

APPENDIX 1

| Assurance level | Significance | Directorate | Audit title |
|--------------------|--------------|--------------------------------------|--|
| LIMITED | Extensive | Corporate | Declaration of Staff Interests - Systems Audit |
| | Extensive | Resources | Photocopying and Printing Contract Monitoring |
| | Extensive | Resources | Debtors – Systems Audit |
| | Moderate | Communities, Localities and Culture | Pest Control – Systems Audit |
| | Moderate | Education, Social Care and Wellbeing | Kobi Nazrul Primary School |
| SUBSTANTIAL | | | |
| | Extensive | Resources | Treasury Management – Systems Audit |
| | Extensive | Resources | Pensions – Systems Audit |
| | Extensive | Resources | Budgetary Control - Systems Audit |
| | Extensive | Resources | Capital Programme and Accounting - Systems Audit |
| | Extensive | Tower Hamlets Homes | Key financial systems |
| | Extensive | Tower Hamlets Homes | Water Systems and Installations - Follow-up Audit |
| | Extensive | Tower Hamlets Homes | Management and Control of Probationary Tenancies Follow Up audit |
| | Extensive | Tower Hamlets Homes | Management and Control of Voids - Follow Up |
| | Moderate | Tower Hamlets Homes | Management and Control of Estate Parking Follow Up audit |
| | Moderate | Communities, Localities and Culture | Management of Commercial Waste - Follow Up Audit |
| | Moderate | Communities, Localities and Culture | Parking Appeals - Follow Up Audit |
| | Moderate | Education, Social Care and Wellbeing | English Martyrs Catholic Primary School |
| | Moderate | Education, Social Care and Wellbeing | Excluded Children - Systems Audit |

**Summary of Audits Undertaken
Limited Assurance**

APPENDIX 2

| Title | Date of Report | Comments / Findings | Scale of Service | Assurance Level |
|--|------------------|--|------------------|-----------------|
| <p>Declaration of Staff Interests</p> <p>Systems Audit</p> | <p>Aug. 2014</p> | <p>This review examined the systems and procedures in place for controlling and monitoring the declaration of staff interests. Under the Employees Code of Conduct, officers have a duty to declare interests which conflict with the impartial performance of their duties and declare in writing any financial or personal/social interests that could be considered in bringing about conflict with the Council's business or interests. Any additional work (whether paid or unpaid) must not conflict with the council's interest or in any way weaken public confidence in the authority. Accordingly, all employees of the Authority are required to obtain consent in writing (and retained on the staff HR file) from their chief officer in advance and on each occasion.</p> <p>The review highlighted the following issues:-</p> <ul style="list-style-type: none"> • HR has implemented a new electronic system to record Staff Declaration of Interests (DOIs) via a questionnaire on the HR Self Service system. This is a positive development from the manual records previously used, but at the time of audit, the system could not fully report on all status of DOI questionnaires. • At the time of this audit, despite reminders being issued to staff not all staff had completed their forms on the HR Self Service system. This was highlighted in a recent National Fraud Initiative report which showed matches on payroll to payroll (highlighting cases of council staff with secondary employments elsewhere), our testing of a sample of ten cases showed that five out of 10 staff had completed a DOI form on additional and secondary employment. | <p>Extensive</p> | <p>Limited</p> |

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| | | <ul style="list-style-type: none"> • Our testing also showed the need to ensure arrangements were in place to check and monitor declarations that had been made. To enhance controls in this area, we have recommended that regular HR reports are produced and line managers should take responsibility for monitoring compliance and reports submitted to DMTs on a regular basis. <p>All findings and recommendations were agreed with the Service Head, Human Resources and Workforce Development and a copy of the final report was issued to all Corporate Directors.</p> | | |

Management Comments

A complete review of the process for collection and completion of Declaration of Interests and additional/secondary employment has been undertaken. The form has been re-designed to make it easier for staff to complete and also to ensure that there is a clear process for approval prior to submission. There have been problems with the HR self-service system which have prevented early implementation of the new form and process. These have been escalated via Agilisys to Northgate and have finally been resolved.

