



THE LONDON BOROUGH
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AUDIT SUB-COMMITTEE INFORMATION BRIEFING

Wednesday 12 March 2014

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Members and Co-opted Members have been provided with advanced copies of the briefing via email. The briefing is also available on the Council website at the following link:
<http://cds.bromley.gov.uk/ieListMeetings.aspx?XXR=0&Year=2014&CId=559>

Printed copies of the briefing are available upon request by contacting Graham Walton on 020 8461 7743 or by e-mail at graham.walton@bromley.gov.uk.

Copies of the documents referred to above can be obtained from
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FINAL INTERNAL AUDIT REPORT
CHILDREN AND YOUNG PEOPLE SERVICES

**INVESTIGATION INTO THE COMMISSIONING OF
CONSULTANTS
2010/11**

Issued to: Gillian Pearson, Director, CYP

Cc: Doug Patterson, Chief Executive
Charles Obazuaye, Assistant Chief Executive, Human
Resources
Peter Turner, Finance Director

Prepared by: Senior Auditor
Principal Auditor

Date of Issue: 25th May 2011

INTRODUCTION

1. Children and Family Centres have been established across the borough since 2006 and they bring together all the different support agencies to offer a wide range of free services to meet the needs of children under 5 and their parents/carers all in one place.
2. The development of Phase 3 Children and Family Centres within Bromley was designed to build upon the principles agreed during the delivery of Phase 1 and 2 sites. Where possible, schools and libraries have been identified as sites in order to use this grant funding to add value to these properties whilst delivering the children and family centre programme.
3. It is noted that this is the last year in the current three year allocation period covering 2008-9 to 2010-11 and Local Authorities are expected to utilise all their capital funding including amounts carried forward from previous years by the end of March 2011.
4. The Children's Centres funding for 2010-11 is £4,842,036 revenue and £740,141 capital. The revenue funding for 2009-10 was £3,647,428 and capital £1,253,555.
5. The departmental structure is that the Manager reports to the Head of Service who reports to the Assistant Director, Access and Inclusion.
6. On 25th November 2010 we issued a final report on our investigation into the commissioning of consultants and the hire of storage premises, which is updated in the management summary of this report at paragraph 19.
7. A management investigation into issues raised by team members relating to the management style of a former Manager has been carried out. Following this, a former employee within the Children and Family team wrote a letter to CYP management expressing concerns about the former Manager; the letter was brought to Internal Audit's attention in early February 2011. Within this letter mention was made of the marketing company B that had been employed without seeking tenders. We have interrogated our creditor system and found substantial payments made to this company B, for marketing consultancy, marketing support and services. This matter has now been investigated and is subject of this report.
8. As a consequence of the above we have reviewed all cumulative expenditure from the Children's Centres budget for the period April 2008 to March 2011. Another six suppliers were identified. The total expenditure covered in this report on these six organisations plus company A, company B, and company C is £1,889,586.

9. We have also referred this matter to the police and are liaising with them.
10. We understand that the matters raised in this report will be taken forward as part of a management enquiry.

METHODOLOGY

11. For each supplier identified in paragraph 7 and 8 above.
12. Review the process for appointing the supplier to ensure Financial Regulations and Contract procedures were adhered to in regard to obtaining quotes or tenders. New Financial Regulations and Contract Procedures came into force in April 2009. Some of the expenditure in this report is covered by earlier Regulations.
13. Review orders and invoices to establish who had approved the spend.
14. Review the outcomes of the payments to establish if the service had been provided and where possible whether value for money was obtained.
15. Additional work undertaken:
16. Liaise with Greenwich fraud partners to assist in establishing whether monies had been received into a former Manager's personal bank account to conclude on any fraudulent activity and liaise with the Police on an ongoing basis.
17. Review the email accounts of the former Manager and consultants from company A and company B.
18. Review saved documentation extracted from the Children and Family Centres shared drive relating to company B and other suppliers.

MANAGEMENT SUMMARY

19. Although our investigations are detailed in the report documentary evidence specifically in relation to the use of consultant A of company A and consultant B of company B is not detailed enough to relate to expenditure. As a result we have also had to access email accounts to try and get a full picture.
20. **Storage Facilities Update**
21. We previously reported that payments of £40,000 had been paid to company C for storage purposes. We had established that the warehouse premises are owned by Mr A who we believe to be the father of consultant B, the consultant employed from company B.

22. Following a review of the email account of the former Manager it was not possible to ascertain how the change in provider from The Storage Company had occurred.

23. We have been advised by the Bromley Children Project Manager on 7th April 2011 that the items stored have been removed from the warehouse on 27th January 2011 and the confidential client files belonging to Community Vision have been returned to the Family Workers.

24. An invoice dated 21st March 2011 addressed to the former Manager for the rental of the warehouse for 1st April 2011 – 31st March 2012 for £20,000 has been received. A letter of response has been drawn up dated 7th April 2011 declining the use of these facilities for this year and informing that the invoice will not be paid.

25. Conclusion

26. There is no evidence to show that 3 quotes were obtained prior to transferring the storage arrangements to company C.

27. The cost of £20,000 per annum did not represent value for money.

28. It had transpired that the storage facilities were not fit for purpose as water damage occurred to the furniture stored.

29. Confidential client files have been inappropriately stored in the warehouse facilities.

30. Company A Update

31. We previously reported that the total amount of invoices paid to company A was £213,870 including £3,693 worth of expenses. Since then further invoices have been received and paid. The total amount paid has increased to £218,697 including £3,965 worth of expenses. The last invoice paid dated 30th November 2010 was the balance of monies owed up to 8th November 2010 when consultant's A contract was terminated.

32. Company A provided a breakdown of the £3,693 worth of expenses that had been claimed into mileage and expenses. They have concluded that £392.87 had been overcharged and we have received a refund from the Company on 22nd March 2011 for this amount.

33. There was no evidence that the former Manager declared a conflict of interest as required by Contract Procedure rules.

34. Following a review of the email account of the former Manager the following emails have been identified that show how the appointment of company A was made:-

- On 27th August 2008 from the former Manager to consultant A following up from a telephone conversation earlier that day and advising the consultant that they are looking for a consultant to cover a post working on Children Centres Capital Programme. The former Manager has included the job description and advised that they are looking for someone 3 days a week but 4/5 days would be better. This would be initially for a 3 month period from September 2008 with an option to extend. The job description enclosed with the email graded the post as PO1.
 - On 20th October 2008 from consultant A to the former Manager enclosing a covering letter stating that company A are delighted to enclose their proposal to undertake this assignment. It also includes consultant A's CV and the Company proposal which confirms that the consultant is available to work for 36 days from November 2008 until end of January 2009. The cost for this would be at a daily rate of £700 giving a total of this first arrangement at £25,200. This spend would have required consultation with the Portfolio Holder in compliance with the old Financial Regulations (para 7(vii)). Both the covering letter and the proposal make reference to what company A can offer and they state that they can guarantee the following points:-
 - Informed and accurate advice
 - Independent and objective solutions
 - Unambiguous recommendations
 - Value for money
 - Quality controlled outputs
 - Advice based on partnership and mutual respect
 - On 5th November 2008 from the former Manager to Interim Head of Service stating that they have spoken to consultant A and that the consultant can start on 20th November 2008. The dates for November 2008 would be 20/11, 21/11, 26/11, 27/11 and 28/11.
35. The salary range for a PO1 post from April 2008 was £29,223 to £31,353.
36. The contract with company A was then subsequently renewed on several occasions bringing the total spend to £218,697 and we can find no evidence that the Portfolio Holder was consulted. Expenditure on this consultant would require Chief Officer and Portfolio Holder approval under the current Financial Regulations and Contract Procedures.

37. We obtained 2 boxes of Phase 3 project files which we reviewed. These boxes contained lever arch files for some of the project areas and included plans, e-mails, meeting minutes, photographs, briefing notes etc. From the contents we were unable to ascertain which work had been completed by consultant A or whether this represented value for money. We also could not correlate any actions undertaken to the specific invoices received and amounts paid.

38. Management had also carried out an analysis of the work completed by consultant A. We are not able to confirm the source data for preparing this document other than the 2 boxes mentioned above. However the Audit-Sub Committee report detailed that based on this analysis they were satisfied that the work was completed as charged.

39. Conclusion

40. Financial Regulations and Contract Procedures have been breached and European tendering process for this category A service would have been required for this expenditure.

41. The total spend to company A had exceeded £100,000 and Portfolio holder approval was not sought as required by the Contract Procedures (this is also required under the old Financial Regulations when the limit for use of consultants without consultation with Portfolio Holder was £20,000). In addition 3 quotes were not obtained prior to engaging the consultant.

42. Due to a lack of detailed records it has not been possible to establish whether value for money has been obtained for all of the work undertaken.

43. There is no evidence to show that the former Manager had made a declaration of interests.

44. Company B

45. Audit was informed through a letter from a former member of staff to management about the use of a consultant working for company B. Following a review into the use of this company it was identified that they were used by Children and Family Centres from September 2007. Consultant B is the main contact for Bromley at this Company. We could find no evidence to establish that 3 comparable quotes were obtained prior to the Company's selection. A formal contract was not issued for the work to be undertaken.

46. It was established that consultant B was not previously employed by the London Borough of Bromley but was an employee of a trust from 17th August 2005. A company search undertaken on company B (in operation since 2nd April 2003) confirmed that consultant B is not a Director and Company accounts do not need to be submitted. However,

we have been given information that the Head of Marketing for this company was a former employee of this Authority and transferred over to a trust on 1st February 2004. This is a similar scenario to consultant A from company A. The former Manager was employed by this Authority prior to transferring over to a trust for the period February 2004 to March 2005 and transferring back to the Authority at the end of that period.

47. The company has been used since September 2007 to November 2010 and 174 invoices totalling £269,714 net have been paid. The total spend includes consultancy, marketing support, design, signage, leaflets, promotional marketing products and posters.

48. The approval of the invoices / corresponding i-proc orders were as follows:-

Authoriser	Total amount of net payments approved
Former Manager	£214,160.50
Head of Service Children and Family Centres	£8,204
7 Other Children and Family Centre Officers	£47,349.50

49. From the review of the former Manager email account it has been identified that central funding had been issued to 9 schools in December 2007 in order to make payment for invoices to be received directly from company B. This amounted to a further £14,300 making the total spend to this company of £284,014 excluding VAT.

50. Following a complete review of all the invoices paid it was identified that several of the invoices related to consultancy, marketing support and promotional items. Detailed below is a breakdown of the spend amounts in the different categories:-

Category of Spend	Amount
Specific jobs e.g. signage, posters, maps	£172,174
Consultancy and Marketing support	£68,600
Promotional Items	£28,940

51. Until August 2009 work was being arranged with company B for specific tasks and then this changed to include consultancy, marketing support and promotional items.

52. From the review of the email account identified that on 9th July 2009 the former Manager approached consultant B to come into the office to discuss the Service needs for communication, as this area was growing and were keen to move forward on this area of work.

53. Consultant B came in and met with the Head of Service on 22nd July 2009 which was subsequently followed up with emails. On 24th July 2009 the Head of Service sent an e-mail to consultant B accepting his proposal for the work. The proposal was for an initial period of 6 weeks working 3 days a week at a rate of £400, a total of £7,200. This arrangement was subsequently extended until 31st March 2010. Orders raised for work in 2010/11 changed to marketing support right through until October 2010.

54. Orders had been raised for consultancy by Children and Family Centres that had been approved by the former Manager are detailed below:-

I-proc Order Number	Date raised	Amount	Description
4038157	18/08/2009	£15,600	39 days consultancy at 3 days a week from 29/07/2009
4043040	26/10/2009	£15,600	39 days consultancy at 3 days a week from 30/10/2009 to 30/01/2010
4043039	26/10/2009	£10,800	27 days consultancy at 3 days a week from 31/01/2010 to 31/03/2010

55. The remaining £26,600 worth of orders for marketing support had also been approved by the former Manager.

56. When the invoices were received for the consultancy they were marked 'Marketing Consultancy' stating the dates that had been worked and a job reference number but no further description of the work completed other than 'as briefed and approved by the Head of Service and former Manager' or just the 'Manager'

57. It was also identified that invoice numbers BROM_F73-09/09 dated 22/09/2009 and BROM_F74-09/09 each for £1,380 were for the same 3 days 16th, 17th and 18th September 2009 but contained different job numbers, #892 and #906 respectively. Also invoice number 1523 dated 23rd July 2010 and number 1524 dated 30th July 2010 both for 'Marketing Support - Planning and Copyright of Centre Literature' for £2,400 each appears to have been paid twice. In total potentially £7,560 in duplicate payments.
58. A detailed analysis of all the invoices paid to company B, description from the invoice, amounts and who approved the orders/payments was undertaken.
59. In addition to the consultancy orders detailed above, orders had been raised for marketing support at a rate of £400 per day for a variety of projects for Children and Family Centres. On 29th and 30th March 2010 a total 5 orders were raised for £2,400 each, totalling £12,000 and on 12th and 14th July 2010 6 orders totalling £14,400 were approved, all by the former Manager. Sub dividing of orders below the limit of £5,000 when quotes or tenders would have been required is a breach of Financial Regulations / Contract Procedures (para 8.1.1).
60. A review of the invoices for promotional items identified that the products supplied included the following items:- Tote Bags, Water Bottles T Shirts, Balloons, Piggy Banks, Crayons, Pens, Pin Badges, Draw String Bags, Fridge Magnets, Trolley Tokens and Frisbees.
61. In addition order number 4045100 for £850 was raised on 20th November 2009 for worksheets for the team away day and on 15th January 2010 order number 4048358 for £2,500 was raised for Children and Family Centre brand development. These were both approved by the former Manager.
62. For the invoices that have been received for consultancy and marketing support it has not been possible to identify what work has been undertaken for the amounts paid. The invoices for promotional items do not contain the amount of products supplied so again we are unable to ascertain whether these represent value for money or if these items were received.
63. Following a review of the i-proc orders we identified that for 18 of the invoices received the corresponding i-proc order was receipted prior to the work being undertaken. This is in breach of Financial Regulations and Contract procedures. These have all been carried out by the same Administration Assistant and may have been as a result of a lack of training or knowledge of Financial Procedures. For example invoice number Brom F108-2/10 dated 8th February 2011 shows consultancy days worked on 1st, 3rd and 5th February 2011 but this was receipted on i-proc on 26th October 2010,

64. On 3rd July 2009 an email was issued by the Information Officer in response to an enquiry requesting why a publication was not produced by the design studio. This stated that a few publications had been produced by an External agency but could not offer any further explanation as to why they had been used instead. The response was copied into both the former Manager and Head of Service.
65. We understand that there was a member working party group to review communication issued by the Authority and that one of the recommendations was to make use of the in-house design team, unless they could not deliver for technical reasons.
66. We tried to cost a specific job from some area folders and maps that we had obtained to the invoices paid, although we have been advised that the costs looked reasonable we encountered difficulties in actually pricing up the job. The difficulties encountered related to comparing like with like, due to the lack of information on the invoices, time scales as the original documents were produced in 2008 and the difference in cost of materials.
67. In October 2010 the Local Authority Design Studio was asked to quote for producing a termly newsletter for activities going on in Children and Family Centres. The price quoted was £2,957.21 and this was cancelled in November 2010 when a decision was made not to produce a newsletter for the period November – December 2010.

