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DATE: 24 March 2015

AUDIT SUB-COMMITTEE INFORMATION BRIEFING

Meeting to be held on Wednesday 1 April 2015

QUESTIONS ON THE INFORMATION BRIEFING

- 1 PRE ACADEMY AUDIT OF ST PETER AND ST PAUL CATHOLIC PRIMARY SCHOOL-2014-15 (Pages 3 - 6)**
- 2 REDACTED FINAL COUNCIL TAX AUDIT REPORT 2014-15 (Pages 7 - 16)**
- 3 REDACTED FINAL REPORT FOR CLOSURE OF AUDIT OF PRU (Pages 17 - 18)**
- 4 REDACTED PENSIONS FINAL AUDIT REPORT-2014-15 (Pages 19 - 26)**
- 5 PRE-ACADEMY ST MARY CRAY PRIMARY SCHOOL-2014-15 (Pages 27 - 30)**
- 6 REDACTED FINAL PROCUREMENT REPORT-2013-14 (Pages 31 - 50)**
- 7 PRE-ACADEMY CHISLEHURST (ST NICHOLAS) COF E PRIMARY SCHOOL-2014-15 (Pages 51 - 54)**
- 8 LIBRARIES FINAL AUDIT REPORT 2014-15 (Pages 55 - 68)**
- 9 NHS HEALTH CHECKS FINAL REPORT 2014-15 (Pages 69 - 80)**
- 10 FINAL REPORT WORSLEY BRIDGE PRIMARY SCHOOL AUDIT 2014-15 (Pages 81 - 88)**
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- 12 STREET CLEANSING AUDIT REPORT 2014-15 (Pages 95 - 106)**
- 13 CLARE HOUSE AUDIT REPORT 2014-15 (Pages 107 - 116)**

- 14 **FINAL LEAVERS AUDIT REPORT 2014-15** (Pages 117 - 126)
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- 17 **TRANSITION TEAM FINAL INTERNAL AUDIT REPORT FOR 2014-15** (Pages 145 - 168)

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?CId=559&Year=0>

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 ST PETER AND ST PAUL CATHOLIC
PRIMARY SCHOOL 2014-15**

Issued to: Mrs J Seymour, Headteacher

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

Prepared by: Principal Auditor

Date of Issue: 14 November 2014
Report No: CYP/P65/01/2014

INTRODUCTION

1. This report sets out the results of our internal audit review of St Peter and St Paul Catholic Primary School carried out in quarter 3 of 2014/15. The school converted to academy status on the 01 August 2014.
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 September 2013 to July 2014.

AUDIT SCOPE

5. The scope of the audit was to review transactions for the period September 2013 to July 2014 and included payments, leases and contracts, payroll, bank reconciliations and the Commercial Transfer Agreement.

MANAGEMENT SUMMARY

6. While on site on 22/09/14 audit sampled primary accounting documents including: expenditure, Contracts and Leases, payroll records and bank reconciliations. The samples were selected from the period September 2013 to July 2014. Audit also considered the Commercial Transfer Agreement, which has now been signed by the Council, the Governing Body and the School's Academy Trust.
7. There were no concerns from expenditure, lease or contract arrangements audit testing.
8. The VAT return and bank conciliation for July 2014 are being prepared by the school's business manager.

9. The aged debtor report dated 22/09/14 showed a number of outstanding balances due to the school totalling £6,507.21 and the aged creditor report dated 22/09/14 showed outstanding financial liabilities of £4,938.02 owed by the school.
10. The school uses the London Borough of Bromley provider for payroll services; therefore no actual auditing was required in this area of the closure process as this is covered by a corporate audit of payroll. However July 2014 payroll totals were checked. The school had received an invoice from the London Borough of Bromley for July 2014 payroll totalling £61,125.31. At the time of the audit the cheque had been prepared however was requiring a second signatory before being sent.
11. 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

