

APPENDIX A**Summaries of Finalised Internal Audits**

Assurance level	Significance	Directorate	Audit title
LIMITED	Extensive	Corporate	IT Business Continuity and Resilience
	Extensive	Corporate	Financial Delegations
	Moderate	Health, Adults and Community	Financial Safeguarding for Service Users with Learning Disability
SUBSTANTIAL	Extensive	Corporate	Management of Health and Safety
	Extensive	Governance	Key Decisions Process Including Mayoral Executive Decisions and officers Delegated Decisions
	Extensive	Children and Culture	Monitoring of Events Management Contract in Victoria Park
	Extensive	Resources	IT Software and Asset Management
	Extensive	Resources	IT Strategy and Governance
	Extensive	Place	Planning Decisions

Limited Assurance

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
IT Business Continuity and Resilience	June 2020	<p>This audit provided assurance that the systems for managing resilience and continuity of critical services across the Council are sound and secure to meet the agreed objectives. In 2019 there was a service disruption to Agresso (finance management system) functionality which resulted in the application being taken offline. This was caused by a hosting failure whilst the application was live and introduced errors into the underlying database, which in turn prevented the Workflow function from running successfully. Whilst, this error required correction before the service could be returned to customers, all the vital services were provided. Therefore, an effective business continuity and resilience controls should be in place to ensure the Council's services are protected from disruption and that it is able to respond positively and effectively when disruption occurs.</p> <p>Following completion of fieldwork it was noted that a staff member's email account had been compromised and the email account was used to send out a malicious email to other staff members. We were informed that the IT management is reviewing the post incident phase and is underway to document the Major incident report. We will be performing a cyber and network security audit in 2020/21 which will evaluate the control framework in respect of the Council's infrastructure and will assess the incident as part of this review. The following issues were reported:-</p> <ul style="list-style-type: none"> • The Council's IT disaster recovery plans and procedures have not been updated to reflect the current solutions in place. • There is no process to test the IT business continuity and recovery plans on a regular basis. 	Extensive	Limited

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
IT Business Continuity and Resilience	June 2020	<ul style="list-style-type: none"> • The Council's backup and restoration procedures does not reflect the roles. • Not all entities/service areas have completed the business impact assessments and continuity plans. • Not all the key IT officers and first responders have been trained to follow the procedures included in the business continuity and disaster recovery plans. <p>All findings and recommendations were discussed and agreed IT Divisional Director in May 2020 and the final report was issued in June 2020.</p>	Extensive	Limited

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Financial Delegations	June 2020	<p>Following a review of the Council's Financial Regulations by Grant Thornton, an audit of controls over officers' financial delegations around permission and authorisation thresholds set up on Agresso Financial system was undertaken. In addition, we examined the controls over the management of starters, leavers and existing personnel changing roles. The following issues were identified:-</p> <ul style="list-style-type: none"> • Once financial delegations to approve expenditure and budgets were set up on Agresso, there was a system for regular review and monitoring. Audit testing of the March 2019 review process confirmed that, for Resources Directorate, the changes in delegated limits were authorised by a Senior Accountant, who was not an authorised officer and hence not in accordance with procedures. For other Directorates, the lists were reviewed and updated by the Directorate Finance Manager who has authority. We also noted that the Resources Senior Accountant, who is not an authorised signatory, had approved their own amendments when reviewing the Resources Directorate delegation lists. This increases the risk of lack of separation of duties and irregular practices occurring. • Our testing of 20 new starters showed that there was a lack of evidence to confirm that officers approving new starters had no authority to do so. We noted that some budget holders had been given excessive numbers of cost centres to approve and manage effectively. For example, one officer could approve expenditure on 67 Cost Centres and the same officer had authority to approve Purchase Order for 332 Cost Centres. 	Extensive	Limited

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Financial Delegations	June 2020	<ul style="list-style-type: none"> • There was no formal notification and reporting of Agency staff leavers to Financial systems and hence there was risk that agency staff who had left could still have access to finance system. For LBTH leavers, we noted that six officers had access on Agresso despite them having left the authority some 57–234 days previous. Testing confirmed that the required HR Leavers notification had not been received by the Financial Systems team. • Procedures required officers at Finance Manager level and above to authorise within Agresso system other officers' user access enrolment forms and also to request new or changes to existing accesses. However, our testing showed that eight Senior Accountants (below Finance Manager level) had been set up to authorise these changes within Agresso system. • The Financial Regulations were reviewed and updated in July 2019 and now includes a Scheme of Financial Delegation. However, the revised financial regulations and delegations had not been published on the staff intranet, and therefore there was the risk that staff are unaware of the revised procedures. In addition, procedures needed to be produced which cover the management controls for changes to access rights and authorisation levels in the Agresso financial system. <p>All findings and recommendations were agreed with the Interim Divisional Director of Finance, Procurement and Audit. Final report was issued to the Corporate Director, Resources.</p>		