68. Conclusion

69. In view of the amounts paid to company B as identified above, Portfolio Holder authority would have been required and it was found that this had not been obtained in this instance.
70. Financial Regulations and Contract Procedures have been breached and European tendering process for this category A service would have been required for this contract.
71. It has not been possible to establish whether value for money has been obtained for all of the work undertaken as poor records have been kept by the department.
72. I-proc orders have been receipted prior to the service being undertaken.
73. It has not been possible to ascertain why company B was used instead of the Authority's in-house design team.

74. Other Matters

75. The fraud team have found no evidence that funds have been received into the former Manager's bank account from either this consultant or any other. However, we are still looking at other accounts.
76. Further to a member request we have carried out a review of the Electoral register records from 2003 to date for the consultants and the former Manager. This review did not identify any issues.
77. On 13th May 2010 an email was sent by the Strategic Commissioning Manager requesting that the Children and Young Peoples draft contracts register for 2010/11 to be reviewed to ensure that all contracts are correctly held and if any are missing for the details to be passed to him. From a review of the final contracts register for 2010/11 provided by the Strategic Commissioning Manager the contracts for both company A and company B are not included which demonstrates that this information was not provided for subsequent inclusion. The email request was issued to the former Manager, Head of Service and copied to the Assistant Director Access and Inclusion together with others.
78. It was established that the commissioning unit were unaware of these contracts which indicated a lack of communication within the CYP service.
79. On 16th December 2009 an email was sent to the Head of Service and copied to the former Manager from the Children and Family Centre's Finance Officer. This enclosed a spreadsheet detailing the actual spend to date and the commitments until 31st March 2010 for consultants, which included company A and company B. This information had been requested following a meeting between them on 4th December 2009. The breakdown below shows the information that was provided which we have not verified as part of this review:-

Company	Actual Spend	Commitments	Total
Company A	£35,033	£56,590	£91,623
Company B	£35,358	£50,162	£85,520

80. It has not been possible to establish what happened as a result of this information being received. Although we have identified that these companies were continued to be used during the following financial year.
81. On 8th September 2009 an email was sent by the former Manager to the team detailing the interim staffing arrangements for the next 3 months. This was also sent to consultant A and consultant B and copied to the Head of Service. This communication detailed the staff in the

department and the roles they were fulfilling. The list included both consultant A and consultant B and they were shown as follows:-

- Consultant A - Consultant Capital Projects
- Consultant B - Consultant Marketing and Communication

82. This email suggests that they were considered as part of the team.

83. As part of the review into large spend we have identified that 75 invoices totalling £153,403 has been paid to an Office Furniture company and Supplies from January 2008 – October 2010 and 71 invoices totalling £54,035 to another Office Furniture company from March 2008 – January 2011. The majority of payments are below the level for requiring quotes and were paid over the period 2008 to 2011. We have not carried any further investigations into these payments.

84. A sample of 20 invoices was reviewed 10 from each company. These showed that the furniture was delivered to different Children Centres and Council offices. This matter is referred for management to check further.

85. There is a need for 3 quotes to have been obtained due to the value of orders being made as some of these were over £5,000. We have not checked to see if quotes were obtained prior to the orders being made.

86. We have been advised by the Bromley Children Project Manager that a request has been made for an inventory to be produced for items held at each of the Children Centres.

87. Other Suppliers

88. The six organisations referred to in paragraph 8 came to our attention due to high cumulative spend figures. In contrast to company A and company B payments to these Organisations were mainly allocations of funding. Although some weaknesses have been identified, there was a process for evaluating funding applications and drawing up Service Level Agreements (SLA's). They all applied for funding in November 2008 for 2008/11 which resulted in SLA's being agreed with start dates of 1st April 2009.

89. A summary sheet was provided with details of 29 organisations that applied for grant funding. We understand that meetings were held to discuss the applications in December 2008 and January 2009 although minutes were not taken. We also understand that electronic information is held and can be reviewed if necessary. Evidence of a scoring process was seen for company D.

90. Details of the SLA's are recorded on the CYP contracts register.

91. We have not been able to evidence that the Portfolio Holder was advised of any of the SLA's resulting from these applications. However, a report was provided to CYP Portfolio Holder in December 2009 which makes Members aware that voluntary sector services have benefited from significant investment via Children and Family Centre grant funding. Company G, company H and company J were cited as examples.

92. Detail on total spend and arrangements with each organisation follows:

93. Company D

94. The cumulative spend by Children and Family Centres with company D since March 2008 is £93,000.

95. Spend prior to the 1st April 2009 was £38,250, payments were made up of amounts below the level of £5,000 for requiring quotes and the majority were authorised by the former Manager.

96. Company D is sponsored by company E which is a registered Charity. Both organisations applied for funding in November 2008 for 2008/11 which was granted and SLA's were signed on the Organisations behalf by an individual named as the Senior Co-ordinator on 27th November 2008. Copies signed by the Authority have not been seen.

97. Company D was granted £21,000 annually for 2009/10 and 2010/11 both payments were authorised by the Head of Service. Additional smaller payments totalling £12,750 were paid during February and May 2010 and were authorised by the former Manager.

98. Company E

99. The total spend with company E since March 2008 is £292,850. £192,850 from Children and Family Centres and £100,000 from Extended Services budget.

100. Prior to the Service Level Agreements company E was paid a total of £92,850 for the period March 2008 to March 2009. The first payments were for services at individual Children's Centres for the counselling programme and these amounts were below the level of £5,000 the level for requiring quotes.

101. Company E was granted £100,000 annually for 2009/10 and 2010/11.

102. The payment of £100,000 in 2009/10 to was authorised by the Head of Service and the payment in 2010/11 from the Extended Services budget was authorised by the Assistant Director, Access and Inclusion.

103. Company F

104. The total spend with company F since July 2008 is £40,070 and prior to April 2009 the spend totalled £14,700.

105. After that a bid for funding for 2009/10 and 2010/11 was agreed and payment of £12,500 was made in March 2009 and in May 2010 a payment of £12,350 was made to continue services. Additional payments totalling £520 were made in November 2009 and March 2010.

106. Company G

107. The cumulative spend by Children and Family Centres with company G since February 2008 is £475,168.

108. Spend to March 2009 was £64,168. Company G was not awarded funding from the November 2008 bidding process. However, a SLA was in place to the value of £136,000 per annum for 2009/11 with two supplementary SLA's in 2010/11 for additional services for £96,000 and £43,000.

109. The payment of £136,000 for 2009/10 was authorised by the Assistant Director Access and Inclusion and the payment of £139,000 for 2010/11 was authorised by the Head of Service. In order for this payment to be processed 3 I-proc orders were raised on 30/03/2010 by one of the admin team for £48,000, £48,000 and £43,000 respectively. There is no evidence to show who asked for the purchase orders to be split into 3 to comply with I-proc limits. The payment to company G was subsequently paid on 24/06/2010.

110. We understand that in March 2011 a proposal to grant additional funding for the next six months went to CYPPDS and is being formalised.

111. The Portfolio Holder CYP has declared an interest in this organisation at meetings held on 22nd February and 15th March 2011.

112. Company H

113. The cumulative spend by Children and Family Centres with company H since February 2008 is £139,575.

114. Company H also submitted an application by the closing date of November 2008 and there is an SLA for £66,500 per annum for 2009-2011. The payment for 2009/10 for £66,500 was authorised by the Head of Service and for 2010/11 by the Assistant Director Access and Inclusion. Additional payments of £2,000 and £1,000 were paid in January and April 2010.

115. Company J

116. The cumulative spend by Children and Family Centres with company J since 2006 is £306,212.
117. Spend to March 2009 was £124,812. Company J also applied for funding in November 2008 and there is an SLA for 2009/11 for £90,000 per annum on file. The payment for 2009/10 for £90,000 was authorised by the Head of Service and for 2010/11 by the Assistant Director Access and Inclusion.
118. The SLA has recently been extended for 6 months in 2011/12 and has been approved by the CYP portfolio holder. An additional payment of £1,400 was made in March 2009. Company J also applied for funding and there is an SLA for 2009/11 for £90,000 on file. This has recently been extended for 6 months in 2011/12 and has been approved by the CYP portfolio holder. The payment for 2009/10 for £90,000 was authorised by the Head of Service and for 2010/11 by the Assistant Director Access and Inclusion.
119. We understand that in March 2011 a proposal to grant additional funding for a further six months went to CYP PDS and is being formalised.

CONCLUSION

120. This investigation has highlighted a number of control weaknesses and these are as follows:-
121. Supplies and services have been commissioned without compliance to Financial Regulations and Contract procedures which detail the required limits and procedures for obtaining quotes and selecting suppliers. In the absence of tendering waivers should have been sought.
122. Orders were not always raised prior to receipt of invoices.
123. Work and orders have been split to bring the amounts below the thresholds for either quotes or approval limits.
124. Invoices were paid without substantiating the number of days claimed or the expenses charged for.
125. Under the new Financial Regulations and Contract Procedures Portfolio Holder authority was not sought for the consultancy spend over £100,000 nor Chief Officer approval for over £30,000. Also, there was no consultation with the Portfolio Holder for initial spend of over £20,000 as required by the old Financial Regulations.

126. Details of the contracts for company A and company B were not provided for inclusion on the departmental contracts register. The CYP commissioning unit was unaware of these cases indicating lack of communication.
127. Use of outside contractors for communications and marketing when there is an in house team.
128. There appeared to be a lack of monitoring expenditure that should have highlighted the high spend on both the company A and company B. This was not detected by Management or Finance.
129. Payments were made in advance for Services and it is not clear if these were fully monitored to ensure the work had been undertaken.
130. The department kept poor records and were unable to provide an auditable trail for the decisions and payments made.
131. Value for money cannot be demonstrated in the cases of company A and company B
132. Comprehensive notes of the evaluation process have not been maintained where SLA's have been awarded.
133. There is no evidence that Portfolio Holders were advised of the new SLA's in April 2009.
134. Service Level Agreements have not always been signed by a representative of the Authority.
135. Confidential client files have been stored in the warehouse owned by company C.
136. I-proc orders have been receipted prior to the service being undertaken.
137. Furniture has been purchased without evidence of quotes and some held in storage as well as at Children Centres. Evidence has not been provided to show that this has all been received as expected.
138. There is no evidence that the former Manager had made a declaration of interests.

