

BROMLEY CIVIC CENTRE, STOCKWELL CLOSE, BROMLEY BRI 3UH



TELEPHONE: 020 8464 3333

CONTACT: Graham Walton
graham.walton@bromley.gov.uk

DIRECT LINE: 020 8461 7743

FAX: 020 8290 0608

DATE: Wednesday 25 June 2014

AUDIT SUB-COMMITTEE INFORMATION BRIEFING

Meeting to be held on Wednesday 25 June 2014

QUESTIONS ON THE INFORMATION BRIEFING

- 1 PRE ACADEMY INTERNAL AUDIT OF FARNBOROUGH PRIMARY SCHOOL 2013-14 (Pages 3 - 6)**
- 2 REVIEW OF CONTRACTS AND COMMISSIONING [PUBLIC HEALTH] AUDIT FOR 2013-14 (Pages 7 - 16)**
- 3 REVIEW OF DEBTORS-INCOME AUDIT FOR 2013-14 (Pages 17 - 34)**
- 4 REVIEW OF PAYROLL-EXPENSES AUDIT FOR 2013-14 (Pages 35 - 46)**
- 5 REVIEW OF CORONER & MORTUARY SERVICE AUDIT FOR 2013-14 (Pages 47 - 58)**
- 6 REVIEW OF LOOKED AFTER CHILDREN AUDIT FOR 2013-14 (Pages 59 - 72)**
- 7 REVIEW OF STREET LIGHTING - INVEST TO SAVE - AUDIT FOR 2013-14 (Pages 73 - 80)**
- 8 PRE ACADEMY INTERNAL AUDIT OF PERRY HALL PRIMARY SCHOOL 2013-14 (Pages 81 - 84)**
- 9 CREDITORS AUDIT FOR 2013-14 (Pages 85 - 102)**
- 10 MAIN ACCOUNTING SYSTEM AND BUDGETARY CONTROL AUDIT FOR 2013-14 (Pages 103 - 112)**
- 11 REVIEW OF TCES 2013-14 (Pages 113 - 150)**
- 12 PRE ACADEMY INTERNAL AUDIT OF MANOR OAK PRIMARY SCHOOL 2013-14 (Pages 151 - 154)**

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
www.bromley.gov.uk/meetings***



FINAL INTERNAL AUDIT REPORT
EDUCATION CARE AND HEALTH SERVICES

PRE ACADEMY INTERNAL AUDIT OF FARNBOROUGH PRIMARY SCHOOL 2013-14

Issued to: Mrs P Farrow, Headteacher

Cc: Mr P Chandler, Chair of Governors
Schools Finance Team (Final report only)

Prepared by: Principal Auditor

Date of Issue: 05 March 2014
Report No: CYP/P24/01/2013

INTRODUCTION

1. This report sets out the results of our internal audit review of Farnborough Primary School carried out in quarter 4 of 2013/14. The school converted to academy status on the 01 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 to the school prior to the review. The period covered by this report is from 1 December 2012 to 30 November 2013.

AUDIT SCOPE

5. The scope of the audit was to review transactions for the period 1 December 2012 to 30 November 2013 and included payments, leases and contracts, payroll, bank reconciliations and the Commercial Transfer Agreement.

MANAGEMENT SUMMARY

6. While on site on 31/01/2014 audit reviewed leases and contracts, payroll records, bank reconciliations and 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 in these area.
7. The school uses The London Borough of Bromley providers for payroll services; therefore no actual auditing was required in this area as part of the closure process as this is covered by a corporate audit of payroll. However December 2013 payroll totals were checked and these were paid back to the LA as expected

8. The aged debtor report dated 03/02/14 showed one outstanding owing amount of £218.15 from Contractor A and the aged creditor report showed no outstanding financial liabilities owed by the school.
9. Audit selected a sample of 10 items of expenditure from the bank history report and identified that 3 cheque payments were made on 26/11/13 to Farnborough Primary School totalling £58,110.33, however there was no invoice documentation to support the expenditure as no actual goods or services were received. Financial Regulations 7.1.2 for Schools and Colleges states "Payments should normally only be made against official invoices received from suppliers, and not against statements, delivery notes etc" Further information confirmed that the finance committee had agreed at a meeting held on 22/10/13 to transfer these funds into a new bank account however this is not the outlined procedures in The Academies Act when closing school accounts or the guidance note on transfer of surplus and deficits. In order to adhere to the Act the school will need to repay these monies into the school's old bank account. The school confirmed on 05/03/14 that a cheque was deposited into the old Farnborough Primary School bank account that day.
10. It is the responsibility of the Local Authority [LA] to formally close the accounts and once all monies have been correctly accounted for, the LA will then arrange for surplus funds to be transferred to the new academy account within the agreed timescales.

SIGNIFICANT FINDINGS

11. None

ACKNOWLEDGEMENT

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

This page is left intentionally blank

FINAL INTERNAL AUDIT REPORT
EDUCATION AND CARE SERVICES DEPARTMENT

REVIEW OF CONTRACTS AND COMMISSIONING [PUBLIC HEALTH] AUDIT FOR 2013-14

Issued to: Nada Lemic, Director of Public Health
Terry Parkin, Director of Education and Care Services
Richard Hills, Strategic Manager Commissioning
Peter Turner, Finance Director
Anne Watts Assistant Director Strategic and Support Services

Prepared by: Principal Auditor

Date of Issue: 15 April 2014

Report No.: ECH/050/02/2013

REVIEW OF CONTRACTS AND COMMISSIONING [PUBLIC HEALTH] AUDIT FOR 2013-14

INTRODUCTION

1. This report sets out the results of our systems based audit of Public Health Contracts and Commissioning Audit . The audit was carried out in quarter Q4 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 20/02/14. The period covered by this report is from 01/04/13 to 19/02/14.
4. The original and latest budget for LES payments to GP's and Pharmacies is £669,630 with payments to 19/02/14 totalling £121,518. The full year estimate is £577,861, estimating a £91,769 underspend. Finance are monitoring expected expenditure with the assistance of management in Public Health and service delivery data. The Clinical Commissioning Group [CCG] are responsible for delays in submitting service costs for invoice payments due.

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. However, audit have not been able to fully test the LES contractual payments as indicated in this report and therefore our conclusion is restricted.

MANAGEMENT SUMMARY

7. The Executive Committee approved the new Public Health contracting arrangements on 12/02/2014, which included
 - appointing the providers on to a Framework for various Public Health Services. The framework will last for 2 years with the option to extend for a further 2 years, and will be subject to an annual review to ensure that it continues to meet service requirements in the various categories.
 - delegating authority to the Director of Public Health in consultation with the Portfolio Holder for Care Services to make any subsequent appointments of suitably qualified providers to the framework if the current providers are not able to meet service requirements.
 - granting an exemption to award any future contracts which received fewer than 3 bids.
8. The extract of the Public Health contracts register forwarded to audit for review confirmed that satisfactory future contracting arrangements are in place for contracts in excess of £200,000 which shortly expire, are to be terminated or to be renewed.
9. The current Local Enhanced Service [LES] contracts expire 31/3/14 however signed LES contracts are held by the Primary Care Trust and this issue was highlighted in the last Public Health Internal Audit. Confirmation on the renewal arrangements was given by the officer commissioned to introduce new London Borough of Bromley contracts by 01/04/14. At the time of the audit, expressions of interest were being returned by providers listed on the GP and Pharmacy LES databases, with results collated on a 'sign-up' spreadsheet. Each GP and Pharmacy will then be contracted to deliver selected services. Draft contracts have been prepared using Contract Procedure Guidance and await signature by the relevant parties.
10. Audit have not been able to conclude on the adequacy of controls for the whole year in the areas of LES contract budget monitoring and checking supporting information [most of which is held on a NHS systems to confirm client references, client numbers, individual costs and total amounts due] before invoices are approved and paid. This is due to a lack of claims received from the CCG. Effectively only one quarter's invoices have been received to date.
11. Financial procedures, including a scheme of delegation has been prepared and approved by the Director of Public Health.

REVIEW OF CONTRACTS AND COMMISSIONING [PUBLIC HEALTH] AUDIT FOR 2013-14

12. An expenditure sample of 15 was selected from LES contract payments made to 19/02/14 and the following issues were identified
- Orders are not always raised at the time of commitment to spend
 - Consultancy costs are sometimes coded to the incorrect subjective code on Oracle
 - Invoices are not always paid promptly

SIGNIFICANT FINDINGS (PRIORITY 1)

13. None

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>6 out of 15 payments associated to LES contracts had orders raised and authorised after the invoice had been received Invoice BH 2013-14 £1,000.00 Invoice date 10/10/13, Order date 4/11/13 Invoice 7022700032 £34,465.00 Invoice date 30/9/13, Order date 11/10/13 Invoice 7022700033 £2,082.00 Invoice date 30/9/13, Order date 11/10/13 Invoice 7022700091 £42,822.80 Invoice date 27/11/13, Order date 3/1/14 Invoice date 7022700091 £2,082.00 Invoice date 20/12/13 Order date 4/2/14 4134100 £4,350.00 Invoice date 29/1/14, Order date 3/2/14 In addition, Invoice 4134100 listed above had been coded to 3604 and not the consultancy subjective of 1708 as outlined in CPR guidance note 4 - use of consultants 2 out of 15 payments associated to invoices 7022700072 and 7022700091 were not paid within the Audit Commissions payment indicator</p> <p>Similar issues to the above were raised in the Public Health Expenditure Processing Audit</p>	<p>The Authorities funds may not be accounted for properly</p>	<p>As raised in the Expenditure Processing Audit previously this year,</p> <p>Ensure orders are raised and authorised at the time of commitment to spend</p> <p>Ensure expenditure for consultancy services is coded to the correct subjective [1708] as detailed in the Contracts Procedures Regulations guidance on Consultants coding.</p> <p>Ensure invoices are checked and cleared for the correct payment amount promptly</p>

Page 11

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	Ensure orders are raised and authorised at the time of commitment to spend	2*	<p>Staff have been reminded of the need to raise iProc orders at the point of commitment of the services or goods to be provided, whenever possible.</p> <p>Some services provided to Public Health are 'demand lead', and therefore do not have fixed annual costs or amounts for orders to be raised.</p> <p>In addition some services can be provided by any number of health clinics in the country, and so iProc orders are unable to be raised ahead of the invoice being received as the invoice amount and provider are not known in advance.</p> <p>This has been highlighted in the last year's audit action plan.</p>	Programme Leads	Completed

Project Code: ECH/050/02/2013

Page 6 of 9

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
	Ensure expenditure for consultancy services is coded to the correct subjective [1708] as detailed in the Contracts Procedures Regulations guidance on Consultants coding.		The Budget Monitoring team had identified this miscoding as part of their monitoring process and journalled to the correct consultancy subjective code 1708 – Staff have been reminded of the need for orders to be raised against the correct budget code, and should consult with their contact in Budget Monitoring Team, if they are unsure.	Relevant Programme Lead	Completed

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
	Ensure invoices are checked and cleared for the correct payment amount promptly		Staff have been reminded of the need to ensure goods/services have been received, in addition to ensuring the value of goods provided and invoiced for are also correct, prior to payment. The Office Manager will make sure to note the reason for delay in payment on IPROC e.g. if an invoice is disputed.	The Office Manager	Completed

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.

This page is left intentionally blank

FINAL INTERNAL AUDIT REPORT

RESOURCES DEPARTMENT

REVIEW OF DEBTORS-INCOME AUDIT FOR 2013-14

Issued to: Peter Turner, Finance Director
John Nightingale, Head of Revenues and Benefits
Neil Graham, Finance Systems Manager
Claudine Douglas Brown, Exchequer Manager

Prepared by: Principal Auditor

Date of Issue: 01 April 2014

Report No.: RD/005/01/2013

REVIEW OF DEBTORS-INCOME AUDIT FOR 2013-14

INTRODUCTION

1. This report sets out the results of our systems based audit of Debtors-Income Audit. 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 1/11/13. The period covered by this report is from 1/10/12 to 31/10/13.
4. As at 31/3/13 there was an outstanding debt figure of £6.422 million, including debts over a year old totalling £2.4 million.

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 limited 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 an effective Service Level Agreement for Sundry Debtors and Mortgages being in place and monthly performance monitoring against the contract.

REVIEW OF DEBTORS-INCOME AUDIT FOR 2013-14

8. The aged debtors summary account was reconciled to the general ledger control account in November 2013 however there was a difference of £19,507.27 which is being investigated by an accountancy assistant. There was no evidence that these reconciliations are being checked by another officer for accuracy.
9. Write offs in excess of £5000 and any unrecoverable utility service debts are reported to Executive and Resources Policy Development and Scrutiny Committee, with nil reported in 2012/13.
10. Audit sampling confirmed that invoices are prepared to the correct cost code and subjective, for the correct amount, to the correct supplier and raised in a timely manner, however one cancellation invoice tested highlighted that the original invoice was raised for respite care for the sum of £138,864.00 instead of £1,388.64 which was due to be paid
11. 1 out of 4 authorised write offs did not have the supporting documentation stored on Oracle
12. Audit reviewed a sample of 25 debts over 1 year old and in excess of 5,000.00 and another sample of 25 debts on hold and in excess of £5,000.00 to clarify that debt recover procedures are adopted, however audit identified a series of issues
 - Departments are not always pro-active to ensure disputes are resolved in a timely manner
 - Sometimes the contractor does not contact the debtor promptly to recover debts.
 - Occasionally the contractor does not forward cases to the bailiff or the debt collector when required
 - The contractor does not consistently handle cases returned from the bailiff correctly
 - County court claims are sometimes prepared inaccurately
 - Occasionally invoices remain on hold for long time period without any action being taken.
 - Write-off are not always processed promptly or remain unresolved
 - Supporting documentation for write-offs is not always held for reference
13. Audit is aware that the contractor holds a master list of all debts marked for write-off and is evaluating each invoice case. At present supporting documents are being gathered to progress each write-offs, if applicable.

REVIEW OF DEBTORS-INCOME AUDIT FOR 2013-14

14. The previous recommendations made by audit in relation to the recovery of debts, shown in the report finalised on the 20/02/13 were followed up as part of this review. Audit previously reported at 30/1/13 the total outstanding debts over a year old was £2,373,347. Whereas at 31/12/13 the total outstanding debt over a year old was £2,470,292 , however as detailed below there is a substantial amount of debts still to be processed for write-off.