Managers are responsible for ensuring Declarations of Interest are completed by staff who report to them and that these declarations are signed off and recorded either through the self-service system or, in the case of staff who have no access to self-service by completing a form which is then scanned and sent to HR for recording. Managers have been, and will continue to be, reminded of the need to ensure that Declarations of Interest are kept up to date and registered even when there are no interests or additional/secondary employment to declare. As part of the PDR /PDP process in October, Managers will be required to check with staff that they have declared interests, relationships and additional/secondary employment (where applicable) by completing the appropriate form or submitted a nil return. The returns will be monitored with an escalation process to Service Heads in the case of non -returners/ non-compliance.

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| Photocopying and Printing Contract Monitoring Systems Audit | June 2014 | <p>The objective of this audit was to provide assurance over the soundness of the systems for managing and monitoring the Photocopying and Printing contract.</p> <p>The Council entered into a 36 month rental agreement for the supply of the Multi-Functional Devices (MFD's) which have the capabilities of photocopying, scanning, faxing and printing, providing an integrated solution to its users and reducing the cost of maintaining separate devices.</p> <p>It is anticipated that the charge for lease finance of these machines will be £160,000 p.a. The Council has also through its partnership with Agilisys entered into a Managed Print Service Level Agreement to deliver cost savings. This agreement will cost £94,300 for year one and then £22,000 for the second and third successive years. Click Charges have yet to be billed; however, these have been estimated to be in the region of £240,000 p.a.</p> <p>Our review showed that the systems for monitoring of the MFD Service Level Agreement with Agilisys were being established. Officers have so far concentrated on the roll out of the MFD's to Council buildings, which in turn has left some of the control and monitoring systems at risk. We recommended that officers should risk assess the project and business as usual functions to ensure that measures are put in place to strengthen the control environment, both for the project and for monitoring the SLA with Agilisys. In addition, the supplier's invoicing system was cumbersome and confusing increasing the risk of duplicate payments and errors occurring.</p> <p>We identified discrepancies between the numbers of MFD's recorded by Facilities Management, ICT and the Supplier. The number of MFD's entered on the finance leases did not agree with those recorded on the LBTH asset register.</p> <p>All findings and recommendations were agreed with the Contract and Performance Manager (Client Unit) and final report was issued to the Acting Head of ICT and the Acting Corporate Director, Resources.</p> | Extensive | Limited |

Management Comments

Monitoring of the MFD Service Level Agreement

There is an established quarterly meeting between Xerox, Agilisys and LBTH where service performance reports are presented and discussed. The performance reports are based on the SLA and include sections on Performance Review, Observations & Trends, Innovation Ideas and Next Steps. The following quarterly performance indicators are reported on:-

SLA Uptime against Target

Average Monthly Volume

Ticket Summary – GDC Proactive/Reactive

Break Fix – Reactive verses Proactive

Supplies – Reactive verses Proactive

Highest Utilisation/Impressions - Serial Number

Lowest Utilisation/Impressions - Serial Number

The meetings are scheduled on the 3rd week of the month following the quarter and all meetings are now minuted.

This arrangement has been in place since Client Team has taken of the management of the MFD fleet on the 1s of April 2014.

Discrepancies between the numbers of MFD's recorded by Facilities Management, ICT and the Supplier

The discrepancy between FM and ICT assets arose due to timing issue and status of devices (devices on contracts, installed devices, devices subject to moves and changes etc.) as project was in progress and final homes for all 180 devices had not been identified. Highlight report is about installations not necessarily an asset report, but work in progress.

Management Comments (Cont)

Assets are subject to change for example a window has fallen on one of the MFD devices in idea stores and this device may be subject to repair or replacement. Also there were several move requests (MACD) in progress, one due to building closure due to major refurbishment, another due to site wanting to swap out their colour MFD with BW from another site.

The client team now own the Assets list and will retain the responsibility to keep it up to date.

The supplier's invoicing system

There are 3 separate invoicing for the MFD devices.

Agilisys annual management fee – this is a simple process with fixed costs, a PO will be raised at the beginning of the year.

Agilisys click charges – this a quarterly variable charge. Client Team has agreed a process with Agilisys to raise PO on receipt of the invoice. Agilisys will send the invoice with accompanying usage report for each machine and corresponding Xerox invoice. Client Team will sample check the usage report against the Xerox portal for accuracy of the data. Once satisfied, a PO will be requested. All invoices and usage reports will be filed for reference.