INVESTIGATION INTO THE COMMISSIONING OF CONSULTANTS

RECOMMENDATIONS

No	Recommendation	Comment	Responsibility	Agreed Timescale
1	<p>All expenditure that is both regular and substantial resulting in procurement limits being reached should be compliant with Financial Regulations and Contract Procedures.</p> <p>Priority 1</p>	<p>Guidance around procurement limits to be issued to managers on a regular basis.</p> <p>Financial regulations to be issued to managers on a regular basis.</p> <p>Further strengthening of the financial monitoring processes to be put in place to mitigate these risks further including cross checking of the CYP Contracts Database against invoices paid to external suppliers to identify anomalies</p> <p>Consideration to be given as to how the LBB corporate procurement system could mitigate risks still further</p>	<p>CYP Budget Holders: Assistant Directors, Heads of Service, Service Managers</p> <p>Head of CYP Finance Corporate Finance</p> <p>Strategic commissioning CYP</p> <p>Head of Corporate Procurement</p>	<p>In place and monitored</p> <p>In place and monitored</p> <p>June 2011</p> <p>Implementation deadline dependent upon corporate procurement</p>

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

2	<p>In order to ensure that recommendation 1 is complied with there should be a monitoring systems in place to ensure that cumulative spend is taken into account when selecting suppliers. If the spend has exceeded procurement limits obtain the necessary quotes and approval as appropriate.</p> <p>Priority 1</p>	<p>Further strengthening of the monitoring systems framework in CYP to highlight cumulative spend/procurement limits as a matter of course. This will include tracking of invoices paid to external suppliers, cross referenced against the CYP Contracts Database, to identify cumulative spend that exceeds procurement limits.</p> <p>Guidance on procurement rules to be issued to managers on a regular basis</p> <p>Consideration to be given to the potential means by which the LBB corporate financial systems can be strengthened to enable the highlighting of any potential breaches in the system</p>	<p>All CYP Senior Management Team and Budget Holders</p> <p>Corporate Finance</p> <p>Strategic commissioning lead officer CYP</p> <p>Director of Finance</p>	<p>June 2011</p> <p>In place and monitored</p> <p>Implementation dependent upon corporate finance</p>
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3	<p>Managers must communicate all contracts / Service Level Agreements to the Commissioning unit. Priority 1</p>	<p>a) Staff must communicate all contracts to CYP strategic commissioner</p> <p>b) Contracts register is regularly updated and agreed by Assistant Directors</p> <p>c) Cross check of all payments to suppliers against the CYP Contract Database to identify any contracts that have not been included on the CYP Database</p> <p>Investigate potential for corporate system/Procurement solution</p>	<p>Assistant Directors + Head of Service + Service Managers</p> <p>Head of CYP Finance</p> <p>Strategic commissioning lead officer CYP</p>	<p>In place and monitored</p> <p>In place and monitored</p> <p>June 2011 and monitored</p>
4	<p>The potential duplicate payments to be investigated further and arrange for the monies to be recovered. Priority 1</p>	<p>Investigations to be made</p>	<p>Head of CYP Finance</p>	<p>June 2011</p>
5	<p>Management to review that furniture ordered by the Children and Family Centres had been delivered and is all accounted for, including any that may have been put into storage. Priority 1</p>	<p>These items will be checked, documented and reported back to CYP SMT</p>	<p>AD Access and Inclusion</p>	<p>June 2011</p>

6	Confidential client files should be stored securely in Council premises at all times Priority 1	Files will be stored securely in council premises	AD Access and Inclusion	May 2011
7	Receipting of i-proc orders should only take place after it has been established that the service has been provided or the goods received in accordance with financial regulations and procedures Priority 1	Staff instructed to receipt only once the goods and services have been received in accordance with the financial regulations CYP currently has a distributed commissioning system with one commissioning coordinator. CYP are currently examining the current system to further strengthen practises given our current resource model. This includes close and ongoing liaison with Corporate Procurement and procurement teams in other Departments.	All CYP Senior Management Team and Budget Holders Head of CYP Finance Strategic commissioning CYP	June 2011 Sept 2011

8	<p>Management should ensure that a robust system is in place to ensure that conflict of interests are declared</p> <p>Priority 1</p>	<p>A CYP authorisation form is in place to obtain relevant authorisation for procurement of contracts (the form has been adopted across the Council). This will be updated to include a signed declaration of conflicts of interest.</p> <p>Procurement guidance reissued to managers</p> <p>Regular spot checks to take place</p>	<p>Head of CYP Finance</p> <p>Strategic commissioning lead officer CYP</p>	<p>In place</p> <p>In place and monitored</p> <p>June 2011</p>
9	<p>The in-house team to be used for future design work.</p> <p>Priority 2</p>	<p>The in-house LBB design team will be approached in the first instance</p>	<p>Assistant Directors + Head of Service + Service Managers</p>	<p>June 2011</p>

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FINAL INTERNAL AUDIT REPORT

RENEWAL & RECREATION

**REVIEW OF NORTH BLOCK CAPITAL PROJECT
2012/13**

Issued to: Marc Hume, Director of Renewal & Recreation

Copy to: Doug Patterson, Chief Executive

Prepared by: Principal Auditor

Date of Issue: 25 October 2012

INTRODUCTION

1. On the 26 June 2012, the Head of Audit received a written request from the Director of Renewal and Recreation for a high-level Post-Project Review to be undertaken on the North Block Capital Project. It was understood at this time that the Head of Asset Management and Strategic Projects was in the process of reporting to the July Executive Committee that the project was expected to exceed the original estimated and approved cost of £2mn by circa £380k. However, in order to be in a position of determining more accurate project financials, it was subsequently decided to provide an initial report to the Executive & Resources PDS Committee on 6 September 2012.
2. Since October 2011, the project has seen a number of key personnel changes take place, with three individuals having departed the Authority. All three held responsibilities within the project for making decisions on expenditure and managing the progress of the project and their departure at a key stage in the project lifecycle would seem to have had a clear impact in its implementation. This in no way indicates a failure on behalf of those individuals subsequently tasked with assuming these responsibilities but is merely due recognition that their combined loss of knowledge of the project was always going to be difficult to replace.
3. The high level review by Internal Audit was undertaken at a time when some aspects of the project remained incomplete, and some elements of financial data were still to be finalised, including the decision on re-allocating funds from other budgets for some of the committed expenditure. Equally, there remained some minor 'snagging' works to be completed following the main refurbishment exercise and a number of invoices for works undertaken remain to be presented for payment.

METHODOLOGY

4. In view of the concerns raised following senior management's recognition of the extent of the project overspend, Internal Audit were specifically asked to review the following areas:
 - (i) Key project expenditure since its commencement in January 2011 to-date.
 - (ii) The approach adopted in managing the project.
 - (iii) To identify and report any key 'lessons to learn'.
5. In order to achieve the above, the Auditor was required to obtain and interrogate a plethora of documentation and financial data, as well as undertake a number of staff interviews, including the remaining key personnel involved in the award and management of the key contractors appointed to the project and those taking the project through to completion.

BRIEF PROJECT HISTORY

6. The North Block Capital Project arose from the original Office Accommodation Strategy adopted by the Council to identify potential options for improving the utilisation and efficiency of the Council's office accommodation. Although more longer term opportunities were for consideration involving new purpose built civic offices as part of the implementation of the Area Action Plan (AAP), in the short-term it was proposed that some essential external/internal works to certain buildings within the Civic Centre would facilitate the increased occupation levels planned.
7. On 8 December 2010, a report was presented to the Executive requesting approval for an increase in the previously approved £1.4m provision set aside in the Capital Programme for the conversion of the Sports Hall (Adventure Kingdom), Civic Centre for office use – to £2m. The new proposals included the relocation of staff from the Old Town Hall (providing vacant possession for sale), and the decommissioning of both Ann Springman and Joseph Lancaster buildings. At the time of the report to the Executive, there was an estimated maintenance requirement backlog to the latter two buildings of circa £480k.

REVIEW OF NORTH BLOCK CAPITAL PROJECT – 2012/13

8. Although it was the North Block that was presented for the main investment of resources, additional works were identified in other buildings (St Blaise, Palace and Stockwell Building) which would support the overall initiative and provide opportunities of bringing together key teams to improve co-location arrangements. Additionally, the proposed works would improve the overall operating efficiency of the buildings, including reduction of energy consumption and carbon production.
9. The initial schedule of works identified the key changes to future departmental locations with the hope of minimising disruptions to staff, but more importantly no disruption to services. The accompanying costing of works provided a basic approximation of the key costs, which in a number of areas proved to be greatly underestimated, and are considered to be a major factor in the current financial position of the project (see Paragraph 18).
10. Approval was duly provided by the Executive but subject to full consultation with the Leader and Resources Portfolio Holder prior to making orders for the various works set out in the schedule. This is further covered in Paragraph 21 of the 'Review Findings'.
11. Following approval, senior management involved in the project had made the decision to seek individual and independent contractors for the main constituents of the proposed works, rather than choose one contractor for the whole works. Although no documentation was provided to the Auditor to evidence this decision, it was assumed that this decision was based on the opportunity of gaining greater value for money by taking this course of action. However, as detailed below under Paragraph 16 of the 'Review Findings', this may not necessarily have been the best option.
12. Arrangements were then instigated in January 2011 for tenders to be received for the five key work areas within the project – namely, Refurbishments, Electricals, Heating, Roofing and Windows/Doors. The IT requirements were able to be met from the current contractual arrangements with Capita. The resulting tenders were assessed and duly awarded in March 2011 with a proposed start-date of May 2011. However, initial feedback following the tender process for the five contracts clearly indicated that the budget set was unlikely to be sufficient. This is expanded upon in Paragraph 19 together with the table provided.
In view of the complexity of the project and the nature of the works involved, Contractor X were nominated as the 'main contractor' who held the responsibility of managing' the completion of works to the agreed schedule. However, because of the company not having contractual arrangements with the other LBB appointed contractors, this would be difficult to achieve

other than by making sure they were all aware of the overall planned schedule. This aspect is further covered under Paragraph 16 of the 'Review Findings'.

REVIEW FINDINGS

Administration and management of the project

13. From the start of this review it became evident that there were a number of key project disciplines that had not been fully adopted including:

- (1) Failure to appoint a formal Project Board
- (2) Failure to document project meetings and key decisions
- (3) Failure to issue a comprehensive project brief
- (4) Inadequate project management

Note: It should be noted that there is no evidence of fraud e.g. charging for services not delivered.

The project itself was always seen as being a challenging proposition from the outset, and it was considered by the Auditor that the level of expediency in initiating the project at the start had greatly impacted on the final outcome of this initiative. The failure to provide a comprehensive project brief to the individuals seeking tenders for the key constituents of the works involved had ultimately led to a failure in fully comprehending the requirements of the project and therefore severely impacted on estimations reported for the work required. This was also reflected early into the commencement of the project when additional works were identified by the contractors resulting in the raising of variation orders – and increasing project costs.

14. Although every effort had been made to identify the many areas of expenditure required to achieve the project's requirements, the Authority was at the same time going through extensive business change and the accommodation needs of the impacted departments were changing on a regular basis. Every effort was made to accommodate these regularly changing demands, but this in turn impacted on the works schedule put in place and at certain times the resultant demands

REVIEW OF NORTH BLOCK CAPITAL PROJECT – 2012/13

on the contractors meant there were the inevitable extension to timescales for completion. This became even more evident as the project progressed.

15. For a project of this nature to succeed, a formal Project Board is considered to be a pre-requisite, and minutes of meetings should have been comprehensively documented and retained. Unfortunately, this was not implemented and very little evidence of any formal meetings was provided to the Auditor. The only evidence of reporting progress of the project was found in the Approved Capital Programme reports and Property Services Capital Budget Monitoring Reports presented to DMT and the Property Board. Minimal information accompanied these reports on each occasion. However, the Auditor was advised that regular discussions were known to have taken place by the relevant officers, but these were not documented.
16. One of the key decisions made by management was the splitting of the project works into independent contracts with separate suppliers. Although the Auditor was unable to locate documentary evidence to support this decision, comments from interviewees indicated a reluctance by management to award the whole contract to one supplier, and that the use of multiple contracting arrangements was considered to offer greater opportunities for value for money. However, although there is no evidence to suggest value for money has not been achieved, associated difficulties in managing multiple contractors have been evident and clearly documented by Contractor X, the main contractor.
17. In view of the above, the appointment of an experienced Project Manager was fundamental and would have provided the backbone to keeping the project on track. The decision to utilise Officer A in this extended role following the departure of the then Chief Property Officer may not have been appropriate for the demands being made at that time. Although it was considered that this appointment provided continuity to the project, the individual was found to have had deficiencies in managing certain financial aspects of his role. Unfortunately, it was identified that the officer had been focussing on financial actuals (charged) rather than considering overall commitments. This was why the true over-budget position had failed to be identified earlier than it was, and was only identified after his departure.

REVIEW OF NORTH BLOCK CAPITAL PROJECT – 2012/13

Reporting requirements & financials

18. Although the initial report to the Executive on 8 December 2010 included a breakdown of the financial implications of the project including approximate cost of works, a more in-depth interrogation of the figures presented at that time identified a number of key errors/omissions. These included:

Budget Area/Heading	Approx Cost (as per Exec report dated 8 Dec 2010) £	Estimated Out-turn costs £	Budgetary position - £ (+ = overspend) (- = underspend)	Comments
Electrical distribution & alterations to Fire Alarm System (North Block)	155,000*	360,000	+ 205 ,000	Original electrical distribution costs estimated at £130k & alterations to fire alarm system estimated at £25k *Tender submitted for £334,018 Increased costs due to additional works outside the original tender specification.
Refurbishments (fit-out)	480,000	745,000	+ 265,000	* Tender submitted for £565,530 – contract subsequently increased to £589,280 to cover fees not included in tender. Increased costs due to additional works outside the original tender specification.
Replacement windows/doors	580,000	340,000	- 240,000	*Tender submitted for £340,615 Over-estimation of costs
Heating/mechanical	Not included	95,000	+ 95,000	Heating costs were not included in original costings *Tender submitted for £27,784
IT installations	240,000	263,000	+ 23,000	Additional minor works identified
Roofing	87,000	149,430	+ 62,430	Contract awarded:£150,360
Furniture	227,000	260,000	+ 33,000	
Archiving	Not included	95,000	+ 95,000	Not included in original costings. To be re-allocated in full from capital receipt upon sale of Old Town Hall.
Furniture disposal	Not included	21,635	+ 21,635	Not included in original costings
Removals	50,000	100,000	+ 50,000	Additional costs due to increased staff moves

REVIEW OF NORTH BLOCK CAPITAL PROJECT – 2012/13

19. Taking the full estimated out-turn positions for the key areas of project costs, the estimated overspend would be expected in the region of £610k. However, the Auditor has been advised by the Head of Asset Management and Strategic Projects that a sum of £161k has now been identified for re-allocation to other budget codes, and this would reduce the overspend to circa £449k. However, following final calculations and re-allocation of some project costs, the request for supplementary capital allocation amounted to £400k, which was presented to the Executive on the 12 September 2012, and duly approved.
20. It should also be noted that the original project costings submitted to the Executive included a contingency allowance of £50k, which in view of the project complexity was not considered by the Auditor as being a realistic estimation.
21. As previously indicated in Paragraph 10 above, the original Executive approval on 8 December 2010 was provided subject to full consultation with the Leader and Resources Portfolio Holder prior to making orders for the various works set out in the schedule. Although the Auditor was informed that consultation took place between the previous Chief Property Officer and the Leader in regard to the windows/doors contract, no further evidence has been provided to confirm that subsequent consultations took place. In view of the resultant tenders received for electrical and heating works being in excess of original estimations, these consultations were a necessity prior to progressing the works involved.