SIGNIFICANT FINDINGS (PRIORITY 1)

15. None.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

16. 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

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

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
Re-Rec 1	<p>Audit reviewed a sample of 25 debts over 1 year old and in excess of 5,000.00 and another sample of 25 debts on hold and in excess of £5,000.00 to clarify that debt recover procedures are adopted, however audit identified</p> <p>Invoice 70020332 [dated 16/4/09] £42,486.51 – A court claim judgement was made 29/9/09. Contracting staff recognised that the claim had been prepared for the incorrect address and needed to be re-submitted to court however no further action has been taken</p> <p>Invoice 70043543 [dated 9/1/12] £36,483.18 – Invoice has been in dispute since 7/12/12 and awaiting a decision from department</p> <p>Invoice 70036246 [dated 30/3/11] £11,180.97 – Invoice was in dispute from 7/1/13 and only taken off hold on 2/12/13 following intervention from audit when it was established that information was not being forwarded by the debtor as requested</p>	<p>Ineffective monitoring of non payments / debts owed to the Authority may result in non collection</p> <p>Staff may not be adhering to the correct processes and procedures</p>	<p>Ensure the contractor prepares detailed procedure notes for all debtor processes to ensure debts are collected in a timely manner, including the managing of invoices in dispute, cancellations, write offs, authorisation signatories and segregation of duties between members of staff, plus the management of storage of all invoicing and debt recovery records.</p> <p>[Priority 2]</p>

Page 21

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>Invoice 70036062 [dated 23/3/11] £10,019.67 – Legal action requested 30/5/12 and sent to department for further investigation however no further action has taken place to date</p> <p>Invoice 51500807 [dated 5/5/09] £9,685.00 – Invoice investigated during last audit and no further action has taken place to date</p> <p>Invoice 52111579 [dated 23/7/13] £14,040.12 Invoice 52110975 [dated 29/4/13] £14,040.12 Invoice 52110233 [dated 19/10/12] £21,464.40 all with the same debtor – After intervention from audit the department sent the debtor an e-mail on 18/11/13 to clarify recovery arrangements</p> <p>Invoice 70037087 [dated 10/5/11] £5,000.00 – Invoice has been on hold since 10/5/11 and no further action has been taken place to date</p> <p>Invoice 70042566 [dated 28/11/11] £14,858.02 – Debtor has not been chased by the contractor for payment of funds since 15/1/12</p>		<p>Debts should be managed correctly and recovered promptly.</p> <ul style="list-style-type: none"> • Departments should be pro-active to ensure disputes are resolved in a timely manner and invoices in dispute for a long period of time should be escalated to senior management for meaningful action • The contractor should contact the debtor promptly to recover debts • Cases should be forwarded to the bailiff or the debt collector when required • Cases returned from the bailiff should be

Project Code: RD/005/01/2012

Page 6 of 18

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>Invoice 70027620 [dated 17/3/10] £6,117.47 – Case was returned by the bailiff as no contact 28/12/11 however no further action has taken place to date</p> <p>Invoice 70044365 [dated 14/2/12] £12,523.50 – On 25/6/12 department instructed the contractor that a hold was to be removed however the case was not forwarded to the bailiff as expected</p> <p>Invoice 70029029 [dated 17/5/10] £5,041.20 – On 28/2/12 the case was to be transferred to the debt collector however this was not the case</p> <p>1 out of 4 authorised write offs did not have the supporting documentation stored on Oracle or Carestore</p> <p>Adjust 93006168 31/2/13 for £231.96</p>		<p>handled correctly</p> <ul style="list-style-type: none"> • County court claims should be prepared accurately • Invoices on hold should be dealt with to ensure a prompt resolution is achieved • Supporting documentation for write-offs should be held for reference <p>[Priority 2*]</p>
2	<p>Audit sample testing also identified the following issues in relation to write-offs</p> <p>Invoice 60105934 [dated 4/2/08] £20,545.56 – Invoice was marked on Oracle for write off 21/9/11 and this still remains the</p>	Financial accounting be not be accurate	<p>Ensure write-offs or debts uneconomical to pursue are processed promptly</p> <p>[Priority 2*]</p>

Page 23

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>case Invoice 70022229 [dated 31/7/09] £20,480.88 - Invoice was marked on Oracle for write off 1/9/09 and this still remains the case</p> <p>Invoice 60101426 [dated 30/8/06] £16,570.95 - Invoice was marked on Oracle for write off 23/9/11 and this still remains the case. In addition audit noted that a property was sold 4 months prior to the raising of this invoice and funds were not collected</p> <p>Invoice 60018602 [dated 20/2/06] £8,471.40 - Invoice was marked on Oracle for write off 1/9/09 and this still remains the case</p> <p>Invoice 53001310 [dated 3/7/09] £5,368.00 - Invoice was marked on Oracle for write off 22/7/10 and sent 8/9/11 to a department manager who has now left the authority therefore the write off remains outstanding</p> <p>Invoice 60107090 [dated 16/6/08] £25,300.18 - Invoice was marked on Oracle for write off 27/12/12 and this still remains the case</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
	<p>Invoice 70051131 [dated 18/10/12] £33,896.50 - Invoice was marked on Oracle for write off 30/5/13 and this still remains the case</p> <p>Invoice 70029891 [dated 6/7/10] £24,368.97 - The school paid the contractor direct in October 2009, even though property division had also paid the contractors bill. Monies cannot be recovered from the contractors as these have now gone into liquidation therefore the debt is to be written-off</p> <p>Audit is aware that the contractor holds a master list of all debts marked for write-off and is evaluating each case. Supporting documents are being gathered to progress the write-offs if applicable</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
New Rec 1	The aged debtors summary account was reconciled to the general ledger control account in November 2013, however there was a difference of £19,507.27 which arose in October 2013 is being investigated by an accountancy assistant. There was no evidence that these reconciliations are being checked by a senior officer for accuracy.	The authorities accounts may not be accurate or properly	<p>Ensure the aged debtors summary account is reconciled to the general ledger control account regularly and balanced to nil, then checked by a senior officer for accuracy</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
Re-rec 1	Ensure the contractor prepares detailed procedure notes for all debtor processes to ensure debts are collected in a timely manner, including the managing of invoices in dispute, cancellations, write offs, authorisation signatories and segregation of duties between members of staff, plus the management of storage of all invoicing and debt recovery records.	2*	The restructure of the team into two groups dealing with invoicing/administration and Collection/recovery will provide clearer segregation of duties and increased resilience on collection and recovery. This will also allow Contractor to monitor the debt more effectively and minimise the possibility of process failures.	Contractor/ Exchequer Manager	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

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	<p>Debts should be managed correctly and recovered promptly.</p> <ul style="list-style-type: none"> • Departments should be proactive to ensure disputes are resolved in a timely manner and invoices in dispute for a long period of time should be escalated to senior management for meaningful action • The contractor should contact the debtor promptly to recover debts • Cases should be forwarded to the bailiff or the debt collector when required • Cases returned from the bailiff should be handled correctly 	<p>2*</p>	<p>Agreed. The Contractor recognises that there have been some failures in the processes put in place to ensure that all debts are moved through the recovery cycle promptly. Processes are in place to facilitate the resolution of disputes, escalating where necessary, progressing debts over 61 days old and moving them into further recovery.</p> <p>An action plan based on the findings will be drawn up and monitored.</p>	<p>Contractor/ Exchequer Manager</p>	<p>On-going</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
	<ul style="list-style-type: none"> • County court claims should be prepared accurately • Invoices on hold should be dealt with promptly to ensure a prompt resolution is achieved • Supporting documentation for write-offs should be held for reference 				

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	Ensure write-offs or debts uneconomical to pursue are processed promptly	2*	<p>Agreed. A report is being prepared for outstanding write offs over £5k which will be presented to the relevant Portfolio Holders.</p> <p>All non-in year debts are being reviewed any uncollectable debts will be written off. However, write-off is the last resort so on occasions a considerable amount of time can elapse from the raising of the debt to the point of acceptance that it will not be recovered.</p>	<p>Exchequer Manager</p> <p>Contractor/ Exchequer Manager</p>	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

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
New Rec 1	Ensure the aged debtors summary account is reconciled to the general ledger control account regularly and balanced to nil, then checked by a senior officer for accuracy	2	The control accounts are already reconciled each month and if there is an unexplained balance it is reported to a line manager. With the situation highlighted in the report the line manager made the decision to leave the balance until the following month to see if the difference cleared – as on some occasions invoices are incorrectly input so that both accounting entries are posted to the revenue account (as opposed to one being allocated to Debtors Control). When the invoice is paid the entry that would have been coded to the Debtors Control A/C is posted to the revenue thereby clearing the balance. Furthermore, meetings are held every quarter to review balances	Finance Systems Manager	On-going

Project Code: RD/005/01/2012

Page 15 of 18

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
			on all control accounts. If this isn't considered sufficient control then I will arrange for an e-mail exchange to confirm the situation each month.		

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 EXECUTIVES DEPARTMENT

REVIEW OF PAYROLL-EXPENSES AUDIT FOR 2013-14

Issued to: Sue Sydney, Assistant Director Human Resources
John Nightingale, Head of Revenues and Benefits

Cc: Charles Obazuaye, Director of Human Resources
Peter Turner, Director of Finance (Final Report only)

Prepared by: Principal Auditor

Date of Issue: 27th May 2014

Report No.: CX/007/01/2013.bf

REVIEW OF PAYROLL-EXPENSES AUDIT FOR 2013-14

INTRODUCTION

1. This report sets out the results of our systems based audit of Payroll Audit for 2013-14. The audit was carried out in quarter Q4 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 7th of January 2014. The period covered by this report is from 01/01/13 to 31/01/14.
4. The Audit examined a sample of 25 starters, 10 leavers, 25 deductions to pay, 25 overpayments, 20 amendments to pay, 8 Honorarium payments and 5 Emergency payments.

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:
 - Procedures in place for recruiting new staff are sufficient.

REVIEW OF PAYROLL-EXPENSES AUDIT FOR 2013-14

- Access to sensitive data is restricted to authorised personnel.
 - Contractor performance is being adequately monitored
8. However we would like to bring to Management's attention the following issues:
- Insufficient controls are in place to prevent overpayments being made to staff. Controls are also not sufficient to ensure overpayments will be recovered.
 - Staff with access to Resourcelink are not complying with operational procedure and data protection principles
 - Additional payments and variations to pay are not accurately calculated and authorised.
9. It was also identified that of the ten leavers tested, three had left and still had an access card issued to them and three still had a mobile phone issued to them. A recommendation has been made in another audit investigation in relation to collecting mobile phones and controls relating to this are currently being implemented.

SIGNIFICANT FINDINGS (PRIORITY 1)

10. There were no significant findings identified in the review.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

11. 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

12. 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>Requirements of the data protection act are that data must be: used fairly and lawfully used for limited, specifically stated purposes used in a way that is adequate, relevant and not excessive accurate kept for no longer than is absolutely necessary handled according to people’s data protection rights kept safe and secure not transferred outside the UK without adequate protection</p> <p>As per the SLA, Liberata staff have to comply and their policies must comply with the Data Protection Act.</p> <p>Testing of the Bromley staff who have access to Resourcelink found that of the 90 staff who have access, all but 10 have taken the Information Assurance course (which mentions Data Protection).</p>	<p>Staff who have access to Resourcelink, might disclose information to external organisations.</p>	<p>Staff with Resourcelink access should undertake Information Assurance Training.</p> <p>Also consideration should be made into reviewing staff including Liberata staff, who have access to Resourcelink [Priority 3]</p>
2	<p>A sample of 20 amendments to pay have been selected and tested. It was identified that a claim had been approved by a fellow officer, who is not a Manager (the claim was for £671.76 for extra hours) . Three claim forms have been authorised but it is not clear who has authorised them (one payment to an</p>	<p>Deductions, payments and variations to pay are not accurately calculated.</p>	<p>Given the lack of controls around authorising manual payments, Management should consider introducing an</p>

Page 38

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>officer for £79.74 for leave hours claimed, one for £48 for standby weekend and one sessional Officer who was paid £547.10. For two claims evidence hasn't been provided that they have been authorised. (One payment to an Officer for basic hours of £96.89 and one to an officer for sleeping in for £366.</p> <p>It was discussed with the Payroll & Pension Service Delivery Manager that Liberata do not carry out any checks to make sure the person approving claims forms are sufficiently authorised. There is also no checking of these forms by Bromley staff, other than monitoring payments via EBM.</p>		<p>automated form/ system, which only allows Management to authorise claims.</p> <p>A process should be put in place to ensure claims for additional pay, are processed accurately and only if adequate supporting documentation is provided. [Priority 2]</p>
3	<p>Testing of a sample of 25 overpayments to staff, where the over payment is still outstanding at 1/01/14 (out of a total of 103 overpayments that have been invoiced for), identified that 11 were caused by termination dates not being promptly processed, due to departments and schools (5 schools, 6 departments) not informing HR before the member of staff has left.</p> <p>Five overpayments were caused by inaccuracies with payroll calculations.</p>	<p>Overpayments to staff may not be recovered.</p>	<p>Departments and schools should be reminded to inform HR of staff who are leaving, before their last date of service.</p> <p>Payroll calculations should be checked back</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
	<p>Two were due to a member of staff leaving and thereby breaking terms for additional payments to them (professional training and retention allowance), 3 were due to deaths of pensioners, two incorrectly entered leavers dates and two due to former staff who have left, where it is unknown why the overpayment has occurred.</p> <p>It was also found that in 10 of the 25 overpayments identified, the invoice was not raised until 3 months after the member of staff had left.</p> <p>In six instances, no recovery of the overpayment had been made for at least three months and no action taken to recover this amount by the contractor.</p> <p>At the 13/01/14 there was £87,138.28 worth of outstanding payroll debt. Of this debt £63573.05 is older than one year old. Though this is a reduction from £116,589.19 of outstanding, at 31/01/13. It is identified that a high proportion of the debt outstanding is old debt. Including within the sample of 25, 7 debts were tested which were over a year old and three of these were over 3 years old.</p>		<p>to Resourcelink and other backing documentation and reviewed by a team leader to ensure accuracy.</p> <p>Ensure that where an overpayment to an individual has been identified, recovery of the amount overpaid should be initiated in a timely manner through Payroll deductions or through Debtors. [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
-----	----------	------	----------------