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Financial Safeguarding for Service Users with Learning Disabilities	April 2020	<p>Financial abuse is the “Unauthorised and improper use of funds, property or any other resources belonging to another individual”. This audit reviewed the Council’s systems and procedures for financial safeguarding of service users with Learning Disabilities as this class of service users are at greater risk, as they are often dependent on another person or people (such as care provider or care worker) to manage their money.</p> <p>Management report dated 30 September 2019 identified 131 service users with learning difficulties in residential and supported accommodation. We visited two in-borough and two out-borough care homes to review and test the financial records for a sample of 10 service users. The following issues were highlighted:</p> <ul style="list-style-type: none"> • The service had a brief guidance notes on checks that should be performed on Finances. However, this document was not dated and version controlled, there was no reference or link to any other Council financial safeguarding procedures and was not approved by Management. We noted that the section on Finances did not have detailed procedures and guidance on how the signs of financial abuse should be picked up, assessed, investigated, reported and dealt with. We therefore, recommended that the Divisional Director, Adults Social Care should develop comprehensive procedures. The service welcomed the audit recommendation on the development of a guidance document for use during annual reviews for monitoring of finances and that this will be required as a consistent approach across Adults Social Care and not just for Learning Disabled service only. 	Extensive	Limited

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Financial Safeguarding for Service Users with Learning Disability	April 2020	<ul style="list-style-type: none"> • For each of the four care homes visited by Audit , there was a system in place at the Home level for recording service users' monies. For example, transaction logs were maintained and receipts were kept by the care homes for each of the 10 sample service users we tested. However, in one case, we noted that cash balance of £3000 was kept for one service user. On the day of audit visit, there was cash missing from the tin which could not be accounted for. We also noted that the sums recorded as expended on personal items were excessive compared to other service users. We therefore, recommended that the financial affairs of this service user should be looked into by the social work practitioner. • During audit testing we noted that in some cases, the service users' relatives managed their finances and their benefits were credited to their relatives bank accounts. The relatives gave the Care Homes regular cash for funding their personal and day to day care expenses. In absence of any guidance to Council's social work practitioners, we were not clear how the Council ensured that the service users monies with relatives were checked and safeguarded. • In terms of annual reviews, 5 of the 10 service users we tested had not received an annual review in the last 12 months. For the remaining 5 service users who had their annual reviews, there was no evidence on FWi social care IT system to demonstrate that their financial affairs were checked, assessed and monitored during the annual review process. <p>All findings and recommendations were agreed by the Divisional Director, Social care and final report was issued to the Corporate Director, health, Adults</p>		

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Substantial Assurance

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Management and Control of Health and Safety (H&S)	June 2020	<p>The objective of this audit was to provide assurance that systems for compliance with the Health and Safety at Work Act and associated regulations were sound and effective. The Council has a Corporate Health and Safety Services team which is part of Public Realm of Place Directorate. This team provides an advisory service across the Council and is also responsible for developing corporate H&S policies and procedures and co-ordinating borough-wide H&S initiatives.</p> <p>The Corporate Joint Health and Safety Committee (CJH&SC) is the main governing body and is chaired by the Corporate Director – Governance. and is attended by a range of stakeholders within the Council. The following issues were reported:-</p> <ul style="list-style-type: none"> • The CJH&SC has an oversight of H&S arrangements and receives reports, statistics and updates from officers including the Corporate Health and Safety (CH&S) team. However, what is currently reported to the Committee is not sufficiently comprehensive and systematic to provide a full view of the Council's H&S compliance and performance. For instance, statutory compliance concerning the corporate estate, schools and other relevant premises was not being reported. • The role of the H&S Champions who are nominated by individual Corporate Directors was not effective as it could be. There was no active monitoring and reporting of basic compliance requirements, e.g. risk profiles, risk assessments etc. • Although H&S is delegated to Head teachers and governing bodies of schools, the Council is accountable for H&S for all maintained schools. The CJH&SC needed to seek a higher level of assurance regarding the effectiveness of H&S arrangements in its schools . 	Extensive	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Management and Control of Health and Safety (H&S)	Feb. 2020	<ul style="list-style-type: none"> • In autumn 2018, the Corporate Health and Safety team initiated a Council wide exercise whereby directorates were asked to identify the health and safety hazards in their area. This approach is set out in the Council's Health and Safety Policy and follows best practice. However, responses from directorates have been slow and the project is not yet complete over a year later <p>All findings and recommendations were agreed with the Head of Corporate H&S and the Corporate Director, Governance who Chairs the Corporate Joint H&S Committee. Final report was issued to all Corporate Directors.</p>		