CONCLUSION

22. The project is now nearing completion with an expected full occupancy of North Block/St Blaise in mid-November 2012. Early indications from discussions with management and staff would seem to show that the final product meets the original objectives, and although the Authority is looking at a budget overrun in the region of 22%, the expected payback period has only increased to 5 years (previously 4.2 years – as reported to Executive on 8 December 2010).
23. When considering the complexity of the proposals originally submitted under this project, together with the impact of the business restructuring taking place at the same time, it was considered by the Auditor that it was always going to be difficult for the full project costs to be realistically assessed. However, it was clear from the original cost estimations presented to the Executive that a number of key cost areas had either been under-evaluated or fully omitted for consideration, which would indicate that insufficient analysis/planning of the project had taken place initially. As already indicated in Paragraph 13, the lack of a comprehensive project brief added to the early problems of assessing the true project cost, and the resultant tender

REVIEW OF NORTH BLOCK CAPITAL PROJECT – 2012/13

returns should have clearly indicated that some areas were inadequately covered within the original estimations. Undue expediency during the initiation of the project was considered to have been a major factor in this.

24. Throughout the life-cycle of this project, there have been a large number of additional demands placed on those attempting to manage the project, in particular the changing demands of the various departments involved in the many office moves involved. In some cases these were inevitable, due to their changing levels of resource needs, but there were also situations which would indicate a reluctance to accept the moves being offered. At times, these disputes were considered disruptive to an already challenging schedule. However, some late changes were necessary in order to effect more efficient working arrangements, and these inevitably resulted in additional costs.
25. A key decision made by management at the outset was to appoint a number of contractors to undertake the main works – rather than a single contractor. Although it is accepted that this option often offers greater flexibility, particularly in pricing, there are added demands on the management of these parties. Although a ‘main contractor’ was appointed to manage the schedule, without contractual arrangements with the other parties the main contractor had limited powers, and at times this impacted on work-flows and delays. It is difficult to conclude that this decision had impacted on the overall cost of the project and whether true value for money had been achieved.
26. As a key project discipline, the lack of a formal Project Board was considered by the Auditor to have been an error of judgement, especially in view of the number of business areas impacted by the project. The loss of three senior management within Property Division, who were heavily involved in the project, made it difficult for continuity to be maintained, and the lack of meeting minutes where key decisions would have been made, made it difficult for the Auditor to assess the quality of the overall project management at that time.
27. However, although the decision to utilise the then Officer A in an extended ‘Project Manager’ role following the departure of the Chief Property Officer, was to provide continuity for the project, it was considered by the Auditor that this individual was not adequately skilled in this area. Deficiencies were identified and this may have contributed to the delayed awareness of the true extent of the budget overspend position.
28. Although the necessary actions were taken by Senior Management to put in place appropriate project management/budget monitoring arrangements following the departure of Officer A early in 2012, the extent of the projected overspend was not

REVIEW OF NORTH BLOCK CAPITAL PROJECT – 2012/13

fully clear until April/May 2012. Without having previously been raised to the Executive, arrangements are now in place for the position to be presented to the E &R PDS Committee early in September for their consideration, and ultimate reporting to the Executive. This report was subsequently presented to the Executive on 12 September 2012 and requested a supplementary capital allocation of £400k. This was duly approved.

LESSONS TO BE LEARNED

29. Although it is anticipated that the project will achieve most, if not all, of its original objectives, there have been a number of areas where deficiencies have been identified, in particular relating to the overall management of the project. The following are considered to be the main areas where lessons must be learned:

- (1) **Project Initiation** – irrespective of the project, sufficient time must be given by the ‘project team’ to understand the underlying needs of the business and the impact on all business areas affected.
- (2) **Project Brief/Estimation of costs** – a comprehensive project brief is fundamental to the success of any project. Wherever possible, every opportunity should be taken to identify the key requirements of the project in order to allow for the appropriate costs to be identified/tendered for. Failure to meet this key discipline often results in budget overspends or ultimate project failure.
- (3) **Project Board/Recording of meeting minutes** – in all such cases, the appointment of a Project Board is considered a pre-requisite. The appropriate business representation should be formally appointed and all meetings and key decisions should be adequately documented and retained. Communication is key to the success of any project and the Project Board plays a fundamental role in this area.
- (4) **Effective Project Management** – it is fundamental to the success of any project that the appointed Project Manager has the necessary skills to undertake this role. This position is required to maintain and provide key and up-to-date information to Senior Management in order for ongoing decisions to be made. There is a need to be fully aware of project commitments in order to maintain control of costs.
- (5) **Reporting requirements** – the Project Team should always be aware of the requirements stated within previous Committee approvals and ensure that the full terms of approval are met. Where financial implications/concerns arise during the course of the project, any necessary reporting back to the appropriate Committee should be undertaken at the earliest opportunity.

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FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE AND HEALTH SERVICES

REVIEW OF EARLY YEARS AUDIT FOR 2013-14

Issued to: Nina Newell, Head of Schools and Early Years Commissioning and Quality Assurance

Cc: Jane Bailey, Interim Assistant Director of Education
David Bradshaw, Head of ECHS Finance

Prepared by: Principal Auditor

Date of Issue: 23rd December 2013

Report No.: ECH/030/01/2013

REVIEW OF EARLY YEARS AUDIT FOR 2013-14

INTRODUCTION

1. This report sets out the results of our systems based audit of Early Years Audit for 2013-14. The audit was carried out in quarter Q3 as part of the programmed work specified in the 2013/14 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on 29th August 2013. The period covered by this report is from June 2012 to September 2013.
4. The budgeted expenditure for 2013/14 for 3 and 4 year old funding is £10,149,690.

AUDIT SCOPE

5. The scope of the audit is detailed in the Terms of Reference.

AUDIT OPINION

6. Overall, the conclusion of this audit was that substantial assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

MANAGEMENT SUMMARY

7. Controls were in place and working well in the areas of:
 - Grant payments made to Early Years providers by the Local Authority are accurately processed.
 - Early Years providers have sufficient Public Liability Insurance cover.

REVIEW OF EARLY YEARS AUDIT FOR 2013-14

- Budgets are being regularly monitored and not overspent.
 - FEE grants are being paid into the provider's Business account and being utilised for Early Years Provision.
 - Sufficient evidence is provided to confirm children's identity.
8. However we would like to draw to Managements attention the following issues:
- Providers are claiming for placements that are not being fully utilised and parents/providers are not making the Early Years Team aware of any long term absences.
 - It was identified that one provider, was in a deficit of £7697.05.
 - Evidence was not provided from two providers and it was thus not able to test them. Neither were paid for the Summer 2013 term.
 - It was also identified that one Provider is paid into a bank account that is not in the name of the Provider.

SIGNIFICANT FINDINGS (PRIORITY 1)

9. There were no significant findings identified.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

10. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

ACKNOWLEDGEMENT

11. Internal Audit would like to thank all staff contacted during this review for their help and co-operation.

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	Testing of a sample of 15 Providers receiving funding found that eight children who had missed more than 2 weeks placement had still been claimed for funding. Sufficient reasons were given for two absences, but for the other five the explanation received did not adequately explain why the child was absent but the place still claimed for. The length of absences range from 11days to 35days and equates to about £912 of overpayments.	Information regarding Children's' attendance at settings may not be monitored satisfactorily resulting in potential overpayments.	<p>Providers should be reminded that they cannot claim funding for children who are absent without reason.</p> <p>Overpayments identified in the audit should be recovered. [Priority 2*]</p>

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
2	<p>During the 2012-13 Audit review a sample of 15 providers was chosen and evidence requested from them that each had a separate bank account. Evidence was provided that 10 of the 15 providers have. For the other 5 no evidence was provided at all. These providers also did not supply evidence of the attendance registers as requested and all but one also did not supply evidence of their liability insurance.</p> <p>As at the end of the 2013-14 audit, information from some providers had still not been received. From one provider, their registers had not been received, though were subsequently provided after the draft report was issued and another two had not supplied copies of their bank statements).</p> <p>During the audit the one provider did not send in any information, though they were not paid for the Summer 2013 term.</p>	<p>Early Years providers may not be properly accounting for funds provided by the Local Authority.</p>	<p>Evidence not provided as requested during the audit should be provided as per the contract document in place with each provider. [Priority 2*]</p>

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	<p>Providers should be reminded that they cannot claim funding for children who are absent without reason.</p> <p>Overpayments identified in the audit should be recovered.</p>	2*	A detailed reminder was sent out during the audit when it became clear that some providers had submitted claims for children with extended absence. Overpayments will be recovered from the Spring term final payment.	Childcare and Free Entitlement Co-ordinator	Actioned & March 2014
2	<p>Evidence not provided as requested during the audit should be provided as per the contract document in place with each provider.</p>	2*	The supporting documentation will be followed up in January with a time limit of March 2014.	Childcare and Free Entitlement Co-ordinator	March 2014

Priority 1
 Required to address major weaknesses and should be implemented as soon as possible

Priority 2
 Required to address issues which do not represent good practice

Priority 3
 Identification of suggested areas for improvement

As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

Assurance Level

Definition

Full Assurance

There is a sound system of control designed to achieve all the objectives tested.

Substantial Assurance

While there is a basically sound systems and procedures in place, there are weaknesses, which put some of these objectives at risk. It is possible to give substantial assurance even in circumstances where there may be a priority one recommendation that is not considered to be a fundamental control system weakness. Fundamental control systems are considered to be crucial to the overall integrity of the system under review. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to management, material income losses and material inaccurate data collection or recording.

Limited Assurance

Weaknesses in the system of controls and procedures are such as to put the objectives at risk. This opinion is given in circumstances where there are priority one recommendations considered to be fundamental control system weaknesses and/or several priority two recommendations relating to control and procedural weaknesses.

No Assurance

Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.

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FINAL INTERNAL AUDIT REPORT
RESOURCES DEPARTMENT

REVIEW OF NNDR AUDIT FOR 2013-14

Issued to: John Nightingale, Head of Revenues and Benefits
Peter Turner, Finance Director

Prepared by: Principal Auditor

Date of Issue: 23 December 2013

Report No.: **RD/006/01/2013**

REVIEW OF NNDR AUDIT FOR 2012-13

INTRODUCTION

1. This report sets out the results of our systems based audit of NNDR. The audit was carried out in quarter Q2 as part of the programmed work specified in the 2013-14 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference. The period covered by this report is from 1/7/12 to 31/8/13
4. The net cost of collection for NNDR for 2013-14 is £185,580. This includes £373,920 for income for Standard Allowances and Charges re Summons Raised and £559,500 for expenditure. The NNDR Monitoring Report for July 2013 showed the current collection rate of 42.45% and the collection rate for 2012-13 at 98.72%.

AUDIT SCOPE

5. The scope of the audit is detailed in the Terms of Reference.

AUDIT OPINION

6. Overall, the conclusion of this audit was that substantial assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

MANAGEMENT SUMMARY

7. Controls were working well in the areas of expected Service Level Agreements being in place and service monitoring being undertaken by The Head of Revenues and Benefits. Audit evidenced June 2013 and July 2013 Client Monitoring Reports and the service meeting minutes for July and August 2013 for confirmation.
8. The NNDR account is regularly reconciled to the control account in the general ledger and is signed off as accurate by accountancy staff.
9. The NNDR Return 1 form, which includes detail of business rate exemptions and rates from new businesses was completed in January 2013 and sent to the Department for Communities and Local Government. The total estimated income for 2013-14 was £84,220,015.00. Payments are made monthly to Central Government and Greater London Authority as per outline schedules and the remainder of the income is retained by the authority. An end of year reconciliation will be carried out to balance actual NNDR income amounts and monies retained.
10. The NNDR database is reconciled to the Valuation Schedules every 4 months. The last reconciliation prepared in August 2013 had no errors or discrepancies.
11. The NNDR system parameters were signed off as correct by the Head of Revenues and Benefits.
12. Reports were extracted by the contractor from the NNDR system detailing bills issued, outstanding liabilities, empty property, mandatory and charity reliefs, from 1/7/12 – 31/8/13.
13. A random sample of 20 mandatory or discretionary relief, such as charitable occupation and empty premises relief was selected for auditing purposes. Checks were carried out to confirm discounts/exemptions were supported by the correct documentation and agreed periodic checks take place.
14. A random sample of 20 accounts with a liability was selected and reviewed to confirm the NNDR debt recovery procedures are in place and operating effectively. This included, confirmation that recovery action taken was legitimate and appropriate,

REVIEW OF NNDR AUDIT FOR 2012-13

the original NNDR liability bill for the year was correctly valued, the recovery is carried out in accordance with financial regulations, demand notices are legitimate and appropriate, recovery action is supported by documentary evidence, recovery is correctly calculated, valued and is cost effective, relevant records are updated promptly to record any recovery action taken and recovery action is satisfactorily concluded.

15. Audit testing identified

- Inspection visits do not always take place within the agreed timescales however the contractor confirmed that staff resources have been devoted to the empty homes project.

2 of the previously agreed recommendations made by audit, relating to inspections and appeals regarding business valuations were followed up as part of this audit. No appeals were identified during this years audit testing and the delay in inspections was noted as above.