Xerox Lease Charges – These are based on the lease agreement, each invoice references a contract number and a period. The start and end of period varies between different agreements as the period commenced from the implementation date. A comprehensive asset register, strict invoice QAing process and invoice logs are now in place to ensure the lease charges are checked against the register and payment logs to ensure duplicate or incorrect payments are not made.

Asset register

The client team now own the MFD Assets list and will retain the responsibility to keep it up to date.

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| Debtors Systems Audit | June 2014 | <p>The main objectives of the audit were to assure management that the systems of control around the Debtors system were sound, secure and adequate, and also to evaluate the potential consequences which could arise from any weaknesses in internal control procedures. The Debtors system is module within the new finance system that was implemented in April 2013. The majority of audit findings relate to the implementation of the new system, as follows:-</p> <ul style="list-style-type: none"> • Reconciliations between the general ledger and the debtors system have not been performed on a timely basis. • Reminder letters in respect of overdue invoices have not been sent and debt recovery actions have not been undertaken throughout the financial year 2013/14. • There have been issues caused by the migration from CIVICA to Agresso, including incorrect invoice values being raised, which have been rectified using reversals which have not been approved and recorded appropriately. • There are unallocated payments received which could delay the recovery of debt as well as cause unnecessary or incorrect debt recovery procedures to be applied, and suspended payments which have not been cleared. • It was confirmed in discussion with the Debt Recovery Manager that due to issues with the Agresso system and batches of invoices raised in error by the Council, accurate information cannot currently be obtained. It is noted that the team is trying to resolve the issue whereby accurate performance statistics can be provided to the Debt Recovery Manager for monitoring purposes <p>All findings and the recommendations made were agreed with the Head of Revenue Services, and reported to the Interim Service Head, Corporate Finance, and the Interim Corporate Director of Resources.</p> | Extensive | Limited |
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Management Comments

Significant progress has and is being made in all areas working with Agilisys and Unit 4. Reconciliations are now done monthly, all reminder letters are being issued automatically on schedule, reversals are no longer in use, and unallocated receipts are now monitored weekly and are within tolerance. A complete review of the Sundry Debtors system will be carried out in September to assess what is outstanding in terms of addressing the findings of this Audit.

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|----------------------------|----------------|---|------------------|-----------------|
| Pest Control Systems Audit | June 2014 | <p>The main objectives of the audit were to assure management as to whether the systems of control around the Pest Control system are sound, secure and adequate, and also to evaluate the potential consequences which could arise from any weaknesses in internal control procedures.</p> <p>The main findings were as follows:-</p> <ul style="list-style-type: none"> • We identified 86 properties where pest control services were provided free of charge, whereby the properties had been registered on Siebel as THH properties, but in reality the properties were not THH properties and a charge may have been payable. • We confirmed that an SLA was in place with the eight RSLs. However, we noted that these SLAs were outdated and had not been reviewed and renewed. Most notably the SLA for Swan Housing Group dates back to 2007 and lists out of date prices for services. • We identified that 5,196 out of the 10,447 jobs undertaken between April 2012 and July 2013 remain at open status on the system. • From discussions we established that documentation relating to calculations in respect of the RSL rate per property is not retained and it is not clear upon what basis these charges are calculated and also whether the service is undercharging for its services. • OAPs receive a free service for pest control. No verification activity is conducted by Customer Contact Centre staff and pest control officers who attend the home do not record evidence to confirm that the home is occupied only by the OAP who requested the service. <p>All findings and the recommendations made were agreed with the Service Head Safer Communities, and reported to the Corporate Director – Communities, Localities and Culture and Interim Head of Paid Service.</p> | Moderate | Limited |

Management Comments

1. Updating Siebel was completed on July 14th 2014.
2. New SLAs have been agreed with Legal Services and sent to client RSLs.
3. Supervisors have been closing jobs down piecemeal, but a comprehensive clean-up of old jobs is being commissioned through Agilisys.
4. The RSL rate is finely balanced between being low enough to attract business and so high that some clients go elsewhere, so whatever theoretical analysis is conducted we will not be increasing the rate. However we will record job unit costs to comply with the audit requirement.
5. The CCC currently notes on the job sheet if it is an OAP 'job', and the PCO notes this and corroborates the validity on site or withdraws if there is no proof of entitlement. At present we cannot run reports on this, and we are discussing a work package to address this with Agilisys.