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>Staff with Resourcelink access should undertake Information Assurance Training.</p> <p>Also consideration should be made into reviewing staff including Liberata staff, who have access to Resourcelink .</p>	3	<p>Agreed</p> <p>Access to RL is restricted to those people where their post requires them to either input or view modules within the system. People's profiles are individually tailored to ensure they only have access to the areas needed. This is controlled by HRIS who already carryout a quarterly review of operator profiles, including those for Liberata staff, amending and removing profiles as necessary.</p>	<p>Line managers with monitoring by HRIS</p> <p>Head of HR Strategic Services</p>	<p>Ongoing</p> <p>Quarterly ongoing</p>
2	<p>Given the lack of controls around authorising manual payments, Management should consider introducing an automated form/</p>	2	<p>Recommendation agreed. Different versions have been considered, with no decision yet made. Implementation timescale</p>	<p>Head of Revenues and Benefits</p>	<p>December 2014</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
	<p>system, which only allows Management to authorise claims.</p> <p>A process should be put in place to ensure claims for additional pay, are processed accurately and only if adequate supporting documentation is provided.</p>		<p>dependant on version adopted.</p>		
3	<p>Departments and schools should be reminded to inform HR of staff who are leaving, before their last date of service.</p>	2	<p>Agreed. HR will continue to give priority to terminating employees on Resourcelink to avoid overpayments wherever possible However there is some duplication between last year's sample and the current one (eg 236366) which found that not all of the overpayments were actually due to late notification of the termination date. In this respect Audit has</p>	<p>Assistant Director (HR) to issue reminder</p> <p>HRBS managers to continue to give priority to terminating leavers on Resourcelink.</p>	<p>May 2014</p> <p>Ongoing</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
	<p>Payroll calculations should be checked back to resourcelink and other backing documentation and reviewed by a team leader to ensure accuracy.</p> <p>Ensure that where an overpayment to an individual has been identified, recovery of the amount overpaid should be initiated in a timely manner through Payroll deductions or through Debtors.</p>		<p>confirmed that the main focus from the current audit is the timeliness and follow-up of the recovery action rather than the reason why the overpayment occurred..</p> <p>List of overpayments is created and now received from payroll. Monitoring will be undertaken to ensure appropriate recovery action will be taken.</p>	<p>Head of Revenues and Benefits</p>	<p>July 2014</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

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.

This page is left intentionally blank

FINAL INTERNAL AUDIT REPORT
ENVIRONMENT & COMMUNITY SERVICES DEPARTMENT

REVIEW OF CORONER & MORTUARY SERVICE AUDIT FOR 2013-14

Issued to: Jim McGowan, Head of Environmental Protection

Cc: Clive Davison, Assistant Director Public Protection
Nigel Davies, Executive Director of ECS

Prepared by: Principal Auditor

Date of Issue: 31st March 2014

Report No.: ECH/070/01/2013

REVIEW OF CORONER & MORTUARY SERVICE AUDIT FOR 2013-14

INTRODUCTION

1. This report sets out the results of our systems based audit of Coroner & Mortuary Service Audit for 2013-14. The audit was carried out in quarter Q4 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 10th of December 2014. The period covered by this report is from September 2012 to December 2013.
4. The total budget for the Mortuary and Coroner's Service for 2013-14 is £371,460. Of this Bromley's costs for the Coroners Service for 2013-14 are £212,500 and those for the Mortuary service are £96,710. Coroner's costs are charged by the South London Coroners and by statute Bromley has to pay these, with no say in how they are determined, Coroners costs include cost incurred for the Body Collection contract, which for 2013-14 were budgeted at £108,441. The administration of both of these costs is carried out by the London Borough of Croydon.

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 limited assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

REVIEW OF CORONER & MORTUARY SERVICE AUDIT FOR 2013-14

MANAGEMENT SUMMARY

7. Controls were not working well and we would like to bring to Managers attention the following areas:
 - Contract monitoring of the Corpse collection contract should be undertaken as per the SLA.
 - Budget monitoring information has not been provided to Bromley for over six months.
 - A copy of the contract in place for Mortuary service is not held on file.
 - Meetings held with the Mortuary Service provider are not minuted
 - A formal cost sharing agreement or SLA is not in place detailing Croydon's responsibilities administering the Coroners service.

SIGNIFICANT FINDINGS (PRIORITY 1)

8. There were no significant findings identified during the audit.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

9. 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

10. 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>As per the contract with the Body Collection Contractor (Page 32 of the Service Specification), the contractor has a requirement to provide a discreet and dignified service for the collection of bodies within the London Boroughs of Bromley, Bexley, Croydon and Sutton, from the place of death to the Mortuary (Mortuaries are listed).</p> <p>The service is to be available 24 hours of the day, with approximately 1600 collections per annum.</p> <p>The contractor is to provide service reports on a monthly basis. They are to provide a record to the Coroner of all collections including: Name, date of collection, time call out instruction received, address of collection point, time of arrival to collect body, time of delivery to mortuary, details of the amount claimed per body collected. There is also a specific target: bodies must be collected from the place of death within 90 minutes of a call out by the coroner’s officer and taken to the mortuary.</p> <p>There are a number of other requirements of the contractor, namely standards for staff and vehicles to be maintained.</p> <p>It was discussed with the Head of Elections, Civic and Registration Services (LB of Croydon), that he does not have regular meetings with the Contractor and does not receive performance reports from</p> <p>Project Code: ECH/070/01/2013 Page 4 of 11</p>	<p>Insufficient Contract monitoring of the Corpse collection contract is undertaken.</p>	<p>Contract monitoring should be undertaken of the corpse collection contract, to ensure compliance with the terms of the contract and ensure payments made are justified, given the levels of service.</p> <p>This should include figures of actual collections for each month. [Priority2]</p>

Page 50

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>them or the Coroners for this service. The annual budgeted spend this contract is £82K.</p> <p>Also as part of the contract, section 15, states that the contractor will provide to the Council's Auditors, records and accounts and will provide reason-able assistance and co-operation. Evidence of the number of bodies collected was requested to determine if invoices paid are accurate. This information was not provided and so assurance could not be given that invoices paid are accurate.</p>		
2	<p>It was discussed with the Mortuary and Bereavement Services Manager (King's College Hospital Foundation Trust), that he does hold regular meetings with the Coroner and other Managers of Mortuary Services. However these are not minuted and thus cannot be provided.</p>	<p>Insufficient Contract monitoring is undertaken of the Mortuary contract.</p>	<p>The contract monitoring meetings held with the Mortuary service, should be minuted to ensure improvements/ changes are actioned. [Priority 2]</p>
3	<p>From discussion with the Head of Elections, Civic and Registration Services (LB Croydon), the Coroners fee is determined by the Coroners each year and will be apportioned to each of the four Boroughs, dependant on Population size. This was confirmed by the Head of Environmental Protection.</p>	<p>Invoices that are provided to us from Croydon and other information provided isn't accurate.</p>	<p>Croydon as the lead authority, should provide an estimate budget for the year and budget monitoring information to</p>

Page 51

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>It was discussed with the Head of Environmental Protection and Head of Elections, Civic and Registration Services (Croydon) that prior to March 2013, Croydon had been providing Bromley and the other boroughs in the agreement with a breakdown of costs and income incurred to date. Since March 2013 this has not been received at all.</p>		<p>Bromley on a regular basis. Additionally any other Management information relevant to the provision of the service should also be provided, to allow effective monitoring. [Priority 2]</p>
4	<p>A copy of the draft SLA in place with the Princess Royal University Hospital for the provision of the Mortuary service was provided and attached. The SLA sets out the Specification of service, the Standards, Reporting arrangements, Service Channels, duration of Service, Cost of Service, Invoicing and Payment period and dispute process.</p> <p>Part of the contract states that there is no upper limit to the number of bodies placed in a year, but should the figure go above 700 in the year then the parties will review the agreement and charges. Bromley currently pays a fixed fee for the year (£95695 in 2012/13). The number of bodies placed in the last 3 years is as follows:</p>	<p>Insufficient Contract monitoring is undertaken of the Mortuary contract.</p>	<p>A copy of contract for the provision of mortuary services should be held on file, including an SLA and any appendices for it. [Priority 2]</p>

Page 52

Project Code: ECH/070/01/2013

Page 6 of 11

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>2011 573, 2012 544, 2013 579.</p> <p>The contract for the provision of Mortuary Services expired on the 31/3/13. Several options for a future contract were being looked into, with the chosen decision to be to join the contract currently in place with Bexley. Though this is currently being procured a copy has not been available to be provided and thus assurance cannot be given that a sufficient contract is in place.</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	Contract monitoring should be undertaken of the corpse collection contract, to ensure compliance with the terms of the contract and ensure payments made are justified, given the levels of service. This should include figures of actual collections for each month.	2	The responsibility for monitoring the contract against payment falls with the Coroner's officer on behalf of the LB Croydon. A meeting has been arranged to discuss the need to produce regular reports of body movements to be correlated with the payment to ensure that the member Boroughs are receiving value for money.	Head of Environmental Protection	June 2014
2	The contract monitoring meetings held with the Mortuary service, should be minuted to ensure improvements/ changes are actioned.	2	The contract management for the Mortuary lies with Kings Hospital Trust Procurement Division and regular meetings therein would be time consuming and there would be no staff available for minuting the process. A meeting has been arranged with the Mortuary Manager at the	Head of Environmental Protection	June 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
			PRUH with a view to his acting for Kings and taking the quarterly meeting locally. Minuting of the meetings will be discussed at the March monitoring meeting.		
3	Croydon as the lead authority, should provide an estimate budget for the year and budget monitoring information to Bromley on a regular basis. Additionally any other Management information relevant to the provision of the service should also be provided, to allow effective monitoring.	2	Croydon have provided the report for 2013/14 to date and have set up a system to provide an electronic monthly financial report. All other management information relevant to the service is provided at the monthly Coronial 4-Borough Management meetings, which are minuted by the Coroner.	Head of Environmental Protection Head of Environmental Protection	March 2014 In place at present
4	A copy of contract for the provision of mortuary services should be held on file, including an SLA and any appendices for it.	2	Agreed, It was held by Legal and should have been available to the Auditor. This Division does not have storage capacity and in the past it has not been considered	Head of Environmental Protection	Ongoing

Page 55

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
			necessary to keep copies of these contracts. However, in view of the fact that it appears the original paper work has been lost , it is proposed to scan all future contracts and keep a scanned copy electronically.		

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.

This page is left intentionally blank

FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE AND HEALTH SERVICES

REVIEW OF LOOKED AFTER CHILDREN
AUDIT FOR 2013-14

Issued to: Kay Weiss, Assistant Director Safeguarding and Social Care
Ian Leadbetter, Head of Service, Care & Resources
Anita Gibbons, Head of Safeguarding, Quality Assurance and Child Protection
Terry Parkin, Executive Director of Education and Care Services
Anne Watts, Assistant Director, Strategic & Business Support Services
David Bradshaw, Head of ECH Finance

Prepared by: Principle Auditor

Date of Issue: 12TH May 2014

Report No.: ECH/015/01/2013

REVIEW OF LOOKED AFTER CHILDREN AUDIT FOR 2013-14

INTRODUCTION

1. This report sets out the results of our systems based audit of Children in Care Audit for 2013-14. The audit was carried out in quarter 3 as part of the programmed work specified in the 2013 Internal Audit Plan agreed by the Director of Resources 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 06/12/2013. The period covered by this report is from April 2012 to December 2013.

AUDIT SCOPE

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

AUDIT OPINION

5. Overall, the conclusion of this audit was that limited assurance can be placed on the effectiveness of the overall controls. Seven instances were identified whereby evidence of funding authorisation approvals could not be located and the requirements of the Care, Planning, Placement & Case Review Regulations 2010 had not been achieved on a number of occasions. Definitions of the audit opinions can be found in Appendix C.

MANAGEMENT SUMMARY

REVIEW OF LOOKED AFTER CHILDREN AUDIT FOR 2013-14

6. The budget for Children's Placements for 2013/14 (which encompasses looked after children) is £9,625,610. Effective budget management has enabled the service to significantly reduce its' budget overspend from an overspend of £268,997 in 2012/13 to a projected overspend of £25,000 for 2013/14.
7. The audit reviewed the effectiveness of controls in the following areas: accuracy and completeness of information held; timely completion of assessments and reviews; budget monitoring; and authorisation for spend on placements, with results based upon a sample of 20 Children Looked After, selected from cases between April 2012 to November 2013. A report was provided by the Performance and Information Officer and was approved by the Lead Officer for Performance Improvement in Children's Social Care. This report contained 463 cases which was reduced to 85 cases as we excluded those classified as "Leaving Care", "fostered", "fostered by IFA" and "placed for Adoption". A sample was then selected from these 85 cases. CareFirst System case reference number (P Number) for the sample tested are shown at the end of Appendix A. The testing showed that there were various discrepancies in the systems which are detailed below:

Placement Funding Authorisation Approvals:

- For 1/20 cases reviewed, the panel decision was late.
- For 3/20 cases, there are missing periods for funding in the panel decision.
- It was also established that in 1/20 cases, payments were being made to foster carers although the child is no longer in foster care, causing 6 months of overpayments. It should be noted that the Assistant Director (Children Social Care) requested that this area be subject to Audit review and will now be conducted in Quarter 1 of 2014/15

Timely completion of assessments and reviews:

- For 3/20 cases reviewed there was no current Care Plan in place and 6/20 cases the Care Plan was not in place within statutory time scale.
- For 1/20 case, there was no permanence plan and 3/20 cases where the Care Plans had no racial or religious background.
- For 7/20 cases, there is no current placement plan in place.

LAC reviews were not conducted within the statutory timescales.

- For 1/20 cases reviewed, the LAC reviews were not conducted within the statutory timescales.

REVIEW OF LOOKED AFTER CHILDREN AUDIT FOR 2013-14

There is no clear procedure in place to confirm a child's identification:

- For 11/20 cases reviewed during the audit, there were no ID retained for the child.