SIGNIFICANT FINDINGS (PRIORITY 1)

16. None

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

17. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

ACKNOWLEDGEMENT

Internal Audit would like to thank all staff contacted during this review for their help and co-operation

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>Audit tested a sample of 20 mandatory or discretionary relief business cases, such as charitable occupation and empty premises to ensure discounts / exemptions are valid On 4 out of 20 occasions inspection visits had not been carried out as regularly as expected on empty properties i.e. in 3 monthly intervals</p> <ul style="list-style-type: none"> • Account 7117647 Un-occupied since 19/11/10. Property inspection visits in the last 12 months included 16/1/13, 14/6/13 and 15/8/13 • Account 7117689 On-occupied since 1/1/13. Property inspection visits 19/2/13 & 23/7/13 • Account 7117812 Un-occupied since 15/8/12. Property inspection visits 1/11/12, 18/1/13, 29/5/13 & 9/8/13 • Account 7117435 Communications mast decommissioned 15/1/13 however site visit not undertaken until 22/9/13 <p>An addition one case was identified from the sample of 20 accounts in the debt recovery procedure where an inspection was delayed</p> <ul style="list-style-type: none"> • Account 7117817322 A request was made for inspection visit 26/7/13 however this has not been carried out to date <p>Project Code: RD/006/01/2012</p> <p>Priority 1 Required to address major weaknesses and should be implemented as soon as possible</p>	<p>Empty property relief maybe given incorrectly resulting in a loss of funds due.</p> <p>Page 5 of 7</p> <p>Priority 2 Required to address issues which do not represent good practice</p>	<p>Ensure inspection visits take place within the agreed timescales and are recorded on Academy [Priority 2]</p> <p>Priority 3 Identification of suggested areas for improvement</p>

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	Ensure inspection visits take place within the agreed timescales and are recorded on Academy	2	Whilst it is acknowledged there was a delay in 17 visits being undertaken this has now been resolved. Visit should be undertaken at the appropriate time	Head of Revenues and Benefits & Liberata Head of Revenues	On-going

Priority 1
 Required to address major weaknesses and should be implemented as soon as possible

Priority 2
 Required to address issues which do not represent good practice

Priority 3
 Identification of suggested areas for improvement

As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

Assurance Level

Definition

Full Assurance

There is a sound system of control designed to achieve all the objectives tested.

Substantial Assurance

While there is a basically sound systems and procedures in place, there are weaknesses, which put some of these objectives at risk. It is possible to give substantial assurance even in circumstances where there may be a priority one recommendation that is not considered to be a fundamental control system weakness. Fundamental control systems are considered to be crucial to the overall integrity of the system under review. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to management, material income losses and material inaccurate data collection or recording.

Limited Assurance

Weaknesses in the system of controls and procedures are such as to put the objectives at risk. This opinion is given in circumstances where there are priority one recommendations considered to be fundamental control system weaknesses and/or several priority two recommendations relating to control and procedural weaknesses.

No Assurance

Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.

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FINAL INTERNAL AUDIT REPORT
CHIEF EXECUTIVES - FINANCE DEPARTMENT

REVIEW OF PENSIONS AUDIT FOR 2013-14

Issued to: John Nightingale, Head of Revenues and Benefits
Tracey Pearson, Head of Co-ordination and Control

Cc: Janice Castle, Pensions Monitoring Officer
Peter Turner, Director of Finance
Martin Reeves, Principal Accountant

Prepared by: Principal Auditor

Date of Issue: 27th January 2014

Report No.: CX/104/01/2013

REVIEW OF PENSIONS AUDIT FOR 2013-14

INTRODUCTION

1. This report sets out the results of our systems based audit of Pensions Audit for 2013-14. The audit was carried out in quarter Q3 as part of the programmed work specified in the 2013-14 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on the 29/08/13. The period covered by this report is from 1st September 2012 to 1st September 2013.
4. The estimated number of users/beneficiaries (current and projected) as at 30th September 2013 is 5,035 current employees, 4,817 pensioners and 4,670 deferred pensioners. Total current budget for this head: £35m expenditure (pensions, lump sums, admin, etc); £38.8 income (contributions, investment income, etc); £601.8m total fund value at 30th September 2013).

AUDIT SCOPE

5. The scope of the audit is detailed in the Terms of Reference.

AUDIT OPINION

6. Overall, the conclusion of this audit was that substantial assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

MANAGEMENT SUMMARY

7. Controls were in place and working well in the areas of:

REVIEW OF PENSIONS AUDIT FOR 2013-14

- Arrangements are being put in place to ensure eligible staff are automatically enrolled in the pension scheme and Bromley will be compliant with changes to the LGPS scheme for 2014. Bromley has until 30/09/17 to ensure all eligible staff are correctly enrolled in the Pension scheme.
 - Controls are in place to ensure staff who have changes in hours are accurately adjusted on the Pension system.
 - Pension Retirement Grants are paid at the correct level and after the retirement date.
 - Adequate scheme funds are available to meet scheme commitments.
 - Scheme assets are adequately monitored and reconciled.
 - Payment of death grants have been made accurately and promptly
 - Life Certificates are regularly sent out and chased up to ensure payments are accurately made.
8. However we would like to draw to Managements attention the following issues:
- Controls are not in place to ensure additional pension contributions are deducted at the correct rate.
 - Controls are not sufficient to ensure that changes to personnel's circumstances, are not adjusted for on the pension's system and contributions that are made from their wages.
 - Pensioners abroad –one case was identified where the signature had substantially changed and no explanation received for this.

SIGNIFICANT FINDINGS (PRIORITY 1)

9. There were no significant findings identified in this report.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

10. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

ACKNOWLEDGEMENT

REVIEW OF PENSIONS AUDIT FOR 2013-14

11. Internal Audit would like to thank all staff contacted during this review for their help and co-operation.

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	Testing of a sample of 8 staff who are making additional contributions identified that all were making contributions at the correct rate according to their signed agreement except one. In the one instance where they were not being made correctly, no deductions were made between November 2012 and September 2013. This was identified in June 2013 by Liberata who will be writing to the person to explain their error. The amount of deductions missed from the employee is £640.31.	Additional deductions made from staff may not be made at the correct rate.	Management should ensure that additional contributions to be deducted from staff, as per agreements are accurate and being deducted. [Priority 2]
2	A sample of eight people with changes in their circumstances and nine new starters were selected to be tested. All of the new starters were actioned promptly with the longest time taken to action being one month after the starting date. Testing of the cases with changes in circumstances identified two errors. One member of staff had changed their post but incorrect deductions were being made upon the change. Another member of staff had changed her hours, but the change had not been made to the Pensions system.	Accurate deductions will not be made from staff salaries for their pension.	Management should ensure that where staff have changes in their circumstances and amendments are required to be made to their pension deductions, these are correctly actioned. [Priority 2]
3	The recommendation that was made in the 2012-13 relating to identifying if overpayments had been made to two pensioners living abroad and considering using external organisations to verify pensioners living abroad proof of life, was not	Payments may not be made to the correct people,	Management should consider investigating in instances where the signature on the returned

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>implemented. The decision was taken by the Head of Revenues and Benefits that the maximum overpayment that could have arisen was only about £3200 and it would be more costly to chase this up than be beneficial.</p> <p>Testing of a sample of ten returned life certificates this year, identified for one pensioner (who was aged 93) that signature on the life certificate had changed substantially between 2011 and 2012. The Electoral Commission for Australia has been written to determine if the pensioner is actually still alive.</p>		<p>life certificate has altered greatly.</p> <p>[Priority 2]</p>

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	Management should ensure that additional contributions to be deducted from staff, as per agreements are accurate and being deducted.	2	Checks have been put in place to minimise the opportunity of error where Liberata is the payroll provider. This is more difficult where external provider is used.	Head of Revenues and Benefits	Ongoing
2	Management should ensure that where staff have changes in their circumstances and amendments are required to be made to their pension deductions, these are correctly actioned.	2	Work flow procedures between HR, Payroll and Pension are subject to ongoing review.	Head of Revenues and Benefits	Ongoing
3	Management should consider investigating in instances where the signature on the returned life certificate has altered greatly.	2	Whilst handwriting often changes with age, further investigations will be made where concern on the validity of the signature.	Head of Revenues and Benefits	Ongoing

Priority 1
 Required to address major weaknesses and should be implemented as soon as possible

Priority 2
 Required to address issues which do not represent good practice

Priority 3
 Identification of suggested areas for improvement

As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

Assurance Level

Definition

Full Assurance

There is a sound system of control designed to achieve all the objectives tested.

Substantial Assurance

While there is a basically sound systems and procedures in place, there are weaknesses, which put some of these objectives at risk. It is possible to give substantial assurance even in circumstances where there may be a priority one recommendation that is not considered to be a fundamental control system weakness. Fundamental control systems are considered to be crucial to the overall integrity of the system under review. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to management, material income losses and material inaccurate data collection or recording.

Limited Assurance

Weaknesses in the system of controls and procedures are such as to put the objectives at risk. This opinion is given in circumstances where there are priority one recommendations considered to be fundamental control system weaknesses and/or several priority two recommendations relating to control and procedural weaknesses.

No Assurance

Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.

FINAL INTERNAL AUDIT REPORT
CHIEF EXECUTIVE'S DEPARTMENT

REVIEW OF TELL US ONCE SCHEME OPERATED BY REGISTRARS FOR 2013-14

Issued to: Registrations Manager,
Legal Services & Democracy,
Head of Benefits,
Head of Parking,
Head of Assessment & Care Management,
Head of Shared Library Service,
Electoral Services Manager,

Cc: Director of Corporate Services,

Prepared by: Principal Auditor.

Date of Issue: January 10th 2014

Report No.: CX/049/02/2013

REVIEW OF REGISTRARS AUDIT FOR 2013-14

INTRODUCTION

1. This report sets out the results of our systems based audit of **Registrars Audit for 2013-14**. The audit was carried out in quarter 2 as part of the programmed work specified in the 2014 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on 22/7/13. The period covered by this report is from April 1st 2013 to September 30th 2013.
4. The net budget for this service area is £130,320. This includes operating the Tell Us Once Scheme. It should be noted that the Authority does not receive any additional monies for participating in the Tell Us Once scheme.

AUDIT SCOPE

5. The scope of the audit is detailed in the Terms of Reference.

AUDIT OPINION

6. Overall, the conclusion of this audit was that Substantial Assurance can be placed on the effectiveness of the overall controls. It should be noted that limited testing was undertaken and therefore it was not possible to fully evaluate the risks detailed on the terms of reference. However, it is Internal Audit's view that the benefits of the Tell Us Once scheme are directly beneficial to the Authority. Definitions of the audit opinions can be found in Appendix C.

MANAGEMENT SUMMARY

7. 'The Tell Us Once Scheme is a voluntary service that provides citizens with an alternative method of notifying central and local government of a change of circumstance (a birth or a death) just once and trusting them to share this information with other relevant departments and local authority services. The Department for Work and Pensions (DWP) delivers this Tell Us Once (TUO) Programme'.
8. The Memorandum of Understanding (MOU) was made on April 26th 2011 and was signed by all relevant parties. The MOU is not legally binding but instead reflects good faith, intentions and commitments of both parties.
9. The Tell Us Once Scheme has been operating at Bromley for approximately 2 years and at Bromley only death notifications are processed and not births. Other local authorities do both birth and deaths but the Registration Manager advised that they do not have the resources at Bromley to manage this. It is understood from the Registrations Manager that there is also a proposal to extend the TUO scheme to also to include the pension scheme. The Implementation Manager left the Authority in August 2013 and since then there has not been corporate ownership of this scheme.
10. An informant will arrange to register a death. At the time of the appointment, the details of the death is collected which is known as the 'capture', the choice is whether they wish to take part in the 'enrichment'. The informant has a choice whether the notifications go through to various agencies. If they decline, then the informant is responsible for contacting all other government agencies themselves. If they wish to go ahead then at the end of the appointment, the informant is provided with a print out of data collected for confirmation.
11. Once the information is completed on the Tell US Once system, the data cannot be changed and the informant would have to contact the DWP helpline.
12. Information was requested for the number of complaints that had been received within the period and it was confirmed that there had been none but there had been 2 cases where there had been issues with incorrect data input. This was highlighted as an area of conflict. Since the Implementation Manager left in August 2013, all complaints are directed to the Registrations Manager.

REVIEW OF REGISTRARS AUDIT FOR 2013-14

13. Data is input to the Tell Us Once System and notification data is received by the participating agencies. Within the Authority, the monitoring reports includes notifications for the following areas :-
- Electoral Services
 - Sundry debts / Miscellaneous Income
 - Housing Benefit
 - Adult Social Services
 - Council Tax
 - Blue Badges
 - Library Services
14. The audit concentrated on the data reported by the DWP on the total number of notifications made by department and trying to reconcile this with records held by the individual listed services. For the period April 1st 2013-July 21st 2013, there were 1352 notifications made for Bromley. Difficulties were encountered in accessing notification data in order to ensure that they had been acted upon promptly and efficiently. Access to data was restricted due to data protection and the need to seek the informant's prior permission for the purpose of accessing this data.
15. An alternative approach was made to this data in comparing the total number of notifications made within a specific period as recorded by the DWP and comparing this to the service records. Three individual service areas were selected for review. Departmental contacts were contacted and asked to submit the total number of notifications for the period April 1st 2013 to July 21st 2013 specific for that service area.

REVIEW OF REGISTRARS AUDIT FOR 2013-14

16. The results are summarised below : -

Notifications received for the period April 1st 2013-July 21st 2013.			
Service Area	Number of Notifications Recorded by Service Area	Total Number of Notifications recorded by DWP for the period	Difference (+/-)
Blue Badges	181	158	+23
Adult Social Services	131*	194	-63
Council Tax	305	368	+63

* For this figure, it was highlighted that there was missing data for 01/04/13-21/04/13 and 01/05/13-20/05/13. Assumption is made that DWP data is correct.

17. Audit testing revealed that not all departmental contacts for TUO are retaining notification data and therefore it was not possible to test this effectively. It is also not possible to compare the results as there is no baseline data for comparison purposes (as confirmed by the Implementation Manager), to measure the impact of participating in this scheme and whether being part of the scheme has been beneficial. Confirmation was sought from the individual service areas that all notifications had been processed.