12. None

ACKNOWLEDGEMENT

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

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FINAL INTERNAL AUDIT REPORT
CHIEF EXECUTIVE'S DEPARTMENT

REVIEW OF COUNCIL TAX AUDIT FOR 2014-15

Issued to: John Nightingale, Head of Revenues and Benefits
Jayne Carpenter, Benefit Manager (Operations)

Cc: Peter Turner, Finance Director

Prepared by: Principal Auditor

Date of Issue: 29TH January 2015

Report No.: CX/003/02/2014

REVIEW OF COUNCIL TAX AUDIT FOR 2014-15

INTRODUCTION

1. This report sets out the results of our systems based audit of Council Tax Audit. The audit was carried out in quarter 3 as part of the programmed work specified in the 2014-15 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 17/10/14. The period covered by this report is from 01/02/14 to 31/10/14.
4. The planned collectable income in respect of 137,525 properties is forecasted at £170,674,782.58 (net of benefits) for 2014-15. The collection rate for October 2014 was 67.17% a negative variance of 0.03% against target however a match against last year, with £56,214,806 collected.

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 a contract being in place, to outline the Service Scope and Delivery Principles. The contract is performance monitored monthly, including the collection rates by bailiffs, post bailiff recovery and bankruptcy and top debt action . The contractor has engaged registered bailiffs to carry out some of the collection works.
8. 1 out of 3 previous recommendations made in the 2013-14 audit in relation to changes to the contract has been implemented. Change control notices are prepared to define the reason and objective of the change to contract and are verified by the contractor and authorised by The Head of Revenues and Benefits. 2 others recommendations associated to recovery action and discounts and exemptions are re-recommended within this report.
9. Audit are awaiting evidence to confirm that recommendations made in the Single Persons Discount [SPD] Review 2014-15 have been implemented.
10. A sample of 30 enforcement cases were reviewed to ensure recovery procedures were followed and supporting evidence of action taken was retained.
11. A sample of 30 accounts showing an exemption / discount were reviewed to confirm reductions were due and were supported by the correct documentation.
12. A sample of 20 refunds to accounts were examined to ensure refunds were authorised and due to payees. There are no issues to raise.
13. The following issues have been identified from audit testing
 - Recovery action is not always in-line with contract arrangements. Accounts sent to bailiffs are not accurately monitored for returns within timescales
 - Discounts and exemptions are not consistently supported by documentary evidence or reviewed as per contract arrangements

SIGNIFICANT FINDINGS (PRIORITY 1)

14. None

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

15. 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

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

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>Audit selected 5 accounts from the Top Debts and 25 accounts which were marked at enforcement stage. The total council tax arrears over 1 year old is £13,501,760.55 as at the 31/03/14.</p> <p>Issues identified</p> <p>Account 54577967 - The performance report dated October 2014 showed payee was made bankrupt and account with official receiver, however there were no notes on academy to verify this is the case</p> <p>Account 54137035 - The account was passed to the bailiff 10/1/14 and not returned until 17/10/14. A equity trace is now being carried out by the contractor.</p> <p>Account 54210393 - The account was passed to the bailiff 02/12/13 and not returned until 02/10/14 and has now been passed to another bailiff for action.</p>	<p>Delays in recovery action may result in Bromley's ability to recover income owed.</p>	<p>Recovery Action should take place promptly as per SLA and procedures and records kept of all recovery action. [Priority 2*]</p> <p>Ensure accounts sent to each bailiff are accurately monitored to ensure these are returned within agreed timescales [Priority 2]</p>
2	<p>In 7 out of 30 instances there was no documentation to validate council tax payers discounts / exemption were due</p> <p>Account 50796374 - one resident form completed 17/4/08 however no evidence of SPD returns beyond this date</p> <p>Account 50624977 - SPD declaration signed 15/7/10 however no evidence of - SPD form returns beyond this date</p> <p>Account 50122259 - one resident form completed 25/3/11</p>	<p>Potential loss of Council Tax income</p>	<p>Ensure all discounts and exemptions are supported by documentary evidence and reviewed as per contract arrangements [Priority 2*]</p> <p>Ensure property</p>

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Project Code: CX/003/02/2014

