations raised at the conclusion of the original audit finalised in May 2010.</p> <p>There were 2 recommendations in the original report which were all categorised as Priority 2 recommendations. Our follow-up review showed that all the recommendations had been implemented. The minutes of the Early Intervention for Vulnerable Workstream Group clearly showed the name of the officer chairing the meetings. Decisions were summarised and names of officers responsible for key actions were recorded and followed up at the next meeting. Periodic progress reports which compared actual project outcomes against those planned were being produced and achievement was monitored.</p> <p>The final report was sent to the Corporate Director – Children, Schools and Families.</p>	Moderate	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Harbinger Primary School</p> <p>Probity Audit</p>	<p>July 2011</p>	<p>The audit was designed to provide assurance over the adequacy of controls over the administration and financial management of the school.</p> <p>A number of issues were raised around the management and financial processes and the key issues (priority 1 recommendations) are detailed below: -</p> <ul style="list-style-type: none"> <li>• The school should ensure that declarations of interest are obtained for all Governors and staff with financial responsibilities on an annual basis. Where Governors or staff have no interests to declare, “nil” returns are to be completed; and</li> <li>• The School Development Plan should be approved by the Governing Body on an annual basis. The approval of the School Development Plan should be clearly recorded in the meeting minutes.</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>	<p>Moderate</p>	<p>Substantial</p>

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Canon Barnet Primary School	July 2011	<p>The audit sought to provide assurance over the adequacy of controls over the administration and financial management of the school.</p> <p>The following issues were raised: -</p> <ul style="list-style-type: none"> <li>• Budget monitoring reports needed to be reported to the Finance Committee and full Governing Body meeting on a timely basis;</li> <li>• The school's procurement procedures were not being complied with;</li> <li>• Purchase orders were not raised for some goods and services procured; and</li> <li>• Sufficient separation of duties was not in place for payroll and personnel administration.</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

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Smithy Street Primary School	July 2011	<p>The objective of the audit was to provide assurance over the adequacy of controls over the administration and financial management of the school.</p> <p>The following issues were reported: -</p> <ul style="list-style-type: none"> <li>• Transfer of cash collected between staff was not recorded and signed for;</li> <li>• Free School Meals authorisation was not obtained in some cases, and hence there was no evidence to show that these children were eligible for free meals; and</li> <li>• Inventory check needed to be undertaken and recorded on an annual basis.</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

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Banga Bandhu Primary Schools	July 2011	<p>The objective of the audit was to provide assurance over the adequacy of controls over the administration and financial management of the school.</p> <p>The following issues were reported: -</p> <ul style="list-style-type: none"> <li>• Learning Committee needed adequate support to ensure that names of attendees and minutes of the meetings are recorded adequately;</li> <li>• Transfer of monies between staff needed to be recorded and signed for;</li> <li>• Reporting of the Head teacher's and Deputy Head teacher's performance and pay needed to be formalised; and</li> <li>• Inventory control required to be strengthened.</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>	Extensive	Substantial



Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
<p>Alice Model Nursery School</p> <p>Probity Audit</p>	<p>July 2011</p>	<p>The audit was designed to provide assurance over the adequacy of controls over the administration and financial management of the school.</p> <p>The following issues were reported:-</p> <ul style="list-style-type: none"> <li>• Official purchase orders were not being raised and approved in some cases;</li> <li>• Free School Meals were being provided to a few children without confirming eligibility; and</li> <li>• IT security and access needed to be regulated.</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>	<p>Moderate</p>	<p>Substantial</p>

## APPENDIX 3

### Follow Up Audits – List of Priority 2 Recommendation still to be Implemented

<b>Audit Subject</b>	<b>Recommendation</b>	<b>Service Head</b>	<b>Officer Name</b>
Caretaking Services	Written procedures should be developed which cover the current work flows and key elements of service delivery and management processes which should be linked to service standards for the caretaking service.	Barbara Brownlee	Nicholas Spenceley
Homeless Payments and Placements Follow Up audit	Management should ensure that regular reports are received from all managing agents in respect of all their units which should then be recorded on a database and form part of overall performance management. Action should be taken on managing agents who fail to make inspection returns as per the lease agreement requirements.	Colin Cormack	Colin Cormack

**At the Corporate Management Team Meeting on 6<sup>th</sup> September, it was agreed that the Corporate Director with oversight of these areas will follow and seek assurance the recommendations raised have been implemented. Since that date, the Head of Audit and Risk has received confirmation the recommendation for Caretaking Service has now been implemented**