REVIEW OF REGISTRARS AUDIT FOR 2013-14

18. It should be noted that the Authority does not receive any additional monies for participating in the Tell Us Once scheme. The immediate benefits are that government agencies and local authority departments can halt services quickly and efficiently and examples include reduction in debt recovery action; equipment being recovered and possibly re-issued; services ended promptly and blue badges cancelled to prevent possible fraudulent use. In addition, the scheme will also reduce avoidable contacts with the Authority. With the TUO scheme, all avoidable contacts are potentially removed and this cost is saved. The Avoidable contact National Indicator NI 14) is no longer collected).
19. It has not been possible to determine whether the Tell US Once scheme is operating effectively and whether value for money has been achieved as there is not the data available.
20. Issues that have arisen during the audit are :
- Staff are not aware of their responsibilities with this data.
 - Handling notifications by departments and data retention requirements.
 - Complaints should be handled by an independent officer.

SIGNIFICANT FINDINGS (PRIORITY 1)

21. None.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

22. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

ACKNOWLEDGEMENT

23. Internal Audit would like to thank all staff contacted during this review for their help and co-operation.

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>Testing was undertaken to determine the total number of death registrations through TUO from April 1st 2013 to July 21st 2013. A DWP report detailed that for this period there were a total of 1352 notifications (for all service areas).</p> <p>Additionally, audit requested details of the following:-The total number of notifications to Council Tax, Blue Badges and Adult Social Services from April 1st 2013 to date. (Please see table on Page 5).For the three areas tested there i.e. Blue Badges, Adult Social Services and Council tax there were discrepancies highlighted between DWP notification and receipt of referrals.</p> <p>Inconsistencies arose in the reconciliation of the DWP data to individual service records.</p> <p>Staff are not all aware of their responsibilities with the TUO data.</p>	<p>Unable to determine whether all notifications have been acted upon. Effectiveness of the Tell Us Once scheme is undermined.</p>	<p>The responsibilities of each designated contact for the Tell Us Once programme should be reviewed. Staff are not aware of their responsibilities with this data. It is not possible to determine whether or not the Tell Us Once Scheme is effective in the absence of accurate data.</p> <p>[Priority 2]</p>

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
2	<p>Procedures could not be found detailing what staff responsibilities are when a notification is received. This was also confirmed by the Registrations Manager who was not aware of any specific procedures, but believed that individual sections would have their own protocol and procedures regarding action to be taken upon receipt of notification. Additionally, it needs to be established whether all staff are retaining the notification data and also for what period of time as in some cases recent data had been deleted and were unaware that this should be retained. One service area had disposed of data for the period 01/04/13-21/04/13 and 01/05/13-20/05/13.</p> <p>It should also be confirmed that all notifications are being acted upon as currently it can only be ascertained if the notifications have been read. The Registrations Manager does not have access to such monitoring reports currently.</p> <p>‘Compliance checks’ undertaken by the DWP, if the TUO Programme identifies a potential risk in a local authority business process or when a check is required as part of TUO random enquiry regime. (Memorandum of Understanding’. These checks may not be possible in the absence of missing data</p> <p>Project Code: CX/049/02/2013</p>	<p>Staff may be operating to different working practices.</p>	<p>Clarifications should be sought on the required process for dealing with notifications and staff should be reminded of the responsibility to retain notification data. All notifications data should be acted upon. DWP compliance checks may not be undertaken as and when required.</p> <p>[Priority 2]</p>

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
3	<p>The processing of complaints is an area of conflict. When a complaint is made it would be made through corporate complaints team and are then passed to the Registrations Manager. The complaint may be specific to the data input made by their staff.</p> <p>Information was requested for the number of complaints that had been received within the period and it was confirmed that there had been none but there had been 2 cases where there had been issues with incorrect data input.</p> <p>The Registrations Manager confirmed that complaints will go to individual service areas. It is not known if any of the complaints specifically relate to the TUO scheme.</p>	<p>Complaints may not be dealt with appropriately.</p>	<p>Consideration should be made to complaints being made to a separate officer than the Registrations Manager due to the area of conflict.</p> <p>[Priority 3]</p>

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	The responsibilities of each designated contact within the Authority should be reviewed. It is not possible to determine whether or not the Tell Us Once Scheme is effective in the absence of accurate data.	2	Managers within receiving service areas to review roles and responsibilities of designated staff – Registration Manager to request feedback regarding actions taken and timescales.	Registration Manager and Managers within the service areas.	April 2014
2	Clarifications should be sought on the required process for dealing with notifications and staff should be reminded of the responsibility to retain notification data. All notifications data should be acted upon. DWP compliance checks may not be undertaken as and when required	2	Clarification has been sought from DWP regarding the use of and retention of notification data, this will be cascaded to managers in the individual service areas.	Registration Manager.	10/1/14

Priority 1
 Required to address major weaknesses and should be implemented as soon as possible

Priority 2
 Required to address issues which do not represent good practice

Priority 3
 Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
3	Consideration should be made to complaints being made to a separate officer than the Registrations Manager due to the area of conflict.	3	Current route for complaints to be clarified with the Head of Benefits.	Registration Manager.	10/1/14

Priority 1
 Required to address major weaknesses and should be implemented as soon as possible

Priority 2
 Required to address issues which do not represent good practice

Priority 3
 Identification of suggested areas for improvement

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Assurance Level

Definition

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Limited Assurance

Weaknesses in the system of controls and procedures are such as to put the objectives at risk. This opinion is given in circumstances where there are priority one recommendations considered to be fundamental control system weaknesses and/or several priority two recommendations relating to control and procedural weaknesses.

No Assurance

Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.

FINAL INTERNAL AUDIT REPORT
CHIEF EXECUTIVE'S DEPARTMENT

REVIEW OF STAFF CAR PARKING - AUDIT FOR 2013-14

Issued to: Mark Bowen, Director of Corporate Services
Andrew Champion, Facilities & Support Services Manager

Cc: Peter Turner, Director of Finance
Lesley Moore, Deputy Director of Finance
Doug Patterson, Chief Executive (Final Report only)

Prepared by: Principal Auditor

Date of Issue: 9 January 2014

Report No.: CX/054/01/2013

REVIEW OF STAFF CAR PARKING AUDIT FOR 2013-14

INTRODUCTION

1. This report sets out the results of our systems based audit of **Staff Car Parking Audit for 2013-14**. The audit was carried out in Quarter 2 as part of the programmed work specified in the 2013-14 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on 22 August 2013. The period covered by this report is from the launch of the scheme in October 2012 to-date.
4. In early 2011, with the support of a Car Parking Review Group, the Authority undertook an initial review of staff car parking at the Civic Centre, and subsequently allocated car parking spaces (without charge) to those meeting agreed criteria. In April 2012, a Consultation exercise was notified to staff known to be using Civic Centre car parking, which detailed the proposed charging for staff holding parking permits. Linked to this, the Authority undertook a review of the essential car user criteria. As a result of this exercise, staff were advised in July 2012 of the proposals to introduce a range of charges from 1 Sept 2012, but due to delays in signed agreements being returned, this was subsequently delayed until 1 Nov 2012. Although the launch and initial administration of the scheme had been the joint responsibility of HR and Facilities & Support Services, the ongoing responsibility for the administration was subsequently transferred to the Facilities & Support Services.

AUDIT SCOPE

5. The scope of the audit is detailed in the Terms of Reference.

REVIEW OF STAFF CAR PARKING AUDIT FOR 2013-14

AUDIT OPINION

6. Overall, the conclusion of this audit was that substantial assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

MANAGEMENT SUMMARY

7. Controls were in place and working well in the areas of retention of supporting documentation and the processing of staff charges.
8. In the knowledge of continuing Central Government funding reductions, the Authority decided as part of its budget options to consider introducing car parking charges for staff and Members who held parking permits following the car parking allocation review undertaken in 2011. At the time of the release of the Consultation Document on 29 March 2012 which detailed the proposals for the introduction of car parking charges to LBB staff and Members, it was anticipated that these arrangements would generate £150k initially in year 1 (2012-13), rising to £300k pa thereafter. However, following the full launch of the charging scheme in October 2012, it soon became evident that the initial income projections were not going to be achieved. Actual take-up of permits was lower than had been expected but the decision to not charge Essential Car Users for parking had an even greater impact. Due to the shortfall in income Senior Management agreed in November to fund the difference by way of budget transfers from all departments, and in total £85k was allocated back to staff parking income.
9. The impact of the above resulted in an amended budgeted annual income of £75k and data extracted at the end of July 2013 indicated an income target of £73k – rising to £78k if the ‘Pay-as-you-go’ facility at Rafford Way was included.
10. The scheme initially considered parking at three main locations – Civic Centre Multi-storey, St Blaise and the South Street facility. However, since the initial launch a separate ‘Pay-as-you-go’ facility was identified at Rafford Way. It had been the Authority’s intention to undertake a review of other remote parking locations within the Borough, but following the departure of the nominated Lead Officer earlier in 2013, this review has not taken place. The subject of staff parking continues to remain high on the discussion agenda for Members and it is expected that no changes to current arrangements will be considered until 2014-15.

REVIEW OF STAFF CAR PARKING AUDIT FOR 2013-14

11. During this review, efforts were being made by Facilities & Support Services staff to create a more comprehensive Staff Car Parking Permit – Application Form, which was hoped to eliminate a number of the administrative problems created by the existing application form. All successful applicants are required to sign a scheme ‘Terms and Conditions’ and are required to advise Facilities & Support Services whenever a change of vehicle occurs. As detailed in this report, this was identified a regular failure and will require the appropriate reiteration to staff and Members using parking facilities.
12. Following this review, the following recommendations have been raised in this report:
 - Comprehensive procedural guidelines should be introduced to cover all tasks/activities within the staff car parking scheme.
 - All records being maintained by Facilities & Support Services in relation to Staff Car Parking/charges should be maintained up-to-date at all times.
 - The Staff Car Parking Scheme records should be fully reviewed to ensure that the information held remains valid. Any discrepancies should be pursued with the individual members of staff.
 - Arrangements should be made to review the current agreements with xxx and yyy and for the issuing of formal notification to both organisations of any ongoing parking terms and conditions, particularly to include a ‘no liability’ clause for the Authority.
 - Where options are made available to offer non-qualifying staff unused parking facilities at an appropriate charge, these should be effected at the earliest opportunity.

SIGNIFICANT FINDINGS (PRIORITY 1)

13. There are no Priority 1 recommendations being raised.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

REVIEW OF STAFF CAR PARKING AUDIT FOR 2013-14

14. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

ACKNOWLEDGEMENT

15. Internal Audit would like to thank all staff contacted during this review for their help and co-operation.

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>Discussions were held with both the Facilities and Support Services Manager and the Team Leader on 5/9/13, and it was confirmed that at present there are no procedures/guidelines in place.</p> <p>It was explained to the Auditor that the scheme was originally being worked on by both Human Resources and Facilities & Support Services, and primarily involved the need to define a list of current users, whether casual or essential, and were using the car park facilities. Once the target audience had been identified, the Facilities & Support Services Manager drafted the Terms and Conditions document which was issued to all staff who would fall into the 'Pay for Parking' category. When dealing with the amended Essential Car User Allowance criteria a number of problems arose and this needed closer liaison with HR, especially around the period for appeals. Following this period, Facilities & Support Services effectively took over the general administration of the scheme, which involves the ongoing maintenance of the database of users, managing applications, the issuing of permits and general enquiries on the scheme.</p> <p>- continued over -</p>	<p>Failure to maintain comprehensive and up-to-date procedural guidelines may lead to inconsistencies in approach and subsequent errors which could result in loss of income to the Authority.</p>	<p>Comprehensive procedural guidelines should be introduced to cover all tasks/activities within the staff car parking scheme.</p> <p>[Priority 2]</p>

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1 cont	<p>- continued - As previously indicated, the scheme does involve liaison with HR and there is also an interface with ISD in the production of key reports. In view of these interfaces, it is important that there exists detailed procedure notes to ensure that the individual requirements of the processes involved are consistently applied and responsibilities known.</p>		
2	<p>The Facilities and Support Services Manager together with the Support Services Team Leader were interviewed on 5/9/13 and asked to confirm the extent of records relating to current staff and Member car parking users. The Auditor was provided with access to a comprehensive spreadsheet which details all staff utilising car parking facilities. It did not include Member details as this was held separately. The main spreadsheet had originally been set-up by HR and following the launch of the scheme, the responsibility for the ongoing maintenance of these records was transferred to Facilities & Support Services. During the Auditor's review of this spreadsheet it was found that the vast majority of the information/data was being maintained up-to-date. The only deficiencies found were: - in a number of Essential Car User cases which involved staff having submitted an appeal, the results of the appeal had not</p>	<p>Failure to maintain up-to-date scheme records could result in administrative errors/disputes with possible loss of income.</p>	<p>All records being maintained by Facilities & Support Services in relation to Staff Car Parking/charges should be maintained up-to-date at all times.</p> <p>[Priority 2]</p>

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
2 cont	<p>- continued –</p> <p>been recorded. Subsequent contact with HR on 2/9/13 confirmed that no appeal cases remained outstanding.</p> <p>- in a number of cases recorded since the updating of the spreadsheet had been taken over by Facilities and Support Services, staff member department/role/employee number had been omitted.</p> <p>- in a number of cases the car registration number had not been updated.</p>		

Priority 1
 Required to address major weaknesses and should be implemented as soon as possible

Priority 2
 Required to address issues which do not represent good practice

Priority 3
 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
3	<p>Discussions with the Facilities & Support Services Team Leader on 29/8/13 confirmed that there was currently a process whereby a member of staff undertook monthly spot-checks of all car parks, and identified those not meeting the terms of parking including, not displaying permits or parking in the wrong location. A manual recording sheet is used to record such instances, and an appropriate notice is placed on the vehicle. In view of the excessive movement of vehicles in and out of the St Blaise car park, there is currently no logging of vehicles entering without a permit. In these instances and once satisfied with the explanation given by the driver, staff based at the Lodge automatically raise the barrier and provide access. However, discussions with the Facilities & Support Services Manager on 5/9/13 confirmed to the Auditor that there are regular infringements of the parking arrangements, particularly from within the Carelink staff, who are known to leave their personal cars in the St Blaise car park all day without authority, whilst undertaking their daily duties in the Carelink vehicles. It was considered by the Facilities & Support Services Manager that he and his staff were unable to force the issue, albeit that the matter had previously been reported to the Head of Direct Care Services.</p>	<p>Failure to maintain up-to-date scheme records could result in administrative errors/disputes with possible loss of income.</p>	<p>The Staff Car Parking Scheme records should be fully reviewed to ensure that the information held remains valid. Any discrepancies should be pursued with the individual members of staff.</p> <p>[Priority 2]</p>

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
3 cont	<p>During the course of undertaking the full spot-checks of both the Multi-storey and St Blaise car parks on the 18/9/13, some additional discrepancies were identified in the data recorded. However, the biggest concern was the number of vehicles identified during the spot-checks that were failing to display a parking permit.</p> <p>The spot-check of St Blaise car park on 18/9/13 identified 11 vehicles not displaying a valid permit. Of these, 6 were identified from records as being staff vehicles. The remaining 5 were unable to be identified, but in view of the ability for Lodge Attendants to allow exceptional access, it was possible that these vehicles were used by valid 'contractors/visitors' to the Authority on that day. Unfortunately, records of these exceptional access visits are not maintained.</p> <p>The spot-check undertaken at the Civic Centre Multi-Storey car park on the same day identified:</p> <ul style="list-style-type: none"> - 8 vehicles failing to display a valid permit, of which 6 were unable to be traced to current staff parking records. There was 1 example where an old pre-charging permit for a different vehicle was being displayed. 		