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>however no evidence of SPD returns beyond this date Account 50902278 - SPD form signed as declared 28/8/09 however no evidence of SPD returns beyond this date Account 50904315 - Person residing disabled charged at band E. Letter on system to confirm circumstances remain the same dated 6/1/12 no further documentation Account 5072128 - Occupier with Carers Discount as suffers with Severe Mental Impairment declaration dated 17/1/12 no further documentation Account 5044013 - A person who has a disability is residing in the property, charged at B and F - Council tax application for a disabled persons discount declaration made 18/6/13 no further documentation</p> <p>Account 5121486 - Class E exemption [resident residing in care home] Declaration form signed 26/1/12 Contract staff confirmed that exemption applied to a property as long as circumstances do not change. No follow-on review has been carried out and no property inspection has been undertaken</p>		<p>inspections are carried out on all properties deemed to be empty including premises where residents move into care homes. [Priority 2]</p>
3	<p>No evidence has been produced to confirm that recommendations made in the Single Persons Discount [SPD]</p>	<p>Potential loss of income</p>	<p>Ensure evidence is produced to confirm that</p>

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

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

Priority 3
 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	Review 2014-15 have been implemented.		recommendations made in the Single Persons Discount [SPD] Review 2014-15 have been implemented [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	<p>Recovery Action should take place promptly as per SLA and procedures and records kept of all recovery action.</p> <p>Ensure accounts sent to each bailiff are accurately monitored to ensure these are returned within agreed timescales</p>	<p>2*</p> <p>2</p>	<p>Agreed. Monitoring is undertaken measuring timeliness of recovery action, with shortcomings drawn to the attention of the contractor. However, it is not possible to fully automate the processes and given the number of accounts 100% compliance is unlikely to be achieved. However, available monitoring resources will be directed to this area.</p>	Head of Revenues and Benefits	Ongoing
2	<p>Ensure all discounts and exemptions are supported by documentary evidence and reviewed as per contract arrangements</p> <p>Ensure property inspections are carried out on all properties deemed to be empty including</p>	<p>2*</p> <p>2</p>	<p>Agreed. In the near future applications for discounts and exemptions will be via the portal, new procedures being drafted for this purpose. The requirement will be emphasised in the procedures</p> <p>Agreed. The requirement will be highlighted at next service review</p>	<p>Head of Revenues and Benefits</p> <p>Head of Revenues and Benefits</p>	<p>May 2015</p> <p>May 2015</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
	premises where residents move into care homes.				
3	Ensure evidence is produced to confirm that recommendations made in the Single Persons Discount [SPD] Review 2014-15 have been implemented	2	Working arrangements have been changed so that only a “select” number of staff deal with this area of work. Clear guidance has been given to these officers. Note will be included with demands forming part of 2015/16 main billing targeted at any households that may have not received full SPD entitlement. Course of action agreed with originator of complaint and Director of Finance.	Head of Revenues and Benefits	March 2015

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

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

Priority 3
Identification of suggested areas for improvement

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

Assurance Level

Definition

Full Assurance

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

Substantial Assurance

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

Limited Assurance

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

No Assurance

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



FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT

PRE ACADEMY AUDIT OF PUPIL REFERRAL UNIT 2014-15

Issued to: Jane Bailey, Assistant Director Education
David Bradshaw, Head of Finance ECHS
Amanda Russell, Head of Schools Finance Support

Prepared by: Principal Auditor

Date of Issue: 24/02/2015

Report No.: CYP/P30/01/2014

INTRODUCTION

1. This report sets out the results of Pupil Referral Unit closure audit carried out in quarter 4 of 2014/15. The school transferred to academy status on 01/09/2014.
2. The purpose of this audit was 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.

AUDIT SCOPE

4. The period covered by this report is from 01/09/2013 to 31/08/2014. We also reviewed any post transfer transactions up to the date of the audit on the 21/11/2014 that related to pre academy status.