SIGNIFICANT FINDINGS (PRIORITY 1)

8. During the audit the following issues were identified:

- Payment Authorisation: Controls for 'evidencing' funding approvals had failed resulting in several (7/41 decisions tested) placements whereby evidence of the authorisation for the placement was not available to support to support payments made. In one incident payments continued to be processed after the child had changed placement. Since the audit, the team are aware of the overpayment and arrangements are being put in place to recover the overpayment. In the absence of effective control the risk of unauthorised payments, financial loss and budget pressures is increased.
- Timely completion of assessments and reviews: The processes for ensuring that statutory requirements/deadlines (as specified within the Care, Planning, Placement & Case Review Regulations 2010) was not effective as several instances (impacting upon 13/20 cases tested) were highlighted whereby various elements of these regulations were not being achieved. In the absence of effective control the risks of adverse comments from external inspections giving rise to reputational damage and/or sanction for failing to comply with requirements; and that a care/placement package might not be appropriate are increased.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

9. 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

10. 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>Placement Funding Authorisation Approvals: For the 20 cases selected, 41 Funding Decision Sheets relating to 136 invoices were examined.</p> <ul style="list-style-type: none"> For 1/20 cases, the Funding Decision Sheets were completed 5 weeks after from the Placement start date. (Sample 2: The placement started on 22nd November 2013; however, the funding sheets were completed on 2nd January 2014); For 3/20 cases, there are periods that were not covered by a funding panel decision. <table border="0"> <tr> <td><u>Sample</u></td> <td><u>Placement Period</u></td> </tr> <tr> <td>4:</td> <td>Dec 2012-June 2013,</td> </tr> <tr> <td>9:</td> <td>April 2012 – June 2012 and July 2013 -September 2013,</td> </tr> <tr> <td>10:</td> <td>April 12- December 2013.</td> </tr> </table>	<u>Sample</u>	<u>Placement Period</u>	4:	Dec 2012-June 2013,	9:	April 2012 – June 2012 and July 2013 -September 2013,	10:	April 12- December 2013.	<p>Service Comment: <i>Authorisation for placement funding was obtained by email on 2nd December 2013, however the Funding Decision sheets were not available on CareFirst until 2nd January 2014.</i></p> <p>It is acknowledge that the process for placement authorisations has changed recently, simplifying the process, which should assist in reducing the possibility of payments made without evidence of placement authorisation.</p>	<p>Ensure that Evidence of approved Funding Panel Decisions is obtained in a timely manner for all placements.</p>
<u>Sample</u>	<u>Placement Period</u>										
4:	Dec 2012-June 2013,										
9:	April 2012 – June 2012 and July 2013 -September 2013,										
10:	April 12- December 2013.										

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1 cont	<p>During the Testing, discussion with the Group Manager – Commissioning Team identified that one instance of missing funding decision sheets that resulted in overpayment for 6 months (June to December 2013) to the Foster Carers but the client had been placed through adoption. The total overpayment value is at £11,336.82 and an invoice has been raised to recover this overpayment (Invoice number 700641206)</p> <ul style="list-style-type: none"> • Sample 15 where child was placed for adoption on 13th June 2013. <p><i>The service is investigating how payments continued to be paid and arrangements are being put in place to recover the overpayment.</i></p>	<p>Financial loss, if overpayments not recovered.</p>	<p>Ensure that direct payments made to foster carers are checked regularly to prevent overpayments.</p> <p>Ensure that the overpayments have been recovered.</p> <p>[Priority 1]</p>

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
2	<p>Timely completion of assessments and reviews: In 13/20 cases reviewed statutory requirements as detailed within the Care Planning, Placement and Case Review (England) Regulations 2010 had not been achieved, details of which are shown below: For 3/20 cases reviewed, there are no current care plan in place (Sample 11, 13 and 14);</p> <ul style="list-style-type: none"> For 6/20 cases, The care plan was not in place within the statutory time scale: Sample <ol style="list-style-type: none"> 1: Child became LAC on 28th September 2012, and the care plan is dated 21st January 2013; 2: Child became LAC on 5th July 2013, and the care plan is dated 5th August 2013; 4: Child changed placement on 24th July 2013, and the care plan is dated 12th December 2013; 6: Child became LAC on 28th September 2012, and the care plan is dated 21st January 2013; 16: Child became LAC on 9th July 2012, and the care plan is dated 15th May 2013; 18: Child became LAC on 10th September 2012, and the care plan is dated 22nd March 2013); For 1/20 cases reviewed, the care plan did not contain a 	<p>Adverse comments from external inspections giving rise to reputational damage and/or sanction for failing to comply with requirements.</p> <p><i>S.4(2) "... the care plan must be prepared before C (child) is first placed by the responsible authority or, if it is not practicable to do so, within ten working days of the start of the first placement"</i></p> <p><i>S.5(a) "The care plan must include a record of the following information- (a) the long term plan for C's (Child's) upbringing ("the plan for permanence")"</i></p> <p><i>S.5(b)(iv) "The arrangements made by the</i></p>	<p>Review procedural arrangements in order that that statutory deadlines are achieved.</p> <p>[Priority 1]</p>

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>permanence plan.</p> <ul style="list-style-type: none"> For 3/20 cases where the care plans did not specify the child’s racial or religious background. For 7 /20 cases reviewed, there was no placement plan in place (Sample 6,7,9,12,14, 16 and 20) 	<p><i>responsible authority to meet C’s needs in relation to identity, with particular regard to C’s religious persuasions , racial origin and cultural and linguistic background”</i></p> <p><i>S.9(1) “the responsible authority must— (a)prepare a plan for the placement (“the placement plan”)”</i></p>	
3	<p>For 1/20 cases examined, the LAC reviews was not conducted within statutory timescales.</p> <ul style="list-style-type: none"> Sample 5: Placement started on 18th June 2012 with the 1st 	<p><i>“Section 6 Legislation 33 (1) The responsible authority must first review C’s case within 20 working</i></p>	<p>Ensure that a reminder process exists to ensure that the Statutory Looked After Children Reviews</p>

REVIEW OF LOOKED AFTER CHILDREN 2013-14

APPENDIX A

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>LAC review held on 12th July 2012, and the 2nd LAC review due on 12th October 2012 but this was not conducted until 24th October 2012)</p>	<p><i>days of the date on which C becomes looked after. (2) The second review must be carried out not more than three months after the first, and subsequent reviews must be held at intervals of not more than six months”)</i></p>	<p>are conducted within the prescribed timescales. [Priority 2]</p>
4	<p>Accuracy and completeness of information held: Examination of 20 cases identified that in 11 cases, evidence to confirm the child’s identity was not retained. (Sample 4,9,10,11,12,13,14,16,17,19 and 20) Whilst there is no specified statutory requirement for obtaining confirmation of a child’s identity there are implied requirements in order to effectively discharge the looked after responsibility that would cover birthdays (as they impact upon schooling requirements and leaving care).</p>	<p>The absence of evidence that verifies the identity of a child, may impact upon the process for determining whether the Council is responsible or the extent of its responsibilities, which could result in avoidable financial costs.</p>	<p>Ensure that there are procedures to confirm the identity of all children before they become “Look After” [Priority 3]</p>

OPINION DEFINITIONS

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	<p>Ensure that Evidence of approved Funding Panel Decisions is obtained in a timely manner for all placements.</p> <p>Ensure that direct payments made to foster carers are checked regularly to prevent overpayments.</p> <p>Ensure that the overpayments have been recovered.</p>	1	<p>Placements are normally authorised by the relevant head of service at the time of placement. The previous arrangement of these decision being ratified at a access to resources panel (funding panel) no longer exists and placements are fully authorised on care first within a timely manner.</p> <p>Arrangements are in place to ensure that funding decisions cover all periods and that that waivers are completed and authorised by the appropriate level officer.</p> <p>The circumstances surrounding the overpayment were unusual and highlighted a systems issue that had not previously come to the attention of management. Processes have now been put in</p>	<p>HoS C&R GM –CCT</p> <p>HoS C&R GM – CCT</p> <p>HoS C&R AGM – Adoption</p>	<p>In place</p> <p>In place</p> <p>In place</p>

OPINION DEFINITIONS

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
			<p>place to ensure that this issue is not repeated.</p> <p>This overpayment is subject to repayment arrangements with finance.</p>	HoS C&R	In place
2	Review procedural arrangements in order that that statutory deadlines are achieved	1	Completion of care plans, and placements plans had been identified as an area for improvement and will be monitored to achieve compliance. A small working group has been established to look at this issue to streamline processes to support improved performance.	HoS C&R	<p>Immediate</p> <p>By end of June</p>
3	Ensure that a reminder process exists to ensure that the Statutory	2	Performance in relation to the timeliness of LAC reviews is a	AD – Safeguarding and Social Care	Ongoing

OPINION DEFINITIONS

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	Looked After Children Reviews are conducted within the prescribed timescales.		statutory PI (NI66) and is reported annually via the 903 return. Performance is monitored monthly through the internal monitoring process and action taken if required.	HoS - QA	
4	Ensure that there are procedures to confirm the identity of all children before they become "Look After"	3	CSC will consider how best to confirm the identity of LAC that is cost efficient and proportionate and implement.	AD – Safeguarding and Social Care	By end of June

OPINION DEFINITIONS

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.

This page is left intentionally blank

FINAL INTERNAL AUDIT REPORT
ENVIRONMENT & COMMUNITY SERVICES

REVIEW OF STREET LIGHTING - INVEST TO SAVE - AUDIT FOR 2013-14

Issued to: Nigel Davies, Director of Environment and Community Services [Final only]
Paul Symonds, Assistant Director Environment and Community Services
Garry Warner, Head of Highways
Paul Redman, Highways Asset Manager
Dave Starling, Head of Corporate Procurement

Prepared by: Principal Auditor

Date of Issue: 30 May 2014

Report No.: ENV/010/01/2013

REVIEW OF STREET LIGHTING AUDIT FOR 2013-14

INTRODUCTION

- 1 This report sets out the results of our systems based audit of Street Lighting – Invest to Save Audit. The audit was carried out in quarter Q4 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 07/01/14. The period covered by this report is from 01/04/13 to 13/03/14.
- 4 The Street Lighting Maintenance and Improvement Services Contract with Contractor A commenced 1/4/13 and ends 31/3/23 with an estimated total value £16,950,000 or £845,000 per year.

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 of the street lighting contract and the invest to save scheme. 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 preparing a gateway review with the proposal of the new street lighting contract, preparing a key decision document, approving contract arrangements and costs, appropriate advertising prior to

REVIEW OF STREET LIGHTING AUDIT FOR 2013-14

contract award, correct assessment and evaluation of tenders and actual award of contract. Contract monitoring meetings are held monthly and are clearly documented highlighting the actions to be undertaken and the contracts register has been updated as expected.

8 The project board developed

- a communication plan, to clearly state the processes needed to be carried out in advance of and during the project's undertaking, including correspondence circulated to residents informing them of the upgrade to street lighting and a contact should they experience problems. Satisfaction questionnaires are still being developed despite some lamps being erected over six months ago.
- A risk register, showing a description of risk, risk rating, impact and direct cost impact.

At the meeting held 25/3/13 the project board was to confirm its acceptance of the Urbis lantern however in the absence of the summer meeting this was not documented nor was it described at further meetings held 04/11/13 and 25/03/14. Minutes highlights that the Central Management System [CMS] is still being developed by the contractor. This system is an essential requirement in profiling lanterns and to generate potential further energy savings. Bearing in mind the current increases in energy prices the CMS needs to be in operation promptly. As there is a commitment to introduce this system no recommendation is being made.

9 A sample of 5 jobs was selected from the 13.03.14 contractual payments list to confirm works were complete. Lamp columns in Bark Hart Road and Ramsden Road Orpington had not been numbered however the contract monitoring minutes of meeting held 16.01.14 confirmed "painting will commence in the summer on conversions."

10 On 28/11/12 Executive Committee agreed to £8.507m be drawn down from the Invest to Save fund to allow not only the replacement of 8,000 life expired lighting columns but also the replacement of 4,000 inefficient street lighting lanterns and implementation of a central management system. The problems, delays and progress relating to the invest to save lamp column replacement programme are reported at Environment Policy & Development Committee, as required. At the time of the audit management were not evaluating energy and carbon emissions savings. However an energy monitoring spreadsheet has now been prepared to confirm the number of lanterns replaced each month, associated energy savings

REVIEW OF STREET LIGHTING AUDIT FOR 2013-14

based on 4187 hours burning per year, equating to energy savings at the end of April 2014 of 247130kWh totalling £24,713 [at a unit rate of £0.10] and 146.5 tCOe carbon emission savings which will be included within the yearly submissions.

11 The following are to be raised for management attention

- the contract is to be sealed, signed by all parties and forwarded to the legal team for safe storage
- the Street Lighting Maintenance and Improvement Contract Award is to be published in the OJEU

SIGNIFICANT FINDINGS (PRIORITY 1)

12 None.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

13 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

14 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>The Street Lighting Maintenance and Improvements Contracts was awarded 17/12/12 to Contractor A and commenced on 01/03/14 The Highways Asset Manager confirmed that the contract has been signed and sealed by The Authority however the 2 copies are with the contractor awaiting signature</p> <p>A parent company guarantee and/or performance bond was not evidence</p>	<p>Failure to retain signed contract may increase the risk to the Authority should subsequent claims be made against the contractor</p> <p>Failure to have the required guarantee or bond in place may increase contract costs and jeopardise service delivery</p>	<p>Ensure the contract is sealed, signed by all parties and forwarded to the legal team for safe storage [Priority 2]</p> <p>A parent company guarantee and/or performance bond should be presented to audit as evidence [Priority 2]</p>
2	<p>The tender arrangements for the Street Maintenance and Improvements Contract was placed in the Supplement to the Official Journal of the European Union (OJ/S) on 12/04/12 by procurement however the Highways Asset Manager confirmed it was an oversight that the Contract Award Notice was not submitted to OJEU within the EU 48 day rule deadline. No further action is proposed in this case given the elapsed time.</p>	<p>Failure to comply with Article 35 of Directive 2004/18/EC of the European Parliament causing reputational risk</p>	<p>In future, ensure Contract Awards are published in the OJEU no later than 48 days after awarding a contract, in accordance with Article 35 of Directive 2004/18/EC of the European Parliament and of the European Council of 31 March 2004.</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
			[Priority 2]

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	Ensure the contract is sealed, signed by all parties and forwarded to the legal team for safe storage	2	To be actioned	Head of Highways	July 2014
	A parent company guarantee and/or performance bond should be presented to audit as evidence	2	To be actioned	Head of highways	July 2014
2	In future, ensure Contract Awards are published in the OJEU no later than 48 days after awarding a contract, in accordance with Article 35 of Directive 2004/18/EC of the European Parliament and of the European Council of 31 March 2004.	2	To be actioned with future contracts	Head of Procurement / Head of Highways	All future contracts

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.