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
3 cont	<p>- continued -</p> <p>Discussions with the Facilities & Support Services Team Leader confirmed that there are minimal agreements for exceptional access to the Multi-Storey car park, and it could only be assumed that the vehicles were permit holders but were not displaying their permits, and/or had not notified the F&SS team of a new car registration. It cannot be discounted that these are not 'rogue' parkers with no valid right to parking at this location.</p> <p>Although monthly 'spot-checks' are undertaken by F&SS personnel, and are supported by a record sheet detailing offenders, the Auditor was advised that some vehicles are found to be regularly infringing parking terms, albeit that notices were being left on their windscreens.</p>		

Priority 1
 Required to address major weaknesses and should be implemented as soon as possible

Priority 2
 Required to address issues which do not represent good practice

Priority 3
 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
4	<p>Although not a charging location, information relating to users of the parking facilities at Egerton Lodge was found not to be up-to-date. During the auditor's review of the facility on 18/9/13, 4 vehicles were found parked on the premises, but only three were known as being staff from xxx. Although all four vehicles had a valid parking permit displayed, the fourth vehicle was not immediately identified by Facilities & Support Services. However, further enquiries determined this to be a long-standing arrangement for a LBB staff member, and replacement arrangements are now in hand. Subsequent enquiries by the Auditor identified that there were no formal arrangements for staff of both xxx or yyy to use this facility.</p>	<p>Failure to formalise exceptional parking arrangements may lead to future disputes and subsequent claims from users against the Authority for damage incurred to vehicles.</p>	<p>Appropriate arrangements should be made to review the current agreements with xxx and yyy and for the issuing of formal notification to both organisations of any ongoing parking terms and conditions, particularly to include a 'no liability' clause for the Authority.</p> <p>[Priority 2]</p>

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
5	<p>Discussions with the Facilities & Support Services Manager on 5/9/13, confirmed that the projected income was not currently being achieved at the levels originally presented to Members at the time the scheme of charging was introduced. Although the Facilities & Support Services Manager confirmed that he was not responsible for managing the budget, he was aware that income was falling far short of expectations - more than 50%. This was based on the original projections of £150k of income in year 1. However, further discussions with the Head of Finance Corporate Services confirmed that the income budget for 2013-14 had been reduced to £75.3k in the knowledge of reduced take-up, and current usage indicated a 2013-14 income projection of £67.9k. Although the level of income was clearly not meeting original expectations, there was not sufficient evidence to suggest that adequate efforts were being made to rectify the position, even though there may be a number of non-qualifying staff wanting to take up available car parking spaces. It would seem from discussions with the Facilities & Support Services Manager on 5/9/13 that there remains a number of high-level decisions to be made on the future of a number of</p>	<p>Failure to take appropriate and timely action to rectify shortfalls in projected income may adversely impact on future income levels.</p>	<p>Where options are made available to offer non-qualifying staff unused parking facilities at an appropriate charge, these should be effected at the earliest opportunity.</p> <p>[Priority 2]</p>

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
5 cont	- continued - LBB sites which may impact on demand for the Civic Centre multi-storey car park. Until these decisions have been made no further progress is expected on the allocation of spare parking spaces.		

Priority 1
 Required to address major weaknesses and should be implemented as soon as possible

Priority 2
 Required to address issues which do not represent good practice

Priority 3
 Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	Comprehensive procedural guidelines should be introduced to cover all tasks/activities within the staff car parking scheme.	2	Terms and Condition of use for both staff and members are available. An application request form is now in operation and requires line management sign off. Parking access guidance is issued to the Attendant team. Site parking notices are in use and registers will be maintained. Periodicity of checks will be reviewed following additional reduction from Attendant team.	Facilities & Support Services Manager; Centralised Support Services Team Leader; Attendant Team	Complete
2	All records being maintained by Facilities & Support Services in relation to Staff Car Parking/charges should be maintained up-to-date at all times.	2	All records are maintained as per information received. An additional 6 monthly request will be issued to remind people to advise on any changes that may not have been reported.	Centralised Support Services Team Leader	30/04/14 & 30/09/14

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
3	The Staff Car Parking Scheme records should be fully reviewed to ensure that the information held remains valid. Any discrepancies should be pursued with the individual members of staff.	2	<p>The records are maintained and are amended as per updated advice on leavers through the workforce member process and new applications.</p> <p>A full annual review of post holder entitlements would need to be undertaken in conjunction with HR and timescales negotiated.</p>	<p>Centralised Support Services Team Leader;</p> <p>Facilities & Support Services Manager; Centralised Support Services Team Leader; Human Resources</p>	<p>31/01/14</p> <p>30/09/14</p>

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
4	Appropriate arrangements should be made to review the current agreements with xxx and yyy and for the issuing of formal notification to both organisations of any ongoing parking terms and conditions, particularly to include a 'no liability' clause for the Authority.	2	At present no LBB staff are parking on the Egerton Lodge location. Any agreements on xxx and yyy use of parking will be referred to the Legal Team for advice on any agreements that have been entered into.	Facilities & Support Services Manager; Centralised Support Services Team Leader	31/03/14
5	Where options are made available to offer non-qualifying staff unused parking facilities at an appropriate charge, these should be effected at the earliest opportunity.	2	At this point in time no proposals to extend parking opportunities as flagged will be entered into. Once clarification on retention timescales for South Street are known and the impact on relocation of staff from there to Civic facilities has been assessed, opportunities may be reviewed. In addition there may also be	Facilities & Support Services Manager; Centralised Support Services Team Leader	30/09/14

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
			impacting changes on the Rafford Way car park and again users may need to be absorbed into existing, but reduced, civic car parks.		

Priority 1
 Required to address major weaknesses and should be implemented as soon as possible

Priority 2
 Required to address issues which do not represent good practice

Priority 3
 Identification of suggested areas for improvement

As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

Assurance Level

Definition

Full Assurance

There is a sound system of control designed to achieve all the objectives tested.

Substantial Assurance

While there is a basically sound systems and procedures in place, there are weaknesses, which put some of these objectives at risk. It is possible to give substantial assurance even in circumstances where there may be a priority one recommendation that is not considered to be a fundamental control system weakness. Fundamental control systems are considered to be crucial to the overall integrity of the system under review. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to management, material income losses and material inaccurate data collection or recording.

Limited Assurance

Weaknesses in the system of controls and procedures are such as to put the objectives at risk. This opinion is given in circumstances where there are priority one recommendations considered to be fundamental control system weaknesses and/or several priority two recommendations relating to control and procedural weaknesses.

No Assurance

Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.

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FINAL INTERNAL AUDIT REPORT
ENVIRONMENTAL AND COMMUNITY SERVICES

REVIEW OF WASTE MANAGEMENT AUDIT 2013-14

Issued to: Nigel Davies, Executive Director of Environmental and Community services
Dan Jones, Assistant Director Street scene & Green space
John Woodruff, Head of Waste Services
John Bosley, Contracts Manager (Waste & Refuse Service)
Claire Martin, Head of Finance ESD

Prepared by: Principal Auditor

Date of Issue: 20/01/2014

Report No.: ENV/003/01/2012.bf

REVIEW OF WASTE MANAGEMENT AUDIT FOR 2013-14

INTRODUCTION

1. This report sets out the results of our systems based audit of Waste management Audit for 2013-14. The audit was carried out in quarter 1 as part of the programmed work specified in the 2013-14 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on 25/03/2013. The period covered by this report is from 01/04/2012 to 30/09/2013.
4. The original Waste Management services budget for 2013/14 was set as £16,535,020 and has been revised to £16,659,510.

AUDIT SCOPE

5. The scope of the audit is detailed in the Terms of Reference.

AUDIT OPINION

6. Overall, the conclusion of this audit was that substantial assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

MANAGEMENT SUMMARY

7. A review of Green Garden Waste collection service was undertaken following its roll out in March 2012. The original business case put forward 2 Options, with customer numbers of 6,700 required to break even in Option 1, and 7,300 customers required under Option 2. Councillors however chose a combination of the 2 Options. Under this scenario, the number of

REVIEW OF WASTE MANAGEMENT AUDIT FOR 2013-14

customers required to break even was 7,870, equating to an income of £472k. Currently there are 11,823 customers subscribing to the scheme.

8. As part of the collection contract, the contractor charges a set amount per day to provide the vehicles and staff. Currently 5000 customers are served per vehicle. Increase in customer numbers and additional collection costs to provide the service per new customer should be kept under review to ensure that the service breaks even.
9. The income from garden waste is captured separately. As per the financial budget monitoring report for December 2013, the collected income is £738,549 and a surplus is projected for 2013-14.
10. The controls in relation to setting up new customers on the service, collection of income, managing customer turnover and performance monitoring of the service were reviewed and found to be satisfactory. The controls in relation to reconciling customer databases held by LBB and the contractor could be strengthened by undertaking periodic reconciliation to ensure that contractor has discontinued service for the terminated customers and collected the bins.
11. A sample of non-contractual payments was selected from the expenditure report generated from Oracle Financial system for the period April 2012 to August 2013 and reviewed to ensure that the Contract Procedure Rules and Financial Regulations have been complied with. The evidence provided by Waste Services to support the sampled payments was found to be satisfactory.
12. Regular contract monitoring meetings are held by Waste Managers with the contractor to monitor the Waste Collection contract and the Waste Disposal contract. Contract spend is monitored jointly with the finance department and budget monitoring meetings are held bi-monthly between Senior Managers in Waste Services and the ECS Finance Officer to discuss budget and finance related issues. Audit reviewed the budget monitoring meeting notes from their meeting on 08/08/2013 in which, Finance raised issues relating to paper income, monthly credit of co-mingled collection savings, textile collection income, payment mechanism and clinical waste which required action from the contractor.

Minutes of the contract monitoring meeting on 08/10/2013 were reviewed to ensure that outstanding financial issues as highlighted in the meeting on 08/08/2013 were discussed with the contractor. Finance issues were not discussed at the contract monitoring meeting on 08/10/2013.

REVIEW OF WASTE MANAGEMENT AUDIT FOR 2013-14

SIGNIFICANT FINDINGS (PRIORITY 1)

13. There are no priority one findings.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

14. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

ACKNOWLEDGEMENT

15. Internal Audit would like to thank all staff contacted during this review for their help and co-operation.

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>A spreadsheet of customers who have withdrawn from the Green Garden Waste service is sent to the contractor every week for them to update their records and amend the collection rounds.</p> <p>No reconciliation process is in place to ensure that contractor has discontinued service for the terminated customers and collected the bins.</p>	<p>Loss of revenue as service continues free of charge</p>	<p>The list of Green Garden Waste customers held by LBB and the contractor should be periodically reconciled to ensure that all terminations have been actioned and bins have been removed from customers' properties. [Priority 2]</p>

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
2	<p>Regular contract monitoring meetings are held by Waste Managers with the contractor to monitor the Waste Collection contract and the Waste Disposal contract. Contract spend is monitored jointly with the finance department and budget monitoring meeting are held bi-monthly between Senior Managers in Waste Services and ECS Finance Officer to discuss budget and finance related issues. Audit reviewed the budget monitoring meeting notes from their meeting on 08/08/2013 in which, Finance raised issues relating to paper income, monthly credit of co-mingled collection savings, textile collection income, payment mechanism and clinical waste which required action from the contractor.</p> <p>Minutes of the contract monitoring meeting on 08/10/2013 were reviewed to ensure that outstanding financial issues as highlighted in the meeting on 08/08/2013 were discussed with the contractor. Finance issues were not discussed at the contract monitoring meeting on 08/10/2013.</p>	Lack of action may result in loss of income	<p>Discussion of issues highlighted at the Finance meetings which require action from the contractor should be included in the agenda for contract monitoring meeting. [Priority 2]</p>

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	The list of Green Garden Waste customers held by LBB and the contractor should be periodically reconciled to ensure that all terminations have been actioned and bins have been removed from customers' properties.	2	We have already begun to address Recommendation 1, by amending the existing process to ensure that we retain a scanned record of terminations issued to and completed by the contractor and / or the Waste Advisor where applicable. These will be reconciled against the customer list on a regular basis to ensure that only paid-up customers receive a service, and that containers are recovered from customers who leave the scheme.	Senior Waste Advisor	February 2014

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
2	Discussion of issues highlighted at the Finance meetings which require action from the contractor should be included in the agenda for contract monitoring meeting.	2	Finance Issues will be added as an ongoing element of all Contract Monitoring meeting agendas. Where separate meetings are held to resolve or progress financial issues, these will be separately minuted, but a note added to the next Contract Monitoring meeting minutes highlighting actions and progress.	Head of Waste Services	February 2014

Priority 1
 Required to address major weaknesses and should be implemented as soon as possible

Priority 2
 Required to address issues which do not represent good practice

Priority 3
 Identification of suggested areas for improvement

As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

Assurance Level

Definition

Full Assurance

There is a sound system of control designed to achieve all the objectives tested.