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| Kobu Nazrul Primary School | July 2014 | <p>The audit was designed to ensure that there were adequate and effective controls over the administration and financial management of the school. The school has a Full Governing Body and a Finance Committee.</p> <p>The main findings were as follows:-</p> <ul style="list-style-type: none"> • Through testing a sample of 10 procurement transactions since April 2013 it was established that official orders were not raised in six cases where they should have been. • Through review of the banking spreadsheet and the paying in book it was established that money is not being banked frequently causing cash to accumulate in the safe. • There was one contract where the value was over £15,000 (VMS Cabling) for which three quotes were obtained. However, as the value was over £15,000, a full tendering process should have been followed, rather than obtaining three quotes. • Through review of the business interest forms for the Governing Body and staff with financial responsibilities, it was established that the declarations of interest forms for a number of budget holding staff and governors had not been signed prior to our audit visit. • Through review of a sample of loan equipment forms, it was established that they were not being authorised by the Head Teacher and did not have the loan period specified on them. • Through review of recent reconciliations between the school's financial system and bank statements, it was established that for the month of January 2014, the reconciliation was not undertaken until 13/03/2014. <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

The Education, Social Care & Well-being Finance 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 ESCW 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 ESCW Finance to assist and support schools in improving governance, financial management and control in specific areas of business activities.
- The school has acted immediately and agreed to complete all actions with a defined timeframe.
- The interim school head and the governing body are fully committed to the recommendations made in the Audit report by tracking all actions within the timeframe provided in the report, including evidence of actions taken where appropriate; confirming additional steps that the school is planning to take in light of the audit findings; and to take immediate action in mitigating exposure to risks arising from weaknesses in the control environment.

Schools Finance Manager has contacted the school and their Finance officer to review and support the school in its recommendations.

Substantial Assurance

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| Treasury Management Systems Audit | July 2014 | <p>The main objectives of the audit were to assure management as to whether the systems of control around the Treasury Management system are sound, secure and adequate, and also to evaluate the potential consequences which could arise from any weaknesses in internal control procedures. The main findings identified were as follows:-</p> <ul style="list-style-type: none"> • Examination of 20 transactions established nine instances where the inputter and approver details for the transactions were not available. The bank does not retain this information for more than six months. • Through enquiry with the Treasury Manager, it was confirmed that the officer reviews the cash flow forecast once it has been produced. However, there was no clear evidence to confirm that this had been undertaken. • In discussion with the Treasury and Investment Manager and from examination of the records in place, it was determined that the reconciliation of the Treasury Management system to the General Ledger was not conducted during the first six months of 2013/14. The reconciliation was first performed in October 2013. As the reconciliations are cumulative, this also covered the earlier months. However, the reconciliations were not performed in a timely manner. • Details were requested from Human Resources of the declarations made by the Treasury Management team members. Of the six employees, four had nothing to declare, one declared membership of a number of voluntary organisations, and one had not completed a declaration of business interest form. Of the five officers who had completed a form, in one case the form was completed in August 2012 and had not been reviewed after this date. <p>All findings and the recommendations made were agreed with the Investment and Treasury Manager, and reported to the Interim Service Head, Corporate Finance, and the Interim Corporate Director of Resources.</p> | Extensive | Substantial |