INTERNAL AUDIT REPORT EDUCATION AND CARE SERVICES

PRE ACADEMY INTERNAL AUDIT OF PERRY HALL PRIMARY SCHOOL 2013-14

Issued to: Mrs A Ward Headteacher

Cc: Mrs J Barnett Chair of Governors
Schools Finance Team (Final report only)

Prepared by: Principal Auditor

Date of Issue: 6th February 2014
Report No.: CYP/P25/01/2013

INTRODUCTION

1. This report sets out the results of our internal audit review of Perry Hall Primary School carried out in quarter 4 of 2013/14. The school converted to academy status on the 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 original scope of the audit was outlined to the school prior to the review. The period covered by this report is from 1st December 2012 to 30th November 2013.

AUDIT SCOPE

4. The scope of the audit was to review transactions for the period 1st December 2012 to 30th November 2013 and included payments, leases and contracts, payroll, bank reconciliations and the Commercial Transfer Agreement.

MANAGEMENT SUMMARY

5. The expenditure, payroll, contracts and bank reconciliation tests were satisfactory, however it should be noted that there are 4 invoices shown on the aged debtors report totalling £2,260; the FO will seek recovery.
6. The Commercial Transfer Document was available to view on site signed by the representatives of the Company, Governors and Council.

SIGNIFICANT FINDINGS

7. None

ACKNOWLEDGEMENT

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

This page is left intentionally blank

FINAL INTERNAL AUDIT REPORT
CHIEF EXECUTIVES DEPARTMENT

CREDITORS AUDIT FOR 2013-14

Issued to: Peter Turner, Director of Finance
Claudine Douglas-Brown, Exchequer Manager
John Nightingale, Head of Revenues and Benefits

Prepared by: Senior Auditor (Wandsworth Council of behalf of LBB)

Date of Issue: 13th March 2014

Report No.: CX/009/01/2013

REVIEW OF CREDITORS-AUDIT FOR 2013-14

INTRODUCTION

1. This report sets out the results of our systems based audit of Creditors. 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 15/11/13. The period covered by this report is from November 2012 to November 2013.

AUDIT SCOPE

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

AUDIT OPINION

5. Overall, the conclusion of this audit was that substantial assurance can be placed on the effectiveness of the overall controls, with limited assurance in the area of credit notes. Definitions of the audit opinions can be found in Appendix C.

MANAGEMENT SUMMARY

6. 3 out of 4 previous recommendations made by audit in 2012-13 have been fully implemented however the recommendation relating to orders being made when spending commitment is made is still outstanding.
7. The audit reviewed controls in the following areas: system reconciliation; BACS payments and feeder files; policies, procedures and training; cumulative spend; duplicate suppliers and payments; non-applied credit notes; system security; and amendments to standing data.

REVIEW OF CREDITORS-AUDIT FOR 2013-14

8. In addition, a random sample of 35 payments was selected from Oracle, excluding payments for schools' funding, VAT, SEN and investments. These payments were reviewed to establish that a goods received check had been undertaken, that payments were charged to the correct cost centre, for the correct amount, approved appropriately before payment, invoices were paid within 30 days and that VAT was accounted for correctly. Confirmation was sought that orders had been raised in a timely manner; valued correctly, authorised properly and that adequate budget provision was available at the time of commitment to spend.
9. During the audit the following issues were identified:
 - The management of credit notes is not robust
 - The corporate signatories and office procedures need review.
 - Orders are not always raised at the time of commitment to spend and the retrospective purchase order report is not prepared accurately
 - Leavers do not always have system access rights removed;
 - Evidence of checking procedures is not always maintained for change of bank details;
 - The ledger control account is regularly reconciled to the creditors control and balanced to zero, although there is no evidence that this has been reviewed by an independent officer.
10. As there were no changes to the cheque printing control process this area was not reviewed as part of this year's audit.

SIGNIFICANT FINDINGS (PRIORITY 1)

11. There is one priority one issue which requires managements immediate attention

Orders are not always raised at the time of commitment to spend, the 'retrospective purchase order' report showing 3,290 retrospective orders being raised between 31/01/13 and 31/05/13.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

12. 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

13. 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>Credit Notes: : On the 22/01/14 the balance of unapplied credit notes was £239K, with £169K credit notes over 1 year old . £163K (273 items) relates to credit notes raised before the contractors contract began 01 October 2012, and £76K (115 items) since this time.</p> <p>The authority is currently reviewing all credit notes pre-October 2012. At the time of the audit debtors' invoices have been requested for 35 credit notes totalling £12,654. It is anticipated that more debtors' invoices will be raised for some of the remaining live credit notes.</p> <p>Post-October 2012 credit notes are reviewed by the contractor on a monthly basis and reported to the Exchequer Manager.</p> <p>In reviewing credit notes it was noted that a an Environmental Services credit note for £149,766 relating to February 2013 was not entered onto the system until 15/11/13, due to a dispute with the contractor.</p>	<p>Failure to apply credit notes promptly will have an adverse impact upon cash flow and increases the likelihood of increased cost of recovery (i.e. debtors' recovery action) or the risk that the funds may not be recovered.</p>	<p>Ensure that prompt action is undertaken to recover monies due from live credit notes on the system. Going forward credit noted should be applied as soon as possible after receipt.</p> <p>Ensure that in future credit notes, rather than full refunds, are only accepted where it is likely that the supplier will be used again in the immediate future</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
	<p>A review of 10 non applied credit notes (pre and post-October 2012) identified that certain Oracle system anomalies can hinder the processing of credit notes, detailed below:</p> <ul style="list-style-type: none"> • 3 related to suppliers that have not had subsequent payments, • 2 were using a different site address (2074770 & 2182394), • 3 are now using a different payment method (2099870, 3100151 & 3000094), • 1 is using a different supplier number (2138107, other reference 3102737) and • 1 has been used but not matched (3101264). 	<p>Unnecessary payments may be made, impacting upon the Authority's financial resource.</p>	<p>Consideration should be given to reviewing possible improvements to the electronic management of credit notes</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>Payment Authorisation: The control document in use for creating/amending corporate authorised officers/signatories lists includes approval limit levels that are not aligned with the approval limits specified within the Financial Regulations and Procedures (July 2012), or the IProc authorisation levels.</p> <p>5/20 BACS transmission reports sampled, did not have appropriate authorisation for the over £50K check. Three were signed by the Principal Finance Officer who was not on the authorised list of signatories, and the other two were signed by the Senior Accountant and Principal Finance Officer who do not have authority for over £50K check.</p> <p>For a further sample of 10 authorising officers it was identified that 2 had no level specified on the 'authorisers' form (Head of Schools Finance Support and Finance Director), 2 were not on the authorised list of signatories (AD Strategic Development and Performance for Adults and Community Services and Occupational Therapist Assistant) and a further 2 had different levels on the form as compared to IProc recorded authorisation levels (Assistant Head of Service for Education and Care Services and Partnership and Planning Officer for Education and Care Services).</p> <p>Project Code: CX/009/01/2013</p>	<p>Payments may be made without appropriate authorisation.</p>	<p>Ensure that corporate signatories and office procedures are reviewed and updated where necessary</p> <p>[Priority 2]</p>

Page 91

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>Policies and Procedures: The review process for payment procedure guides was not always clear and for some guides there is no evidence that these have been recently reviewed. In particular, the document 'Guidance Notes on Making BACS Payments' is dated January 2008 and is not up to date with regards to responsible officer and Oracle processes.</p>		
3	<p>Ordering: 5/27 payments sampled (excludes Confirm payments from the sample of 35) had orders raised on the same day as or after the invoice date.</p> <ul style="list-style-type: none"> • Supplier A, £672.00 order raised 19/2/12 - invoice dated 19/2/12 (sample 4), • Supplier B, £936.00 order raised 14/01/13 – invoice dated 10/10/12 (sample 6), • Supplier C, £1,530.00 order raised 20/05/13 – invoice dated 16/05/13 (sample 7), • Supplier D, £245,389.00 order raised 03/07/13, invoice dated 19/04/13(sample 31), • Supplier E, £2,673.55 order raised 08/10/13, invoice dated 30/09/13(sample 32). 	<p>If orders are not raised commitments will not be reflected in the budget monitoring report.</p> <p>The risk of purchasing unnecessary goods/services is increased were order authorisations controls are bypassed.</p>	<p>Ensure officers are reminded to raise orders at a time of commitment to spend.</p> <p>[Priority 1]</p> <p>Ensure the retrospective purchase order report is presented accurately and the correct officers are approached to address the problem</p> <p>[Priority 2]</p>

Page 92

Project Code: CX/009/01/2013

Page 8 of 17

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>A 'retrospective purchase order' report was run in May 2013. This showed 4,788 retrospective purchase orders had been made in the period 30/01/13 to 30/05/13, with 68% of these attributed to 30 officers. However further examination of this report identified duplicated purchase order lines therefore producing inaccurate results with the actual total of 3,290 retrospective order being raised during the period. This would reflect new results to identify areas of concern.</p>		
4	<p>Supplier Standing Data: Controls of amendments to key supplier details were not always evidenced. For 10 changes to standing data, 4 related to changes of address and were satisfactory and 6 related to changes of bank accounts, with the following identified:</p> <ul style="list-style-type: none"> • 1 had evidence of a check but no phone number recorded (2082489 08/10/11). • 3 had no evidence documented of checks (3110835 - 10/10/13, 3110835 - 15/10/13, & 3128726 – 28/10/13). • 1 was for a direct payment and there was no documented evidence on the request form that either the Supplier Management Team or the Care Team confirmed the bank details with the client. • 1 was satisfactory. 	<p>In recent years there has been an increase in the occurrence of mandate fraud whereby fraudulent requests to change bank details may go undetected if sufficient robust verification controls are not applied.</p>	<p>Ensure that checks are undertaken for changes to bank details and evidenced on request forms, including Direct Payments [Priority 2]</p>

Page 93

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	System Access: From a review of 10 leavers identified 3 still had system access privileges. A further review between active Oracle users and a list of leavers from HR highlighted that 44/223 leavers were still shown as having active user accounts, however only 16 leavers had an active profile.	Unauthorised access to the Oracle system	Review processes for leavers on a corporate basis [Priority 2]
6	Reconciliations: The ledger control account is reconciled to the creditors control account on a monthly basis and initialled and dated by the preparer, although there is no evidence that this has been reviewed by an independent officer.	Errors in the Authority's accounting process may not be identified on a timely basis.	Ensure the ledger control account reconciliation is reviewed by an independent officer [Priority 3]

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>Ensure that prompt action is undertaken to recover monies due from live credit notes on the system. Going forward credit noted should be applied as soon as possible after receipt.</p> <p>Ensure that in future credit notes, rather than full refunds, are only accepted where it is likely that the supplier will be used again in the immediate future</p>	2	<p>Action is being taken to investigate the pre 2012 credit notes to and recover any debts that are due. In some cases the debt had already been recovered however the credit had not been cleared from Oracle.</p> <p>Wherever possible refunds will be requested in place of a credit note. The contractor would not always have the information to know whether a supplier would be used again in the immediate future and therefore would not be in a position to determine whether a credit note should be rejected. Advice would therefore need to be obtained from the relevant service department.</p> <p>The ES credit note for £149,766 was held by the service department as there was a dispute.</p>	<p>Exchequer Manager/ Contractor</p> <p>Contractor/Service Departments</p>	<p>31/05/14</p> <p>On going</p>

Project Code: CX/009/01/2013

Page 11 of 17

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
	Consideration should be given to reviewing possible improvements to the electronic management of credit notes		The process for the management of credit notes will be reviewed and improvements will be made where possible.	Exchequer Manager/ Contractor/ The FIS Team	30/06/14
2	Ensure that corporate signatories and office procedures are reviewed and updated where necessary	2	The authorised signatory form has been updated and Liberata are working with LBB to update the details held on the authorised signatories' database.	Exchequer Manager/ Contractor	31/05/14
3	Ensure officers are reminded to raise orders at a time of commitment to spend.	1	A report is run quarterly and staff who are identified as having raised retrospective orders are reminded to raise orders at the time of commitment to spend. Where there has been no improvement this is escalated to the Exchequer Manager who approaches the relevant line manager.	All Service Departments/ Exchequer Manager/ Contractor	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

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	Ensure the retrospective purchase order report is presented accurately and the correct officers are approached to address the problem	2	The retrospective purchase order report will be presented correctly from the next due period. A re-run of the May 2013 report has confirmed similar findings. 65% of retrospective purchase orders were attributed to 30 officers.	Contractor	31/03/14
4	Ensure that checks are undertaken for changes to bank details and evidenced on request forms	2	The appropriate checks are undertaken and are evidenced. Client 3119387 had visual impairment and had not signed a bank detail form. However the AP team officer had both telephoned and written to the client to confirm his new bank details. Client 3120723 is a child and, correctly, his bank detail form was signed by his mother, acting as his representative.	Contractor	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

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
			<p>Supplier 3110835 10/10/13 – Supplier had completed and signed the Supplier Amendment Form, therefore no other checks required.</p> <p>Supplier 3110835 15/10/13 – same supplier as above but no record of change of bank details on this date exist on the system.</p> <p>Supplier 3128726 28/10/13 – the letter received from the supplier advising of their new bank details were correctly checked to the bank details shown on their invoice.</p>		
5	Review processes for leavers on a corporate basis	2	If managers do not indicate on the corporate system Leavers form that their user had Oracle access then an e-mail will not be sent to the FIS team for them to remove system access. The list of users	n/a	n/a

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
			<p>identified in the audit were all I-Proc users with the exception of 3 that had just GL/AP/AR enquiry access. The FIS team normally send out lists to managers twice a year for them to verify the accuracy of their team's Approval Hierarchy. Any changes notified by managers are actioned in Oracle by the FIS team. Liberata normally notify the FIS team of any AP users that leave throughout the year however they will also be picked up when the annual report is sent out by the FIS team to check on current users. Therefore the failing is with Budget Managers who don't complete the Leavers form correctly. The FIS team have a process to find leavers as part of their annual review</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
6	Ensure the ledger control account reconciliation is reviewed by an independent officer	3	A member of staff carries out a reconciliation every month. There are rarely any variations but if there are, and it can't be identified, line managers are notified of the situation. Meetings are held every quarter to review balances on all control accounts. If this isn't considered sufficient control then I will arrange for an e-mail exchange to confirm the situation each month.	Financial Information Systems Manager	31/04/14

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

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.