Substantial Assurance

While there is a basically sound systems and procedures in place, there are weaknesses, which put some of these objectives at risk. It is possible to give substantial assurance even in circumstances where there may be a priority one recommendation that is not considered to be a fundamental control system weakness. Fundamental control systems are considered to be crucial to the overall integrity of the system under review. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to management, material income losses and material inaccurate data collection or recording.

Limited Assurance

Weaknesses in the system of controls and procedures are such as to put the objectives at risk. This opinion is given in circumstances where there are priority one recommendations considered to be fundamental control system weaknesses and/or several priority two recommendations relating to control and procedural weaknesses.

No Assurance

Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.

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FINAL INTERNAL AUDIT REPORT
CHIEF EXECUTIVE'S DEPARTMENT

REVIEW OF BROMLEY WELFARE FUND [TRANSACTIONS] FOR 2013-14

Issued to: John Nightingale, Head of Revenues and Benefits

Cc: Colin Smith, Welfare Reform Manager
Peter Turner, Director of Finance

Prepared by: Principal Auditor

Date of Issue: 5th February 2014

Report No.: CX/053/02/2013

REVIEW OF SOCIAL FUND AUDIT [TRANSACTIONS] FOR 2013-14

INTRODUCTION

1. This report sets out the results of our systems based audit of Social Fund Audit [Transactions] for 2013-14. The audit was carried out in quarter Q3 as part of the programmed work specified in the 2013-14 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on the 12/11/13. The period covered by this report is from 01/04/13 to 01/12/13. An Internal Audit was undertaken in quarter 1 of 2013/14. This focused mainly on the initial procedures that had been put in place and only tested a small sample of applications.
4. The total budget for the Welfare Fund for 2013/14 is £993,000. Of this £820,000 has been set aside for payments to be made for applications and £72,000 for the contract with Northgate for the administration of the fund. The welfare fund is intended to provide Bromley residents on low incomes and who are in difficult circumstances, with items required for day to day living. At the 2nd of December 2013, £330,563.90 of the fund had been spent.

AUDIT SCOPE

5. The scope of the audit is detailed in the Terms of Reference.

AUDIT OPINION

6. Overall, the conclusion of this audit was that Substantial assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

REVIEW OF SOCIAL FUND AUDIT [TRANSACTIONS] FOR 2013-14

MANAGEMENT SUMMARY

7. Controls were in place and working well in the areas of:
 - Procedures are in place to make sure payments are only made to those people that require money.
 - Controls are sufficient to recover overpayments that occur.
 - Monitoring of funds available takes place to ensure sufficient funds are available as required.
 - Documents are adequate to prevent or prosecute fraud that has taken place.

8. However we would like to bring to Managements attention, the following issues:
 - Controls are insufficient to check all aspects of applications
 - Changes to eligibility criteria have not been signed off by senior Management
 - Processing times for applications are not being met in two of the cases sampled.
 - Bromley only receives a sample of ten percent of invoices, for the total amount of payments made in a month. They are thus unable to fully determine money that has been passed to applicants, but which has been unspent by them.
 - One case of fraud was found to have occurred between the first and current audits, where items were claimed for which weren't actually required and the money then being spent on items not claimed for. The overpayment is being recovered through an invoice being raised and sent to the claimant.

It was also found that within the Northgate system used to administer the fund, a specific record is not kept of what checks have been undertaken of applications when they are reviewed. The only details recorded are of when a check has been carried out on the Benefits system.

SIGNIFICANT FINDINGS (PRIORITY 1)

9. There were no significant findings identified during the review.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

REVIEW OF SOCIAL FUND AUDIT [TRANSACTIONS] FOR 2013-14

10. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

ACKNOWLEDGEMENT

11. Internal Audit would like to thank all staff contacted during this review for their help and co-operation.

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>Testing of a sample of 40 successful applications found that for all but two a prompt decision had been made. In these two cases, both decisions had taken 14 days from the completed application to the decision being made and sent out. There appears to be no valid reason for the delay. The allowed time for decision making as per the contract is 5 working days.</p> <p>The average time to process claims was 2.49 days.</p>	<p>Applicants who are recognised as needing income are not paid promptly.</p>	<p>The contractor should be reminded of the requirement to process applications promptly, in line with timescales set out in the SLA. [Priority 3]</p>
2	<p>Applicants fill in the application form, either online or on the phone. There is a set of criteria people will be assessed against to determine if they qualify. The contractor who administers claims is able to verifying applicant's position in terms of Benefits, provided a name and national insurance number is provided. Most types of disability can be determined from this, along with housing situation.</p> <p>However no evidence is provided for people who are fleeing domestic violence, have a disability, are leaving prison or who are pregnant. Contractor and Bromley staff don't have access to the care system to check for disability. Other criteria such as if under exceptional pressure, lost or stolen money and other situations can also not be checked.</p>	<p>Applicants who lie about their situation may be assessed as successful and wrongly given money.</p>	<p>Additional procedures should be put in place to check applicants who claim circumstances that cannot be verified by benefits. [Priority 2]</p>

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
3	<p>As per the previous audit a scoring system has been created to allocate payments on a fair and balanced way. A number of questions will be asked of all applicants, each of which will have a score attached. In order to qualify applicants must obtain a sufficiently high score. Applicants are compared against two criteria. An eligibility and application score.</p> <p>Depending on how many funds have already been spent, applicants will be allocated to those in low, medium or high category. (Scores of 275, 350 and 500). Applicants with a score of less than 275; will not be eligible for a payment.</p> <p>Furthermore each item requested by an applicant will be assessed as to if it is required and there are guidelines about what can be paid out depending on people's circumstances, e.g. single people will not be able to get a washing machine and travelling expenses will not be paid.</p> <p>It was discussed with the Welfare Reform Manager and identified that the eligibility criteria had changed between the first audit and the present. It was found that two of the scores, those for fleeing violence increased by 50 points and that for</p>	<p>Applicants who are not eligible for the Welfare Fund may receive money.</p>	<p>Any changes to the eligibility criteria for the applications should be signed off by Portfolio Holder or Director [Priority 2]</p>

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Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	being housed after being homeless by 100. These changes were authorised by The Head of Revenues and Benefits, but no higher. Some applications were identified in testing which were granted and which previously would not have been and vice versa.		

Priority 1
 Required to address major weaknesses and should be implemented as soon as possible

Priority 2
 Required to address issues which do not represent good practice

Priority 3
 Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	The contractor should be reminded of the requirement to process applications promptly, in line with timescales set out in the SLA.	3	The performance of the contractor has been very good; however there are times for various reasons where the set timescales are not met. This can be a result of delays with the contractor or resultant of a review request from the Bromley monitoring officer. Performance levels will be included in next service review and where possible claims annotated with the reason(s) for any delay.	Head of Revenues and Benefits Welfare Reform Manager	March 2014
2	Additional procedures should be put in place to check applicants who claim circumstances that cannot be verified by benefits.	2	Difficult to cover all eventualities; however we will continue to make full use of stakeholders and trusted third-parties who have knowledge of the individual.	Head of Revenues and Benefits Welfare Reform Manager	Ongoing
3	Any changes to the eligibility criteria for the applications should	2	Report forwarded to January 2014 reviewing current scheme. Minor	Head of Revenues and Benefits	January 2015

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Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	be signed off by Portfolio Holder or Director		amendments/clarifications may be made by Senior Officers. However report will need to go to Members for decision as to what provision (if any) will be made once funding withdrawn from April 2015.		

Priority 1
 Required to address major weaknesses and should be implemented as soon as possible

Priority 2
 Required to address issues which do not represent good practice

Priority 3
 Identification of suggested areas for improvement

OPINION DEFINITIONS

APPENDIX C

As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

Assurance Level

Definition

Full Assurance

There is a sound system of control designed to achieve all the objectives tested.

Substantial Assurance

While there is a basically sound systems and procedures in place, there are weaknesses, which put some of these objectives at risk. It is possible to give substantial assurance even in circumstances where there may be a priority one recommendation that is not considered to be a fundamental control system weakness. Fundamental control systems are considered to be crucial to the overall integrity of the system under review. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to management, material income losses and material inaccurate data collection or recording.

Limited Assurance

Weaknesses in the system of controls and procedures are such as to put the objectives at risk. This opinion is given in circumstances where there are priority one recommendations considered to be fundamental control system weaknesses and/or several priority two recommendations relating to control and procedural weaknesses.

No Assurance

Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.



FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT

PRE-ACADEMY AUDIT OF ALEXANDRA INFANTS SCHOOL 2013-14

Issued to: Michelle Lewis, Head Teacher

Cc: Mr E Allinson, Chair of Governors (final report only)
Schools Finance Team, (final report only)

Prepared by: Principal Auditor
Date of Issue: 21 January 2014

Report No.: CYP/P01/01/2013

INTRODUCTION

1. This report sets out the results of our closure audit of Alexandra Infants School carried out in quarter 4 of 2013/14. The school transferred to academy status on 1st December 2013.
2. The purpose of this visit is to identify any issues which need to be resolved prior to closure of the accounts.
3. The controls we expect to see in place are designed to minimise the school's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
4. The original scope of the audit was outlined in the Terms of Reference issued on 10th December 2013. The period covered by this report is from 1st January 2013 to 30th November 2013.

AUDIT SCOPE

5. The scope of the audit is detailed in the Terms of Reference.

MANAGEMENT SUMMARY

6. We have reviewed primary accounting information including: expenditure, leases and contracts, payroll records, VAT returns and bank accounts. We also considered progress towards signing up to a Commercial Transfer Agreement.
7. There were no major findings however we would like to bring the following to management's attention:
 - (1) The school is currently in the process of finalising an up-to-date Contracts List and this document will be a key document to ensure that going forward, the school is in a position to appreciate ongoing contractual commitments and to review contracts for value for money on a regular basis.

ACKNOWLEDGEMENT

8. We would like to thank all staff contacted during this review for their help and co-operation.

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FINAL INTERNAL AUDIT REPORT EDUCATION AND CARE SERVICES

PRE ACADEMY INTERNAL AUDIT OF MALCOLM PRIMARY SCHOOL 2013-14

Issued to: Ms A Constantopoulou, Headteacher

Cc: K M Bance, Chair of Governors
Schools Finance Team (Final report only)

Prepared by: Principal Auditor

Date of Issue: 19 November 2013
Report No.: CYP/P16/01/2012

INTRODUCTION

1. This report sets out the results of our internal audit review of Malcolm Primary School carried out in quarter 2 of 2013/14. The school converted to academy status on the 01 September 2013.
2. The purpose of this visit is to identify any issues which need to be resolved prior to closure of the accounts.
3. The controls we expect to see in place are designed to minimise the school's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
4. The original scope of the audit was outlined to the school prior to the review. The period covered by this report is from 1 September 2012 to 31 August 2013.

AUDIT SCOPE

5. The scope of the audit was to review transactions for the period 1 September 2012 to 31 August 2013 and included payments, leases and contracts, payroll, bank reconciliations and the Commercial Transfer Agreement.

MANAGEMENT SUMMARY

6. While on site audit sampled primary accounting documents including: expenditure, leases and contracts, payroll records and bank reconciliations. The samples were selected from the period 1 September 2012 to 31 August 2013. Audit also considered the Commercial Transfer Agreement, which has now been signed by the council, the governing body and the School's Academy Trust and there are no issues arising.
7. Schools finance team are managing the finalisation of the school accounts and a member of the team confirm that at 16 September 2013 there were no outstanding financial liabilities owed by the school and no monies owed to the school. Un-paid orders amounted to £13,360.95 as at 20/9/13.

8. Audit contacted Harris Academy who now manage Malcolm Primary School's financial affairs. However no evidence was received to confirm whether an actuary has confirmed the percentage that the school has to pay for employers LBB pension contributions.
9. Governors of Harris Academy agreed to amalgamate the school's catering contract to one supplier and the contract with Contractor A was terminated, with fees of £10,800.00 met by Malcolm Primary School. The School's Finance Team confirmed this is the practice when Academy's engage with new contractors on conversion.
10. Audit testing was satisfactory and there are no findings to report.

SIGNIFICANT FINDINGS

11. None

ACKNOWLEDGEMENT

12. Audit would like to thank staff contacted during this review for their help and co-operation.

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FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE AND HEALTH DEPARTMENT

PRE ACADEMY AUDIT OF ROYSTON PRIMARY SCHOOL 2013-14

Issued to: Miss S French, Principal

Cc: Mrs S Head, Chair of Governors (final report only)
Schools Finance Team, (final report only)

Prepared by: Principal Auditor

Date of Issue: 6th December 2013
Report No.: CYP/P55/01/2013

INTRODUCTION

1. This report sets out the results of our closure audit of Royston School carried out in quarter 3 of 2013/14. The school transferred to academy status on 01/09/13.
2. The purpose of this visit is to identify any issues which need to be resolved prior to closure of the accounts.
3. The period covered by this report is from 01/09/12 to 01/09/13.

AUDIT SCOPE

4. The scope of the audit is detailed in the Terms of Reference.

MANAGEMENT SUMMARY

5. We have reviewed primary accounting information including: expenditure, leases and contracts, payroll records, VAT returns and bank accounts. We also considered progress towards signing up to a Commercial Transfer Agreement.
6. There were no major findings and nothing we would like to bring the following to management's attention.

ACKNOWLEDGEMENT

7. We would like to thank all staff contacted during this review for their help and co-operation.