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|---------------------------|----------------|--|------------------|-----------------|
| Pensions Systems Audit | July 2014 | <p>The main objectives of the audit were to assure management as to whether the systems of control around the Pensions system are sound, secure and adequate, and also to evaluate the potential consequences which could arise from any weaknesses in internal control procedures.</p> <p>The main findings identified were as follows:-</p> <ul style="list-style-type: none"> • Through review of the policies and procedures file it was determined that the procedures still related to the previous system, Axis. Through discussion with the Pension Manager it was understood that the change from Axis to Altair was initiated in March 2014 and hence the procedures are in the process of being updated. • Through testing a sample of 20 amendments, it was established that manual amendments (such as for part time hours) are undertaken by the Pensions Team, Leader but are not checked by a second officer for correctness. • The Altair system is the pensions system and IT back up is provided by Heywood as per the agreement of services. However, the service provider currently does not report to the Pension team to confirm that the backups have been conducted successfully. • Through testing of a sample of 20 transfers in it was established that for inter-fund transfers in (these are transfers between government entities), the employees first fill in a 'P1' form and then a 'Member's Transfer Request Form'. This creates a duplication of tasks as both these forms serve the same purpose. <p>All findings and the recommendations made were agreed with the Pension Manager, and reported to the Interim Service Head, Corporate Finance, and the Interim Corporate Director of Resources.</p> | Extensive | Substantial |

Substantial Assurance

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|--|----------------|--|------------------|-----------------|
| Budgetary Control Systems Audit | July 2014 | <p>To provide assurance to management that the systems at corporate level for controlling and monitoring revenue budgets across the Council to meet the agreed objectives are sound, secure and effective. The following areas of good practice were identified during the audit:-</p> <ul style="list-style-type: none"> • Roles and responsibilities are clearly defined and documented for those accountable for budgetary performance; this includes a budget manager's manual. • Financial savings and efficiencies are agreed with budget holders prior to the budget being set, and are then appropriately incorporated into the Council's budget. • There is a sound mechanism for monitoring directorates' savings positions through a savings tracker and master spreadsheet. In addition, opportunities for additional savings have been identified where agreed savings targets are no longer achievable. • The reporting channels for providing timely budgetary information to CMT and Cabinet are operating effectively. <p>The main weaknesses identified were as follows:-</p> <ul style="list-style-type: none"> • Of the 10 budget holders selected to test whether budget holders received and checked their budget reports on a regular basis, one reported inaccuracies in the reports received due to changes in the staffing structure. • Monthly budget returns were not completed throughout the year by 96 budget holders, and were not completed for between nine and 11 months of the year by 341 budget holders. <p>All findings and the recommendations made were agreed with the Financial Planning Manager, and reported to the Interim Service Head, Corporate Finance, and the Interim Corporate Director, Resources.</p> | Extensive | Substantial |

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|--|--------------------|--|------------------|--------------------|
| <p>Capital Programme and Accounting</p> <p>Systems Audit</p> | <p>August 2014</p> | <p>To provide assurance to management that the systems of control within the Capital Accounting system are sound, secure and adequate. The following areas of good practice were identified during the audit:-</p> <ul style="list-style-type: none"> • The Council's financial regulations regarding the preparation of the capital programme are adhered to. The resources that will fund the capital programme are identified and discussed when preparing the capital programme. • Responsibility for co-ordinating the closure of accounts process has been assigned to the Closure of Accounts Group, which meets on a regular basis towards the end of the financial year. • Regular reconciliations between the CAPS and the fixed asset register have been performed throughout the year. <p>The main areas for improvement were identified :-</p> <ul style="list-style-type: none"> • From our examination of a sample of 25 items capitalised during the year we raised queries with the Assistant Chief Accountant regarding the rationale for the capitalisation of seven items. The Assistant Chief Accountant provided explanations to confirm that the items were correctly processed to capital, although two had been wrongly processed into revenue initially. We were informed that since the Agresso system was introduced in April 2013, there had been cases where items were wrongly classified into revenue when they should have been capitalised, as with the two items found in testing. • A 2013/14 year-end 'sweep' or reconciliation was conducted in April 2014 to confirm that any such items were identified and reclassified. There is, however, still no assurance that capital items would not continue to be wrongly classified as revenue items on the Agresso system. <p>All findings and the recommendations made were agreed with the Chief Accountant and reported to the Interim Service Head, Corporate Finance, and the Interim Corporate Director, Resources.</p> | <p>Extensive</p> | <p>Substantial</p> |