This page is left intentionally blank

FINAL INTERNAL AUDIT REPORT
CHIEF EXECUTIVES DEPARTMENT

MAIN ACCOUNTING SYSTEM AND BUDGETARY CONTROL AUDIT FOR 2013-14

Issued to: Peter Turner, Director of Finance
Lesley Moore, Deputy Director of Finance
Tracey Pearson, Chief Accountant

Prepared by: Senior Auditor

Date of Issue: 29th May 2014

Report No.: CX/016/01/2013.bf

MAIN ACCOUNTING SYSTEM AND BUDGETARY CONTROL - AUDIT FOR 2013-14

INTRODUCTION

1. This report sets out the results of our systems based audit of the Main Accounting System and Budgetary Control. The audit was carried out in quarter 4 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 10th January 2014. The period covered by this report is from April 2013 onwards.

AUDIT SCOPE

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

AUDIT OPINION

5. 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

6. The audit reviewed controls in the following areas: Policies, procedures and training, IT security, reliability and integrity of transactions, feeder system interfaces and authorisation of journal entries, year end procedures, revenue budget preparation and forecasting.

MAIN ACCOUNTING SYSTEM AND BUDGETARY CONTROL - AUDIT FOR 2013-14

7. This audit did not include testing on the controls over new system users and disabling of user rights for leavers as this was incorporated within the recently completed Creditors audit which identified a need to review disabling of user rights for leavers.
8. **Budgetary Control** – Control arrangements were satisfactory with no significant unknown budget variance identified. However, further work is required to ensure that the new budget monitoring arrangements, Full Budget Monitoring (FBM) and Employee Budget Monitoring (EBM), are fully embedded within the Council, see below:
 - Budget monitoring and forecasting procedures are not being adhered to in a timely manner, and
 - The new FBM system has not been fully embedded with only just over half of Budget Managers using it on a regular basis.
9. **Main Accounting System** – The overall system reconciliations were satisfactorily completed within agreed timescales with no significant unexplained variances. Some areas for improvement were identified to aid ongoing compliance and to reduce the possibility or adverse impact upon the integrity of the main accounting system, see below:
 - Outdated procedure notes found online, and
 - The disaster recovery plan does not fully consider how a financial system failure would affect the authority.

SIGNIFICANT FINDINGS (PRIORITY 1)

10. A significant numbers of budget managers are failing to review their monthly budgets on FBM within the timescales specified within the FBM User Guide (refer “Key Dates for Completion” page 32) in a timely manner and a discrepancy exists between the budget monitoring procedures and the actual budget monitoring process that takes place.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

11. 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

12. 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>Budget Forecasting: To enhance budget monitoring and to make forecasting more effective a Full Budget Monitoring system (FBM) was introduced in 2011. The FBM procedure notes state that Budget Holders should be submitting their forecasts between days 1-5 of the month with their line managers, the Reviewer, confirming the budget holders' submission on days 6-7.</p> <p>Although several reminders have been circulated recently, significant numbers of budget holders do not appear to be using FBM to evidence their review/forecast as an aid to effective budget management. Audit testing for January 2014 revealed that as at 25/02/14 (day 25) from a sample of 97 budget codes budget monitoring review had only been completed for 23 budget codes (24%).</p> <p>The submission/budget monitoring review rates for the past five months were 45% (Sept), 26% (Oct), 30% (Nov), 49% (Dec) and 64% (Jan), see details at <u>Appendix D</u>. The increased submission rate for January was achieved as at 12/03/14, 6 weeks after the January month end.</p>	<p>Where forecasts are not reviewed in a timely manner and submitted on a regular basis, there is a risk of decisions being taken on incomplete or outdated financial data.</p>	<p>Ensure that all budget holders fully embrace and utilise FBM to forecast on a monthly basis and that forecasts are submitted in a timely manner as per the established procedure. [Priority 1]</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
	<p>For some budget holders where base data comes from systems such as Carefirst and Confirm, budget approval is completed at Assistant Director level. For January 2014 this accounted for a further 37 budgets being authorised raising the percentage to 70%.</p>		
	<p>Through discussion it was revealed that for some of where budget forecasts had been submitted, these had been prepared/ entered by the Accountant and not by the service budget manager.</p> <p>It is important that budget holders are encouraged to engage in the process of reviewing their budgets as they should best placed to know of emerging/ previously unforeseen pressures and trends that could affect expenditure.</p>	<p>Where budget managers do not undertake their own forecasts, a layer of scrutiny is lost from the process.</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>Procedure notes: Procedure notes exist to support officers with completing tasks correctly. It is to ensure that published instructions/guidance (Procedure Notes) is accurate and current.</p> <p>In reviewing guidance available online it was noted that some of the available information was no longer current. For example, if officers searched online for closing of accounts procedure, they will only find the instructions for 2007/08. Testing confirmed that relevant up to date instructions are Circulated to key officers annually however the online availability of out of date guidance could result in unnecessary errors.</p>	<p>The on-line presence of out of date guidance increases the risk of incorrect or inconsistent working practices and potentially duplicated and or ineffective effort.</p>	<p>Ensure that published procedure guides are up to date through regular review. [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

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
3	<p>Business continuity plan: The Business Continuity Plan (BCP) provided for Financial Services was dated 16/4/09 and there is no evidence of review since then even though there have been changes since.</p> <p>The BCP is not fully completed. The ‘Critical Activity Recovery Plans’ (page 17) only makes reference to the BACs system and the ‘Minimum Resource Requirement’ (page 19) has not been completed.</p> <p>Whilst it is acknowledged that some aspects of IT Management has been outsourced; within a comprehensive BCP there is still a need to document how the business will operate following an incident and how it expects to return to ‘business as usual’ in the quickest possible time afterwards.</p> <p>Planning to reduce the impact of such incidents should include arrangements to address failures by any third parties who have input to supporting the integrity of the main accounting systems.</p>	<p>Where the effect of system loss has not been fully considered, there is a risk that should the system fail, the Council’s ability to provide critical activities may be compromised.</p> <p>Where business continuity plans are not reviewed on a regular basis and evidenced as such, there is a risk of incorrect procedures being followed in the event of an incident.</p>	<p>Ensure that business continuity plans are reviewed on a regular basis and evidenced with date and author/reviewer. [Priority 2]</p> <p>Such reviews should ensure that the business continuity plan is complete with all key services included on the critical activity recovery plans.</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	Ensure that all budget holders fully embrace and utilise FBM to forecast on a monthly basis and that forecasts are submitted in a timely manner as per the established procedure.	Priority 1	Agreed. If the Budget Holder fails to sign off FBM each month then the Head of Finance will escalate to the Director of the relevant department to ensure compliance. The Director is able to check on the system each month that the budget holders have signed off FBM.	Budget Holder needs to ensure they sign off their Budget Monitoring each month. Directors need to ensure this is done.	July 2014 budget monitoring cycle
2	Ensure that published procedure guides are up to date through regular review, evidenced with date and author/reviewer.	Priority 3	Updates will be done depending on timescales. This is an issue across the board for all information published on the Council's intranet.	Data/procedure guide owners.	Ongoing.
3	Ensure that business continuity plans are reviewed on a regular basis and evidenced with date and author/reviewer.	Priority 2	This is kept up to date and the 2014/15 Business Continuity Plan has been sent to the Auditors.	Deputy Director of Finance	Already in place

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
EDUCATION, CARE & HEALTH SERVICES

REVIEW OF TCES 2013-14

Issued to: Head of Assessment & Care Management,
Assistant Director, Care Services (Interim),
Assistant Director, Strategy & Performance,
Strategic Manager, Procurement & Commissioning,
Head of Finance, Education, Care & Health Services,
Assistant Director, Strategic & Business Support Services,

Cc: Executive Director, Education, Care & Health Services,
Director of Finance.

Prepared by: Principal Auditor,

Date of Issue: April 2nd 2014

Report No.:

ECH/005/01/2013

INTRODUCTION

1. This report sets out the results of our systems based audit of **TCES 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 24/9/13. The period covered by this report is from April 1st 2013 to November 30th 2013.
4. TCES stands for Transforming Community Equipment Services and this service has an annual budget of £1.4 million. The extract on the contract register records the contract for Integrated Community Equipment Service (ICES) that commenced on 2nd July 2012 until 1st July 2015 years with a total cost of £4,470,000.
5. The original ICES equipment store was externalised and all Community Equipment Services transferred to Provider A, using the London Consortium Framework agreement led by the Royal Borough of Kensington and Chelsea.
6. In July 2012, there was an ICES stock transfer to Provider A totalling £114,390. Some staff also transferred over to Provider A and as a result TUPE costs are applicable. It was reported to the Executive Committee, on 7th March 2012, that the new contractual arrangement would ultimately yield a saving. 'The savings of £132k in option 4 will be used to meet the cost pressures facing the Council over the next 4 years as identified in the 4 year Financial Forecast'.
7. After a referral or possibly a hospital discharge, community equipment may be allocated to service users, following an assessment by an Occupational Therapist (OT). For social care, the service user must meet the fair access to care criteria and be ordinarily resident in the Borough to which they have applied for assistance. Service users may require community equipment. This is currently provided at no charge to the service user. The service is split between Partner A and social care.

REVIEW OF TCES AUDIT FOR 2013-14

8. In order to manage the funding arrangements between Partner A and LBB, a S.256 was arranged for 2013-14 whereby Partner A would contribute a maximum of £600,000 towards the spend for 2013-14. In November 2013, it was confirmed that Partner A would fund a further £435,000, in respect of the winter pressures period for 2013/14 (which could be used to fund overspend) following a variation to the S.256 agreement. Therefore, there have been no recommendations made on this issue. This will resolve the overspend by Partner A for this current financial year, however, financial difficulties may arise in future years if the £600k cap is to be maintained going forward.
9. The Authority is a member of the Consortium along with other London Boroughs. The framework agreement is still to be signed by the Authority and is currently with our legal department. This agreement is between the Royal Borough Kensington & Chelsea (the lead authority), the London Borough of Bromley and Provider A. London Borough of Bromley pays a membership fee of £14,700 for 2013/14, which includes maintenance of the TCES system which is provided by CSS.
10. As part of this arrangement, Provider A is the contractor delivering the service to our clients and they sub contract, a small part of this work involving e.g the installation of grab rails to another contractor.
11. For 2012-13, total payments to this supplier were £ 1,467,936.00 (July – March) and so far for 2013-14 the costs were £1,039,011.06 (April to November).

AUDIT SCOPE

12. The scope of the audit is detailed in the Terms of Reference. This review was limited to social care clients.

AUDIT OPINION

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

MANAGEMENT SUMMARY

14. The findings made within this report are summarised below :-
- Invoices are being paid without the necessary checks being undertaken.
 - There is no reconciliation of the stock held at the Woolwich depot to confirm that charges are correct for storage.
 - Lack of contract monitoring as performance data requested but not yet provided. Feedback is not actively responded to by the provider.
 - Shared specials - Photos and equipment descriptions and dimensions are poorly uploaded onto TCES. In some cases items are in need of repair and there are safety issues. The delivery times for such items can take months.
 - OT assessments could not be located for two of the samples selected.
 - Service agreements- It was found that there were missing service agreements on Carefirst and also statement of needs could also not be located on Carefirst.
 - Sub-Contractor- The performance of this provider should be reviewed to ensure that there are no further causes for concern.
 - TCES system – there is no formal process in place to update records on TCES. Records were identified that remain active when the client was deceased. Duplicated records were also identified.
 - Equipment collections – Credits were not always received for all items returned.
 - Procedures were found not to be complete.

SIGNIFICANT FINDINGS (PRIORITY 1)

15. Priority 1 findings are also listed here:

Verification of Invoices Submitted

16. The equipment invoices from the provider for October and November 2013 were reviewed. Ten lines were selected at random and were reviewed from the supporting documentation that is sent with the invoices.

REVIEW OF TCES AUDIT FOR 2013-14

17. For October 2013, the total value of the equipment invoice was £118,100.46 (including VAT) and the following issues arose:-
- The invoice is not broken down into key elements such as delivery types (individual speed rates and costs), individual collection costs.
 - Invoice period is not specified
 - Credits not actioned for returned/collected items.
 - Items not charged for by contractor.
 - Standard stock items charged at almost double.
 - Listed items supplied but were not standard stock items.
 - It was found that under the October invoice, approximately £6,500 was charged for the speed rates (not including the standard collection and delivery rates):-
The rate on the invoices could not be verified as these were not broken down into the different delivery categories. Different delivery speed rates charged for such as; 24 Hour notice; Delivery 2 day (Discharge); Emergency Out of Hours; Emergency within 4 hours - this is despite management instruction. These speed rates were selected by the following teams Speed methods were selected by officers at the officers within Partner A and by Provider A staff. (Authorisations for these speed rates have not been provided to the auditor).
18. For the November 2013 invoice, the total value of the equipment invoice was £132,870.10 (including VAT) and the following issues arose :-
- Items requested to be repaired, unable to repair. Collection and recycling cost charged. Additionally, new item ordered and new delivery cost at high cost rate. No detail recorded of fault with item.
 - Items listed on the supporting documentation as a TCES Stock Item. There is no record of this on the Bromley Stock list. Actual charges were considerably higher.
 - Stock storage costs. See paragraph 24.
19. It was found that, over £9,000 was charged for the speed rates selected (not including the standard collection and delivery rates) there was an additional speed rate of Emergency Same Day. Rates were selected by the provider and Partner A officers

REVIEW OF TCES AUDIT FOR 2013-14

21. No evidence of management checking of invoices has been provided to Internal Audit. The Head of Assessment & Care Management and other senior officers placed reliance on service users or staff highlighting negative issues. There is a Financial Procedure 8.25 requirement that more detailed checks are carried out on invoices over £10K before payment. It is detailed that over £10,000 100% check should be undertaken.
22. It is unclear why these speed rates are being utilised, as there was a management instruction for both social care and Partner A staff that these were not to be used in order to reduce the overspend. It is unclear why Provider A are adding on these higher cost speed rates and what approval is made by the Authority.
23. The performance monitoring figures provided by Provider A for October and November 2013 were found not to reconcile to the actual delivery and collection charges detailed within the invoices for October and November 2013.