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Key Decisions Process Including the Mayoral Executive Decision and Officers Decisions	June 2020	<p>The Council has a statutory responsibility to produce a written record of executive decisions (key or otherwise) made by members and officers. This audit reviewed how the Key decision process is controlled, monitored and reported. The July 2019 Council Constitution states that a 'Key decision' is an executive decision which is likely to result in Savings of above £1M, Revenue and Capital expenditure of above £1M, or be significant in terms of its effects on communities living or working in area comprising of two or more wards or electoral divisions. In addition, any officers decisions which result in expenditure or savings below £1M but above £250k, must be published on the Council's website. The following issues were highlighted:</p> <ul style="list-style-type: none"> • The Council's governance arrangements clearly defined the Council's Key Decision-making processes and procedures. Adequate monitoring of reports to be taken to Cabinet was in place. • A review of Individual Mayoral decisions taken in 2019/20 showed that these covered urgent decisions. All four decisions were signed off by the Chief Finance Officer, Monitoring officer, Chief Executive and the Mayor. • Audit testing of published officers' decisions showed that there had been only three officers decisions published on the Council's website since May 2017. These decisions were published prior to the July 2019 constitution changes. Audit was advised that it was not clear how well these requirements were being complied with by Directorates. • A review of committee reports showed that except for Grants Determination Sub-Committee, the reason for Key Decision was clearly documented in the committee report. 	Extensive	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Key Decisions Process Including the Mayoral Executive Decision and Officers Decisions	June 2020	<ul style="list-style-type: none"> • For Officers to exercise their delegations properly, it is important that the Council's Scheme of Delegations are reviewed and updated. We found that with the exception Children and Culture and Place Directorates, all other Directorate Scheme of Delegations were up to date. • A review of committee reports showed that except for Grants Determination Sub-Committee, the reason for Key Decision was clearly documented in the committee report. • Although there is a requirement for the Forward Plan Notification (FP1) to be received by Democratic Services at least 60 days before the formal decision date, our testing showed that of a sample of 20 FP1s tested, 13 (65%) were not submitted within required timelines. • Members and officer training sessions were arranged and delivered by Democratic Services covering the Constitution changes including Key Decisions' and the requirements to publish significant officer decisions. However, the training sessions had not been well attended by officers. • The Council's financial Key Decisions threshold of £1M was compared with other inner London Authorities. This benchmarking showed that LBTH threshold may be higher than others. We were advised that although the threshold is higher than most in London, this specific issue was considered by General Purposes Committee meeting of 11/12/2018. <p>All findings and recommendations were agreed by the Head of democratic Services and Corporate Director, Governance. Final report was issued to all Corporate Directors and the Chief Executive.</p>		

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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Contract Monitoring for the Provision of Commercial Events at Victoria Park	May 2020	<p>This audit reviewed the systems and processes for the effective monitoring of the Concession and Services Agreement relating to the provision of commercial events at Victoria Park.</p> <p>In 2018, the Council procured a concession contract for commercial events at Victoria Park for 5 years. Under this contract, 10 events per year are to be provided at Victoria Park. The contractor's bid was for maximum number of tickets for a fee income of £6.9 million over the five years. The following issues were reported:-</p> <ul style="list-style-type: none"> • The effectiveness of existing contract management arrangements can be enhanced if the contract monitoring officer completes the Council's contract management handbook in accordance with the Corporate Contract Monitoring procedures. • According to advice from Legal Services, AEG's insurance cover for public liability was not compliant with contract terms as it is for GBP 7,524,480, instead of the required £10M per one occurrence. We recommended that the insurance cover should be clarified and corrected and advice from Legal Services should be sought, given the current uncertainty relating to the staging of public events following the corona virus outbreak and implications for insurance. • Food hygiene certificates and related documents supplied by the event organiser through their portal had not been retained by the Food Safety team. Consequently, any future disputes regarding contractor performance and compliance concerning these documents could be more difficult to resolve. 	Extensive	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Contract Monitoring for the Provision of Commercial Events at Victoria Park		<ul style="list-style-type: none"> <li data-bbox="629 376 1653 746">• The Council may suffer a reputational loss if a child or vulnerable adults should come to harm and the contract management processes relating to safeguarding were found to be deficient. The contract owner had not obtained specific assurances from the event organiser that the necessary checks had been carried out. However, the event management plan does contain a Children and Vulnerable Adults policy which states that members of the Welfare Team with responsibility for children will have completed an enhanced CRB check. We recommend that in accordance with contract clauses 6.1 and 6.2, the contract owner obtains a certificate as to the contractor's proper compliance with Disclosure and Barring Checks requirements prior to each event period. <p data-bbox="580 799 1653 895">All findings and recommendations were agreed with Head of Parks and Events and final report was issued to the Divisional Director – Sports, Leisure and Culture and Corporate Director, Children and Culture.</p>		