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|--|----------------|---|------------------|-----------------|
| Tower Hamlets Homes Key financial systems | June 2014 | <p>The main objectives of the audit were to assure management as to whether the systems of control around the financial system are sound, secure and adequate, and also to evaluate the potential consequences which could arise from any weaknesses in internal control procedures.</p> <p>The main weaknesses identified were as follows:-</p> <ul style="list-style-type: none"> • Procurement processes cannot be consistently evidenced as being completed. Through testing a sample of 25 payments made to establish whether appropriate documentation was maintained to evidence quotes being obtained or a waiver being completed it was identified that five payments had a waiver raised, which was found to be sufficiently completed; five had the correct number of quotes completed and documented; eight payments were made where either the Council has carried out the value for money process with no documentation being retained by THH or THH is using a council framework contract; and seven payments did not have any evidence of procurement processes being completed. • All of THH's funds are invested with one institution, and this represents a risk to THH should the organisation fail. • There is a lack of evidence of supervisory review of the monthly cashflow analysis, and of the monthly bank and payroll reconciliations with the general ledger. • Sample checking of orders over £5,000 was not being carried out regularly. <p>All findings and the recommendations made were agreed with the Head of Finance (THH), and reported to the Director of Finance (THH), and the Chief Executive (THH).</p> | Extensive | Substantial |

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| <p>Water Systems and Installations</p> <p>Follow-up Audit</p> | <p>July 2014</p> | <p>This audit followed up recommendations made in the original audit report finalised in April 2013.</p> <p>Our testing showed that out of three high priority recommendations made, two had been progressed. Overall, the follow up audit has shown that management action has been taken to improve controls. However, some non-compliance issues were identified during our testing.</p> <p>There is a monitoring system in place by means of a Defect Tracker spreadsheet to monitor defects including those identified in monitoring visits. However, not all defects identified during inspections could be found in the tracker, and there were no clear guidelines to staff as to which defects should be added to the tracker for action. Therefore, the quality of data on the tracker needed to be improved so that the monitoring of defects can be more effective.</p> <p>We also identified some issues with the monitoring spreadsheet e.g. temperatures were not always recorded, and inconsistencies were identified where comments were added to the document. Regular contract meetings were held with the contractor, but the defect tracker was not discussed during these meetings.</p> <p>All findings and recommendations were agreed with the Team Leader and final report was issued to the Chief Executive.</p> | <p>Extensive</p> | <p>Substantial</p> |

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| <p>Management and Control of Probationary Tenancies</p> <p>Follow Up audit</p> | <p>June 2014</p> | <p>The objective of this audit was to follow up recommendations agreed at the conclusion of the original report issued in September 2013.</p> <p>Our follow up review showed that of the four high priority recommendations made at the conclusion of the second follow up audit, all had been addressed. Our review has shown that Senior Management have undertaken a thorough review of the systems and processes for managing probationary tenancies to ensure that greater control over the service is achieved. Audit testing showed that copies of the New Homes Pack were present on Comino.</p> <p>Settling-in visits were being undertaken during the first, third and ninth months, as required. Audit was advised that continuous checks will be undertaken to ensure that all documentation is scanned to the Comino. New Homes Packs were being scanned onto the Comino system along with the settling-in visit forms. Process Maps had been devised along with a data build of the Comino system that drives a process stage for officers to action and management to sign off. This system allows for greater control and accountability in the process to ensure that internal control is adhered to. We were informed that random checks were carried out by Neighbourhood Team Leaders against a number of pre-determined criteria and these checks were recorded on a spreadsheet to evidence the checks. Our testing of a 10 probationary tenancies which had been subject to checks by Team Leaders against the documents present on Comino, showed that the checks by Team Leaders had been carried out.</p> <p>All findings and recommendations were agreed with the Head of Neighbourhoods and final report was issued to the Chief Executive.</p> | <p>Extensive</p> | <p>Substantial</p> |

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| <p>Management and Control of Voids</p> <p>Follow Up</p> | <p>Aug. 2014</p> | <p>The objective of this audit was to assess the progress made in implementing the agreed recommendations at the conclusion of the original audit.</p> <p>Our testing showed that all four priority 1 recommendations had been progressed. We found that the new void process review was undertaken and key tasks were allocated to officers to ensure that audit recommendations made in the original report were implemented. We also found that regular monthly monitoring reports of cases where dates on the V2 forms differ from those recorded on SX3 system were produced explaining the discrepancies. These reports showed non-compliance with some of the key requirements. However these reports were not escalated upwards to the Head of Neighbourhoods. We also reported that the key log was not fully completed with the movement of the keys for all the voids.</p> <p>All findings were agreed with the Head of Neighbourhoods and final report was issued to the Chief Executive.</p> | <p>Extensive</p> | <p>Substantial</p> |