Stock Reconciliation/Stock Charges

24. Discussions with one of the Senior OT's concentrated on the storage of equipment at the provider's depot in Woolwich. Since July 2012, the Authority has stored equipment at this depot. The auditor was advised that LBB 'are not charged for the storage of standard stock items'. LBB are 'charged 50p per week per item for the storage of special non stock item such as bespoke paediatric equipment for which details are listed on the monthly invoice'. On the November invoice, the charges are itemised as Special Storage, (Per Product per Day as agreed). (No charges were made for storage on the October invoice as this was missed off by the provider). There is no up to date schedule of non stock items maintained by LBB officers and reliance is placed upon the provider. The Senior OT confirmed that she took details of the items displayed on the TCES system and made a site visit with the contracts officer. Some of the items appearing on the TCES system could not be located at the depot. Also there were items in the depot that are not displayed on the TCES system and items that were then scrapped by the Senior OT's. This was highlighted to Provider A by email and the Senior OT advised that no response had been received.
25. It should be noted that since our discussions with management , Internal Audit has been notified of a list of 112 non stock items that they have identified should be in store attracting a charge of 50p per day by the contractor (although the contract states it should be 50p per week).

Contract Monitoring

REVIEW OF TCES AUDIT FOR 2013-14

26. The annual performance measures and quarterly performance monitoring reports were requested. Details of the collection and deliveries were supplied but the other performance measures are still awaited. Management have stated that these will be addressed going forward.
27. It was found that the Senior OT's do not regularly attend the operational meetings that are attended by the contractor. On review of the minutes, no evidence could be found of any discussion around individual cases with the provider.
28. Stemming from poor communication between Provider A and Provider B and then again with the Authority has resulted in a formal complaint being made by service users. These are detailed in the report.
29. A meeting took place on 30/1/14 jointly with Partner A, the provider and Bromley staff to discuss problems and issues.
30. It should be noted that a copy of the Project Initiation Document for Community Equipment 2015 has since been provided to Internal Audit.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

31. 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

32. 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><u>Verification Of Invoices Submitted</u></p> <p>The invoices for October and November 2013 were reviewed. Transaction lines were selected at random and were reviewed from the supporting documentation that is sent with the invoices.</p> <p>For October 2013 the total cost of the invoice was £118,100.46 (including VAT). The following issues arose:-</p> <ul style="list-style-type: none"> • Cases identified where collection of equipment arranged but not all items credited back to Bromley. • Case where not all items charged for by the provider. • Misleading information recorded on TCES system. • In four cases, a Standard Hoist off the Bromley Stock list would have cost £615.94 each, however, these were not supplied but instead a different hoist costing £1211.63 in all cases. • An item was returned (although it was recorded as a repair) this could not be repaired so replacement was ordered at a cost of £914.06 which again is not included within the Bromley Stock list. • Speed rates charged at higher costs despite 	<p>Charges detailed on invoices cannot easily be verified and reconciled back to the individual clients.</p>	<p>Invoices must be checked in compliance with Financial Procedures 8.25. The requirement is that for invoices over £10K 100% checks should be undertaken. Management should be undertaking the required management checks on invoices to confirm that goods and services have been received as required by Financial Procedures.</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
	<p>management instruction. Speed methods were selected by Partner A officers and by Provider A's staff. Speed rates charged by provider but no evidence seen at the time of the audit to see approval given by LBB officers.</p> <ul style="list-style-type: none"> • Collectively, speed rates requested by Partner A staff and the Provider A costing approximately £6,500. • The delivery and collection charges on the invoices are shown as a total and not broken down. E.g. October 1924 deliveries and 1235 collections. It is not broken down by each type as there are different speed rates utilised within deliveries and collections relate to different levels of refunds. However, within the stats provided by Provider A show a total 1979 deliveries for October and a total of 1129 collections. • From the invoice analysis, the PPM codes show that there were 172 individual PPM lines however, on the invoice the charge is for 191 services. • From the invoice analysis, there are 31 lines highlighting products unsuitable. No reasons for unsuitability. Unclear how this arises following assessment. • The performance stats show that the deliveries were 	<p>Incorrect charges may be made by the contractor.</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
	<p>100% on time and none were late but there were reason codes for 9.56%. The October invoice analysis details a column late by hours detailing numerous transactions. This compares the actual delivery date to the original date. However, in some cases it shows the original date as 01/01/2999. Some of the transaction lines at the higher cost speed rate.</p> <ul style="list-style-type: none"> The actual period of the invoice is not clear. Assumption is made that the period is 1st-31st confirmed by the Head of Assessment & Care Management. The performance figures for 2013 specifically for October shows that there were 1979 deliveries however, the invoice for October details 1924. For collections the performance figures for October shows that there were 1129 collections but the Authority has received a credit for 1235. <p>The total for the November 2013 invoice was £132,870.10 (including vat). The following issues arose:-</p> <ul style="list-style-type: none"> Speed rates charged at higher costs despite management instruction. Requested by the following Partner A's staff. <p>Speed rates charged by the provider but no evidence seen at the time of the audit, that approval given by LBB</p>		

Project Code: ECH/005/01/2013

Page 11 of 38

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>officers.</p> <ul style="list-style-type: none"> Collectively, speed rates requested by Partner A staff and Provider A staff exceed £9,000. Items were arranged to be collected by the provider. Recycling charges made but items scrapped. For one client, there is also a note on Carefirst that this client was a visitor from abroad. There is no service agreement on Carefirst. The November invoice was reviewed in order to confirm that stock rates are those that are agreed from the Bromley Stock List. Six cases where Bromley Stock list items were not supplied and alternative items were supplied at a much higher cost. The November invoice was reviewed in order to confirm that stock rates are those that are agreed from the Bromley Stock List. Six cases where Bromley Stock list items were not supplied and alternative items were supplied at a much higher cost. The delivery and collection charges on the invoices are shown as a total and not broken down. E.g. November 1582 deliveries and 1172 collections. It is not broken down by each type as there are different speed rates 		<p>The delivery and collection charges should be further reviewed to ensure that these speed rates are not utilised unless there are exceptional circumstances, as advised by the Head of Assessment & Care Management. A reminder should be made to all social care and Partner A staff. Current approvers need to be revisited within Social Care and Partner A.</p> <p>It should be further reviewed how the Contractor is able to add these speed rates.</p>

Page 124

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>utilised within deliveries and collections relate to different levels of refunds. However, within the stats provided by Provider A show a total of 1547 deliveries and 930 collections.</p> <ul style="list-style-type: none"> From the invoice analysis, the PPM codes show that there were 100 individual PPM lines however, on the invoice the charge is for 103 services. From the invoice analysis, there are 6 lines highlighting product unsuitable. No reasons for unsuitability. Unclear how this arises following assessment. The performance stats show that the deliveries were 100% on time and none were late but there were reason codes for 16.63%. The November invoice analysis details a column late by hours detailing numerous transactions. This compares the actual delivery date to the original date. However, in some cases it shows the original date as 01/01/2999. Some of the transaction lines at the higher cost speed rate. The actual period of the invoice is not clear. Assumption is made that the period is 1st-30th as confirmed by the Head of Assessment & Care Management. Storage costs charged – per product per day. 4025 		<p>Discrepancies between the statistical returns and invoices should be reconciled.</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
	<p>items. Advised that charge should be per item per week. October charges added onto November charge as missed off charge on the October invoice 4947 items.</p> <ul style="list-style-type: none"> The performance figures for 2013 specifically for November 2013 shows that there were 1547 deliveries however, the invoice for November details 1582. For collections the performance figures for November shows that there were 930 collections but the Authority has received a credit for 1172. No evidence of management checking of invoices has been provided to Internal Audit to date. The Head of Assessment & Care Management and other senior officers place reliance on service users or staff highlighting negative issues. It was confirmed by the Head of Assessment & Care Management on 13/12/13, that she had since instructed her six managers to now sample check the Provider A invoices. 		<p>It should be confirmed why a higher rate for these equipment items was charged to the Authority instead of the Bromley Stock List charge.</p> <p>This should also include confirmation that all credits due have been received back by the Authority.</p> <p>[Priority 1]</p>
2	<p><u>Stock Reconciliation/Stock Charges</u></p> <p>Discussions with one of the Senior OT's concentrated on the storage of equipment at the provider's depot in Woolwich. Since July 2012, the Authority has stored equipment at this depot. The auditor was advised that LBB 'are not charged for</p>	<p>The Authority may be paying for storage of items that are not actually held.</p>	<p>A physical inspection should be made of the non- stock items held at the Woolwich depot. This should be reconciled to the stock displayed on the</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
	<p>the storage of standard stock items'. LBB are 'charged 50p per week per item for the storage of special non stock item such as bespoke paediatric equipment for which details are listed on the monthly invoice'. On the invoice, the charges are itemised as Special Storage, (Per Product per Day as agreed). There is no up to date schedule of stock maintained by LBB officers and reliance is placed upon the provider. It is unclear how checks are being undertaken prior to invoices passed for payment. The Senior OT confirmed that she took details of the items displayed on the TCES system and made a site visit with the contracts officer. Items appearing on the TCES system could not be located at the depot. Also there were items in the depot that are not displayed on the TCES system. Also items that were then scrapped by the Senior OT's. This was highlighted to Provider A by email and the Senior OT advised that no response had been received.</p> <p>For October 2013 invoice, there was no charge itemised for storage costs. For November 2013, the special storage charges were £402.50 plus VAT. The storage charges for October 2013, were missed off the invoice and instead charged on the November invoice. The charge was £494.70 plus VAT.</p> <p>The Procurement Officer advised Internal Audit on 3/3/14 that a visit would be made to the depot along with the Partner A's staff</p>		<p>TCES system.</p> <p>A stock list should be maintained and regularly updated of the stock held at the depot. This should be reconciled to the number of stock items charged for as detailed on the invoice. It should be confirmed whether the storage costs are per item per week or per item per day.</p> <p>[Priority 1]</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
	<p>and Provider A's Procurement Manager to review these items and re categorise/scrap as necessary. A stock list with 112 items dated December 2013 has also been submitted to Internal Audit.</p>		
3	<p><u>Contract Monitoring</u> Stemming from poor communication between Provider A and Provider B which is the sub contractor and then again with the Authority has resulted in a formal complaint being made by a service user.</p> <p>The installation of grab rails needed to be fitted for one client. A request was submitted on 30/07/13. On 13/8/13 stated that the sub contractor needed to update the order for it to be processed. This issue was also raised under feedback reference 2328 and at the end of November, no response had been made and the grab rails still remained as outstanding. Grab rails are a standard stock item and should be held in stock. This related to Client 1.</p> <p>For Client 2, this client was awaiting grab rails to be installed. The OT advised that the contractor failed to install 2 x grab rails stating that client had cancelled them – this was refuted by his daughter. They were reordered again. They were scheduled for delivery 26/11/13 and the daughter waited in all day</p>	<p>Reputational risk to the Authority for poor service delivery to our service users.</p>	<p>Management should be actively reviewing the feedback from service users and staff and monitoring the performance of the contractor.</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
	<p>(Contractors system did show delivery date as 26/11/13 – this has now disappeared from the system and is showing Queries code). The daughter called again to advise that no technician turned up and this was after she called the contractor to check that the delivery would be made. OT was told by the contractor that the rails were out of stock (450mm). Client has since made a complaint.</p> <p>There have been similar problems highlighted additionally in respect of the following service users :-</p> <ul style="list-style-type: none"> • Faulty equipment delivered Client 3 as opposed to new. File note states that contractor said that it should be under ‘repair and replace’ which would incur a repair charge and not resolve the item being faulty on delivery. • For Client 4, a new shower chair was ordered for this client but when it was delivered a footplate was missing. This has been ongoing since 14/10/2013 and the OT telephoned the client again on 25/11/13 to enquire whether the foot plate had since been received. • For Client 5, a replacement bed was ordered (Sidhill) for this client and on delivery it was found that instead the bed was a paediatric bed and therefore too short. 		