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Software Asset Management	July 2020	<p>This audit sought to provide assurance to management that the processes and systems for controlling and monitoring software products and licenses across the Council are sound and secure to meet the agreed objectives. The SAP account manager audited the Council in 2017/18 and determined an overuse of SAP licenses. This was caused by a change to the infrastructure and the creation of virtual servers running SAP reporting applications. The Council was posed with a fine of circa £1m. However, it was agreed that the Council would upgrade to a new deal. The upgrade was commissioned and SAP Business Objects v4.1.2 was purchased. When the previous license expired management decided not upgrade to the SAP cloud service (SAP Analytics Cloud) and instead purchased on-premise support from another vendor (Influential Ltd) and continue to use SAP Business Objects host on-premises. The following issues were reported:-</p> <ul style="list-style-type: none"> • The applications register has been refreshed and updated since the change of responsibilities between the Council and Agilisys but is not reviewed and updated on regular basis • MigrationStudio is being used to facilitate the inventory of all software services for the migration in March 2021 but there is a proportion of non-responses from business users • Local admin user accounts are restricted to prevent unauthorised software installation but the accounts are not reviewed on a regular basis by IT and business owners • Not all applications in the recently established applications register have been assigned an appropriate owner <p>Observations included:</p> <ul style="list-style-type: none"> • Whilst the servers are low risk because they are not directly accessible to 	Extensive	Substantial

		<p>external connections they are still vulnerable to sophisticated exploits which can penetrate the network</p> <ul style="list-style-type: none">• MetaCompliance tool has now been decommissioned by the Council due to the cost of running the tool. There is not a critical need for this tool but it enables updates to be more easily sent out to targeted users <p>All findings and recommendations were discussed and agreed IT Divisional Director in April 2020 and the final report was issued in June 2020.</p>		
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Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
ICT Strategy and Governance	June 2020	<p>This audit sought to provide assurance to management that the processes and systems for governance, accountability and oversight across the Council are sound and secure to meet the agreed objectives. It is Council policy to have only one Corporate Strategy in place and for service areas to develop a supporting operational plan which directs resources within their directorate to ensure delivery against the strategic needs of the Council. There is currently no ICT sub-strategy but a supporting service plan is in place. SocITm, a third-party advisor, was commissioned in 2016 to provide an independent review of the ICT service and developed a Target Operating Model (TOM) and an ICT Strategy.</p> <p>The following issues were reported:-</p> <ul style="list-style-type: none"> • There are no terms of reference in place for the Corporate Leadership Team (CLT) which is needed to ensure issues can be escalated appropriately by the Digital Portfolio Board. <p>All findings and recommendations were discussed and agreed IT Divisional Director in May 2020 and the final report was issued in June 2020.</p>	Extensive	Substantial

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Planning Decisions	July 2020	<p>This audit sought to provide assurance to management that the systems for reviewing, assessing and decision making with regards to planning applications within LBTH were sound and secure to meet the agreed objectives. The following issues were reported:-</p> <ul style="list-style-type: none"> • Our testing of 20 planning applications approved in the last 12 months identified one instance where the decision was not made by the deadline set out in the initial acknowledgement letter, where the decision was made 9 days after and a further instance where the decision was not made by the deadline set out in the time extension, where the decision was made 11 days after the deadline. As a result of decisions being made after the target decision date, the Council is open to appeals made by applicants. • Our testing of 20 planning applications rejected in the last 12 months identified one instance where the decision to refuse was made after the deadline set out in the initial acknowledgement letter. As a result of decisions being made after the target decision date, the Council is open to appeals made by applicants. • We reviewed a report from HR and found that out of 21 staff in total, 17 members of staff completed their declaration of interest between March and October 2018. Declarations should have been completed for 2019/20. As a result of no declaration being made for a substantial amount of time, there is no indication of whether any staff involved in planning decisions provide related consultancy work. • Our testing of 20 planning applications approved in the last 12 months identified one planning application where the full fee was not paid, and another application where a balance was still outstanding. Both the applications in question were internal applications submitted on behalf of LBTH and should not have been validated and processed. This can result 	Extensive	Substantial

		<p>in the Council making planning decisions without collecting the applicable fees.</p> <ul style="list-style-type: none">• Our testing of 20 planning applications approved in the last 12 months identified one application where a site visit was not required, however the reasons as to why it was not required was not documented. As a result, exceptions to site visits are not easily identifiable in the system. <p>All findings and recommendations were discussed and agreed by the Development Manager, Planning Services in June 2020 and the final report was issued in July 2020.</p>		
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