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| <p>Management and Control of Estate Parking</p> <p>Follow Up audit</p> | <p>June 2014</p> | <p>This audit followed up recommendations made at the conclusion of the original audit in June 2013.</p> <p>The follow up review showed that out of five medium priority recommendations, three needed to be fully implemented. There was still scope to make improvements to further enhance the control environment and we made further recommendations. For example, there was no evidence kept of sample checking of application forms to verify that these were supported by the required documentary evidence. Procedures for guiding staff in processing estate permits had not yet been developed and performance against agreed targets was not being reported to senior management to monitor the efficiency of the service.</p> <p>All findings and recommendations were agreed with the Director of Finance and Customer Services and final report was issued to the Chief Executive.</p> | <p>Moderate</p> | <p>Substantial</p> |

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|--|------------------|--|------------------|--------------------|
| <p>Management of Commercial Waste</p> <p>Follow Up Audit</p> | <p>Aug. 2014</p> | <p>The objective of this follow up audit was to assess the progress made in implementing the agreed recommendations at the conclusion of the original audit finalised in September 2013.</p> <p>Our testing showed the one high priority recommendation made had been fully implemented. Of the three medium priority recommendations followed up, two had been implemented and one was partially implemented.</p> <p>The follow up review found that the service has moved from receiving income from cash to invoice basis, which will enable the Council to receive income from the contractor as soon as customers are invoiced. We found that the contractor was instructed to provide an annual signed statement confirming that all income due to the Council has been paid in full. In addition, management discussed with the contractor the potential for implementing an effective mechanism by which the Council will be able to obtain increased assurance that all income in respect of commercial waste services due to the Council is actually received. The annual contract fee was formally agreed by both parties. Complaints reports from the contractor are provided on a monthly basis, which are discussed at the contract meetings.</p> <p>However, we noted that clear performance targets of key areas of commercial waste have still not been implemented and there appeared to be no RAG status against corporate drivers. It was also not clear whether the performance of commercial waste had been reported to the performance board.</p> <p>All findings and recommendations were agreed with the Service Head, Public Realm and final report was issued to the Corporate Director - Communities, Locality and Culture and Acting Head of Paid Services.</p> | <p>Moderate</p> | <p>Substantial</p> |

| Title | Date of Report | Comments / Findings | Scale of Service | Assurance Level |
|--|----------------|--|------------------|-----------------|
| Parking Appeals Follow Up Audit | Aug. 2014 | <p>This audit assessed the progress in implementing the agreed recommendations emerging from the original audit on this subject.</p> <p>Our testing showed that all three high priority recommendations had been progressed. In addition, out of three medium priority recommendations, two had been fully implemented. We found that PCN cancellation reports were run monthly and supervisors were completing sample quality checks to ensure that cancellations had been conducted in accordance with the policy. However, the monitoring process needed to be clearly documented and distributed to all relevant staff to ensure that all staff and management are aware of the requirements and expectations.</p> <p>Chipside system errors and issues were identified and communicated to the software vendor and there was some assurance that the software provider was addressing these issues. In addition, PATAS cases were documented to record outcomes of all cases that were submitted to PATAS and necessary follow up action, training etc. was being undertaken. The Appeals Manual has been reviewed by the Head of Parking and had a version control. A system was in place for monitoring timely processing of informal and formal representations. Monitoring forms were being completed by supervisors to evidence the monitoring checks. However, some forms were not fully completed, signed and dated.</p> <p>All findings and recommendations were agreed with the Service Head, Public Realm and final report was issued to the Corporate Director - Communities, Locality and Culture and Acting Head of Paid Services.</p> | Moderate | Substantial |