Project Code: ECH/005/01/2013

Page 17 of 38

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>Extensions were ordered and they then did not work correctly so a new bed had to be ordered. Enquiries have been made to ensure that the paediatric bed has been returned.</p> <ul style="list-style-type: none"> • Same situation applicable for Client 6, but here the contractor stated that they had no technicians available to repair the item so would replace the item. • Delays in equipment being fitted. Client 7 • Contractor out of stock of standard items – Client 8 • Equipment fitted incorrectly - Client 9 <p>It was found that the Senior OT's do not regularly attend the operational meetings that are attended by the contractor.</p> <p>On review of the operational minutes, no evidence could be found of any discussion around individual cases.</p> <p>Contract monitoring was not found to be effective.</p> <ul style="list-style-type: none"> • Quarterly performance monitoring reports were requested but these refer to deliveries and collections of equipment only. • Annual performance measures required by the contract were requested from the named contact officer from the 	<p>The contractor may not be delivering responsibilities.</p>	

Page 130

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>contract register such as Standard/Non-Standard Stock in store; Emergency call out and repair service; Planned maintenance; Reports and also System Availability. Although these performance measures are in the contract, it has not been confirmed to date if these are monitored.</p> <ul style="list-style-type: none"> • Only the Contracts officer attends the Consortium meetings and no senior officers are in attendance. • Issues do not seem to be raised with the contractor regarding feedback from staff and service users. • The Consortium agreement was found not to have been signed by all parties. <i>This was awaiting Legal action to seal and the signed copy has subsequently been provided to Audit.</i> 		<p>Issues should be raised by the Senior OT's, who are in a position to have the awareness of the individual cases, with the contractor at the operational meetings. Key information regarding performance should be recorded within the minutes.</p> <p>Senior OT's should attend these meetings on a rota basis in order to raise the issues highlighted.</p> <p>Contract monitoring needs to be more robust</p> <p>[Priority 1]</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>Shared Specials Although there is the Bromley Stock List, it is possible for staff to order shared specials which are recycled stock for circa £10 in some cases. Shared specials are items that have come from any of the other Local Authority members of the Consortium. A request is made to order the item for a specific client.</p> <p>The following issues have been highlighted :-</p> <ul style="list-style-type: none"> • Photos and equipment descriptions and dimensions are poorly uploaded (as above). • No standardisation of details uploaded. May just say 'sold as seen'. • Items 'sold as seen' are in some cases in need of repair and in some cases have been condemned by Bromley – Client 11. • Refunds for items returned have not been actioned. • Shared specials are sometimes dirty, there is a risk of cross contamination and concerns also raised from the safety aspect as items can be dangerous. • The wait for the delivery times can be months rather than weeks. 	<p>Safety of service users may be compromised.</p>	<p>Concerns should be raised with the Consortium in regards to the shared specials.</p> <p>Management should resolve these issues and attempt to agree a standardised approach in relation to shared specials across the Consortium in relation to items being fit for use and from the safety aspect, standardisation of description and dimensions.</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
			<p>Discussions should be made with the Consortium and the contractor to improve delivery times in order that the shared specials are a viable option.</p> <p>[Priority 2]</p>
5	<p><u>OT Assessments</u> From the sample selected, it was found that for 2 out of 15 cases, queries arose from the OT assessment. Equipment allocated to the client could not easily be reconciled back to the OT assessments. Client 12 and Client 13.</p>	<p>Equipment may possibly be duplicated or may not be serviced as expected.</p>	<p>OT assessments should clearly identify the equipment being allocated to individual clients.</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
6	<p>Service Agreement It was found that one case had a missing service agreement on Carefirst and a further 5 had no statement of needs.</p> <ul style="list-style-type: none"> Client 14 (P127207), Client 15, Client 16 ,Client 17 and Client 18 had no statement of needs recorded under Care Cycle. 	<p>Inadequate supporting documentation to evidence decisions made.</p>	<p>Service agreements should be set up within CareFirst. Statement of needs should be recorded to confirm that clients meet the Fair Access to Care Criteria.</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
7	<p><u>Sub-Contractor</u> The Authority's provider sub contracts work to a third party. This contractor undertook work for the Authority through the Disabled Facilities Grant. It was confirmed by the Housing Improvement Team Manager that this contractor was used by them between 2004 -2012 but due to performance issues they were removed from the approved list. Despite this the same contractor is providing the work through this contract although it forms only a small proportion of the work carried out.</p> <p>Concerns raised by Senior OT's were that :- There is no control over what equipment is utilised by this contractor in order to undertake work.</p>	<p>Poor service delivery to clients and reputational risk to the Authority.</p>	<p>The performance of this provider should be reviewed to ensure that there are no further causes for concern.</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
8	<p>TCES System The Authority pays a membership subscription and for 2013/14 the cost was £14,700. As part of this fee, the membership covers expenses for maintenance and support from CSS for the TCES Connections equipment ordering system. It was found that there were records that remained active on the TCES system and had not been marked as deceased as expected. All records were updated correctly on Carefirst.</p> <ul style="list-style-type: none"> • Seven cases were identified where the client had died and remained active on TCES. • Three cases identified had duplicated records and in two of the cases both accounts had equipment to both accounts. • There is no formal process in updating the records held in respect of our clients on the TCES system. • Discussions with Senior OT's highlighted that equipment displayed on the TCES system is generally inadequate and lacks essential detail. Photos are unclear and dimensions are not provided which are essential for the OT's to determine whether the equipment is suitable for not only the client, but for access to the clients property. This in the case of shared specials. 	<p>Information held on the TCES system is not accurate and up to date.</p> <p>Duplicate orders may arise resulting in greater costs.</p> <p>Key information is not made available to enable lower cost items to be utilised.</p> <p>Reputational risk to the Authority for poor service delivery.</p>	<p>Management should review the process for updating the records held on TCES. This matter should be raised at the next Consortium meeting. All cases identified should be requested to be closed.</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
9	<p>Credits for Returns When equipment is allocated to clients and services are ended or equipment is no longer required, equipment is collected and if this is a standard stock item, the Authority will receive a credit back for the returned item.</p> <ul style="list-style-type: none"> Cases have highlighted that credits were not always applied against all items as expected. One example was that for Client 14, this client died on 8/8/13. Six items were arranged to be collected by the provider on 8/11/13. The supporting spreadsheet for the invoice shows that for this client no credit was applied for the Perching Stool, Walking Frame and Trolley as items were marked by the provider as scrapped. There is no mention of the remaining three items collected the commode, bed leaver and raised toilet seat or a credit being applied. There was also no collection charge levied. Senior OT's explained that 'the criteria for allocating equipment by Partner A, is vastly different to Bromley. There are no follow up appointments by Partner A, post the issue of equipment'. The Head of Assessment & Care Management advised that 	<p>Credits are not received by the Authority. Equipment cannot be re-allocated.</p>	<p>Management should ensure that the required credits are received back and that the equipment allocated by Partner A is collected in the same way. Consideration should be made of the use of equipment 'collection days'.</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
	collections were being tackled. It was suggested by a member of the OT staff that there should be 'collection days' in order that collections can be made rather than individual collection charges being levied. Credits would be then applied as applicable.		
10	<p><u>Procedures</u> 'The Guidelines for the loan and prescription of equipment to people with disabilities' were found not to have been fully completed.</p>	Staff may work to different operating practices.	<p>The Guidelines for the loan and prescription of equipment to people with disabilities were found not to have been fully completed.</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	<p><u>Verification of Invoices Submitted</u> Invoices must be checked in compliance with Financial Procedures 8.25. The requirement is that for invoices over £10K 100% checks should be undertaken. Management should be undertaking the required management checks on invoices to confirm that goods and services have been received as required by Financial Procedures.</p> <p>The delivery and collection charges should be further reviewed to ensure that these speed rates are not utilised unless there are exceptional</p>		<p>Finance has been commissioned (14.03.14) by ECHS to review invoice checking arrangements and to recommend a new process which meets the requirements of Financial Regulations and which is proportionate in the context of the volume of activity and potential financial risk. From December 2013 approximately 70 cases per month have been selected at random and checked for accuracy.</p> <p>The majority of urgent delivery requests are made by Partner A staff. The list of approvers for both Partner A and social care is being reviewed in conjunction with the</p>	<p>AD Commissioning/ AD Care Services</p> <p>Head of Assessment and Care Management/ Partner A</p>	<p>Review to be completed by end of June 2014</p> <p>End of April 2014</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
	<p>circumstances, as advised by the Head of Assessment & Care Management. A reminder should be made to all social care and Partner A staff. Current approvers need to be revisited within Social Care and Partner A.</p> <p>It should be further reviewed how the Contractor is able to add these speed rates.</p> <p>Discrepancies between the statistical returns and invoices should be reconciled.</p>	1	<p>Partner A and all delivery speeds for the past year are being rechecked.</p> <p>Contracts Officer to check whether this is a system issue. If so add to PID for new system.</p> <p>However it is likely that this has arisen as part of the out of hours service. The need for this service is being reviewed.</p> <p>Contracts Officer to check whether this is a systems issue as system constantly updates with backdated</p>	<p>Contracts officer</p> <p>Head of Assessment and Care Management</p> <p>Contracts Officer</p>	<p>End of April 2014</p> <p>End of April 2014</p> <p>End of April 2014</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
	<p>It should be confirmed why a higher rate for these equipment items was charged to the Authority instead of the Bromley Stock List charge. This should also include confirmation that all credits have been received back by the Authority.</p>		<p>activity. If so add to PID for new system.</p> <p>All of the items identified were ordered by Partner A. Issue has been raised with Provider A by Partner A to establish who authorised non stock item.</p>	<p>Partner A</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
2	<p><u>Stock reconciliation/Stock charges</u> A physical inspection should be made of the non- stock items held at the Woolwich depot. This should be reconciled to the stock displayed on the TCES system. A stock list should be maintained and regularly updated of the stock held at the depot. It should be confirmed whether the storage costs are per item per week or per item per day.</p>	1	<p>Contracts Officer provided stock list and visited depot with OT on . 10.10.13. Next visit planned with Partner A and social care staff.</p> <p>The business case for this service will be reviewed to determine whether it is cost effective.</p> <p>Contracts Officer to establish correct cost and ensure that any over/under payments are corrected.</p>	<p>Head of Assessment and Care Management</p> <p>Contracts Officer</p>	<p>End of April 2014</p> <p>End of June 2014</p> <p>Mid April 2014</p>
3	<p><u>Contract Monitoring</u> Management should be actively reviewing the feedback from</p>	1	<p>Additional reports requested from Provider A February 2014.</p>	<p>Contracts Officer</p>	<p>Ongoing</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
	<p>service users and staff and monitoring the performance of the contractor. Issues should be raised by the Senior OT's, who are in a position to have the awareness of the individual cases, with the contractor at the operational meetings. Key information regarding performance should be recorded within the minutes. Senior OT's should attend these meetings on a rota basis in order to raise the issues highlighted. Contract monitoring needs to be more robust.</p>		<p>Monitoring to date has focused on ensuring processes comply with LBB requirements.</p> <p>Process issue has been identified which meant that issues were not being raised with Provider A or escalated to Provider A via the system although this was not apparent to OTs. This has now been rectified. OTs will be emailed to remind them of the complaints and escalation process.</p> <p>Contracts Officer will run regular reports from system to raise specific performance issues at contract meetings where relevant.</p> <p>It would be inappropriate for OTs to attend contract monitoring</p>	<p>Head of Assessment and Care Management</p> <p>Contracts Officer</p>	<p>End of April 2014</p> <p>Ongoing</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
			meetings to discuss details of individual cases,		

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	<p><u>Shared Specials</u> Concerns should be raised with the Consortium in regards to the shared specials.</p> <p>Management should resolve these issues and attempt to agree a standardised approach in relation to shared specials across the Consortium in relation to safety, standardisation of description and dimensions.</p> <p>Discussions should be made with the Consortium and the contractor to improve delivery times in order that the shared specials are a viable option.</p>	2	The business case for this service will be reviewed to determine whether it is cost effective.	Head of Assessment and Care Management	End of June 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
5	<u>OT Assessments</u> OT assessments should clearly identify the equipment being allocated to individual clients.	2	Individual cases identified by Audit are being checked – cases may be Partner A cases or information recorded in Clinical Reasoning Document which is held on another part of the system not checked by Audit.	Head of Assessment and Care Management	End of April 2014
6	<u>Service Agreements</u> Services agreements should be set up within CareFirst. Statement of needs should be recorded to confirm that clients meet the Fair Access to Care Criteria.	2	Individual cases identified by Audit are being checked. Cases which are Partner A cases are not recorded on Care First. Ability to record a second statement of need in respect of equipment may require system change – this is being investigated.	Head of Assessment and Care Management	End of April 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
7	<u>Sub-Contractor</u> The performance of this provider should be reviewed to ensure that there are no further causes for concern.	2	Performance will be monitored by Contracts Officer	Contracts Officer	Ongoing
8	<u>TCES System</u> Management should review the process for updating the records held on TCES. This matter should be raised at the next Consortium meeting. All cases identified should be requested to be closed.	2	Cases identified by Audit will be reviewed and closed on TCES system if social care client (some may be Partner A cases). Issue of updating system when client/ patient dies will be raised at Consortium meeting and included in PID for new system.	Head of Assessment and Care Management Contracts Officer	End of April 2014 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

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
9	<p><u>Credit for Returns</u> Management should ensure that the required credits are received back and that the equipment allocated by Partner A is collected in the same way. Consideration should be made of the use of equipment 'collection days'.</p>	2	<p>Individual case to be checked by Head of Assessment and Care Management as details not clear in Audit report.</p> <p>In February 2014 Provider A was instructed not to collect any equipment which cannot be reused.</p>	Head of Assessment and Care Management	End of April 2014
10	<p><u>Procedures</u> The Guidelines for the loan and prescription of equipment to children and young people with disabilities were found not to have been fully completed.</p>	2	<p>The Policies and Procedures including Guidelines were completed in May 13 and all OT staff have a copy in their office as well as an electronic version on one Bromley.</p> <p>The unfinished guidelines are referring to the integrated paediatric OT service. They follow the guidance for adults but do not have a separate process written</p>	Head of Assessment and Care Management.	End of June 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
			down. It is recognised that this needs to be reviewed, documented and included in the procedures.		

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
EDUCATION CARE AND HEALTH SERVICES

PRE ACADEMY INTERNAL AUDIT OF MANOR OAK PRIMARY SCHOOL 2013-14

Issued to: Yvonne March, Headteacher

Cc: Angela Chapman, Chair of Governors
Schools Finance Team (Final report only)

Prepared by: Principal Auditor

Date of Issue: 05 March 2014
Report No.: CYP/P38/01/2013

INTRODUCTION

1. This report sets out the results of our internal audit review of Manor Oak Primary School carried out in quarter 4 of 2013/14. The school converted to academy status on the 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 to the school prior to the review. The period covered by this report is from 1st December 2012 to 30th November 2013.

AUDIT SCOPE

5. The scope of the audit was to review transactions for the period 1st December 2012 to 30th November 2013 and included payments, leases and contracts, payroll, bank reconciliations and the Commercial Transfer Agreement.

MANAGEMENT SUMMARY

6. While on site on 13th February 2014 audit sampled primary accounting documents including: expenditure, leases and contracts, payroll records and bank reconciliations. The samples were selected from the period 1st December 2012 to 30th November 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. The aged debtor and creditor reports dated 27th February 2014 showed no monies owed to the school and no outstanding financial liabilities owed by the school.

8. The school uses The London Borough of Bromley providers for payroll services; therefore no actual auditing was required in this area as part of the closure process as this is covered by a corporate audit of payroll. However December 2013 payroll totals were checked and these were paid back to the Authority as expected.
9. Audit testing on income and expenditure was satisfactory and there are no findings to report.

SIGNIFICANT FINDINGS

10. None

ACKNOWLEDGEMENT

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

This page is left intentionally blank