| Title | Date of Report | Comments / Findings | Scale of Service | Assurance Level |
|---|----------------|--|------------------|-----------------|
| English Martyrs Catholic Primary School | May 2014 | <p>The audit was designed to ensure that there were adequate and effective controls over the administration and financial management of the school. Our review confirmed that the school has a Full Governing Body which has overall responsibility for financial planning and control. The school generally has good arrangements over the accounting for income and expenditure. .</p> <p>The main weaknesses were as follows:-</p> <ul style="list-style-type: none"> • Through testing of the appropriate documentation retained on file for the new starters, it could not be evidenced at the time of the audit that references were obtained for one out of three of the starters in the sample. Similarly, with regards to the school obtaining proof of qualifications for starters, at the time of the audit it could not be evidenced this documentation was obtained for one of the starters. • Through testing a sample of five items selected from the inventory records and five items selected around the School, it was identified that the items were not security marked. • Through testing a sample of 10 transactions, it could not be confirmed that official orders had been raised for the remaining three transactions • Examination of Governing Body meeting minutes since January 2013 identified that no opportunity had been provided at the beginning of each meeting to declare any interests. <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 |
|---|------------------|---|------------------|--------------------|
| <p>Excluded Children</p> <p>Systems Audit</p> | <p>July 2014</p> | <p>The main objectives of the audit were to assure management as to whether the systems of control for Excluded Children are sound, secure and adequate. The main findings identified were as follows:-</p> <ul style="list-style-type: none"> • From sample testing of 25 fixed term exclusions and nine permanent exclusions between April 2013 – March 2014 we identified the following exceptions; • Four cases (three fixed term exclusions and one permanent exclusion) in which the exclusion was over the five day limit and the school had informed the Council after the one day deadline. • One case (permanent exclusion) in which no 'Monitoring of Pupil Exclusions' form was received from the school and four cases (permanent exclusions) in which no 'Notification of Attendance at the Pupil Referral Unit (PRU) from day six of Exclusion' form was received from the school. • Three cases in which an outcome letter was sent by the school after the one day limit from the time set by the Pupil Disciplinary Committee had expired. • There is no overall record of which schools are sending governors to training sessions and which are not. • A hyperlink in the 'Guidance on the Use of Pupil Exclusion' document and the 'Exclusion from School' leaflet was broken. In addition, no date of review was included on the policies and procedures relating to exclusions. • No future date of review was included on any of the policies and the 'prepared by' box was left blank on the 'Alternative Provision Funding and Charging Arrangements 2013/14' document. <p>All findings and the recommendations made were agreed with the Head of Pupil Admissions and Exclusions, and reported to the Service Head, Learning and Achievement, and the Corporate Director, Education, Social Care and Wellbeing.</p> | <p>Moderate</p> | <p>Substantial</p> |

APPENDIX 3

Follow Up Audits – List of Priority 1 Recommendation still to be Implemented

| Audit Subject | Recommendation | Service Head | Officer Name |
|---------------------------------|--|---------------------|---------------------|
| Water Systems and Installations | A review of the contractual spreadsheet should be completed to set up mandatory fields to facilitate all essential information being provided. The contractor should be reminded to record a date of inspection for each inspection completed. | Jamie Carswell | Keith Peirson |

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

| Audit Subject | Recommendation | Service Head | Officer Name |
|--|---|--------------|----------------------------------|
| Control of Estate Parking Follow Up audit | A system for management control and monitoring should be put in place to ensure that staff comply with the laid down policies and procedures for the processing and approval of parking permits issued to applicants and that all applications are valid and meet the acceptance criteria and are complete and accurate | Les Warren | Savio Fernandez |
| Control of Estate Parking Follow Up audit | The Head of Customer Access and Facilities should ensure that all staff involved in the estate parking function has operational procedures to guide them when processing estate permits. The Anti-fraud and proactive fraud aspects should be included within the procedures. | Les Warren | Robert Winters/ Khadija Begum |
| Control of Estate Parking Follow Up audit | The Head of Customer Access and Facilities should provide the Senior Management Team with a bi-annual report on the performance against agreed targets for the service being provided. This information will allow any underperformance to be addressed to ensure that the service to the customers improves on a continuous basis. | Les Warren | Eshe Dow |
| Commercial Waste | Performance reports required to be produced by the contractor should contain a comparison of KPI against targets. | Jamie Blake | John Williams |
| Parking Appeals | Supervisors who complete PCN monitoring forms should ensure that these forms are signed and dated. | Jamie Blake | Stephen Willie |