MANAGEMENT SUMMARY

5. We have reviewed primary accounting information including: expenditure, leases and contracts, payroll records, VAT returns debtors, creditors and bank accounts. A signed copy of Commercial Transfer Agreement was reviewed which is retained by Legal Department.
6. There were no major findings however we would like to bring to management's attention that income and expenditure incurred have been checked up to 21/11/2014 and any transactions after this date will be matter between School Finance Team and the school.

ACKNOWLEDGEMENT

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

FINAL INTERNAL AUDIT REPORT
CHIEF EXECUTIVE'S DEPARTMENT

REVIEW OF PENSIONS AUDIT FOR 2014-15

Issued to: David Kellond, Pensions Manager
Tracey Pearson, Chief Accountant, Technical and Control
John Nightingale, Head of Revenues and Benefits

Cc: Peter Turner, Director of Finance

Prepared by: Principal Auditor

Date of Issue: 04th March 2015

Report No.: CX/104/01/2014

REVIEW OF PENSIONS AUDIT FOR 2014-15

INTRODUCTION

1. This report sets out the results of our systems based audit of Pensions Audit for 2014-15. The audit was carried out in quarter 3 as part of the programmed work specified in the 2014/15 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 30/10/14. The period covered by this report is from 1st October 2013 to 31st October 2014.
4. The estimated number of users/beneficiaries (current and projected) as at 30th September 2013 is 5,339 current employees, 4,890 pensioners and 4,847 deferred pensioners. Total current budget for this head: £35.8m expenditure (pensions, lump sums, admin, etc); £41.6m income (contributions, investment income, etc); £637.0m total fund value at 30th June 2014).

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. Testing was undertaken of the following:

REVIEW OF PENSIONS AUDIT FOR 2014-15

- A sample of 3 death grants, 5 retirement grants, 3 transfer outs and 3 transfer ins. Each was selected from the pension's control account and tested to determine each was an appropriate payment, paid according to the SLA target and correctly authorised.
- A sample of 10 members of staff who were making additional contributions to the pension scheme was tested to ensure they are made at the correct rate.
- 12 staff where they have changed their working circumstances and 13 current staff who are making contributions.
- 25 pensioners who are receiving pension payments, to determine if their payment is at the correct amount..
- 25 staff who have recently joined whether they wished to opt out of the pension scheme.
- 10 members of staff who may have been surpassing the annual tax free allowance for contributions, to insure they have been correctly accounted for.
- 10 Pensioners who are currently living abroad, to determine they have been correctly sent and returned a proof of life certificate

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

- Payments are made to the correct person according to source documentation
- Controls are in place to ensure staff who have changes in hours are accurately adjusted on the Pension system.
- Pension Retirement Grants are paid at the correct level and after the retirement date.
- Adequate scheme funds are available to meet scheme commitments.
- Scheme assets are adequately monitored and reconciled.
- Payment of death grants have been made accurately and promptly
- Life Certificates are regularly sent out and chased up to ensure payments are accurately made for pensioners abroad.
- Arrangements are in place to identify staff who's contributions surpass individual annual allowances.

9. However we would like to draw to managers attention the following issues:

- Information from the pension contractor for Business Continuity Plan , data back-ups and KPI information has not been provided.
- The payroll contractor could not provide information requested to substantiate payments made to a number of pensioners.

SIGNIFICANT FINDINGS (PRIORITY 1)

10. No significant findings were identified during 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>Testing of a sample of 25 payments made to pensioners found that supporting documentation existed for 20 to support where the payment was made. For the other 5, documentation was not held on the pensions system to support this.</p> <p>It was discussed with the Contractor Payroll Team Leader, who is responsible for updating payment details that they scan documentation onto their system but only going back 6 years and anything prior to this is held in storage.</p>	<p>Payments may not be made to the correct people</p>	<p>The Contractor should consider scanning all staff and pensioners who are still receiving payments onto their system to enable them to quickly access supporting documentation. [Priority 3]</p>
2	<p>As part of the IT specific part of the SLA with the Pensions contractor there is the requirement for the Contractor to have a Disaster Recover and Business Continuity Plans (section 3.44) and (section 3.35) to provide LBB, with the back-up strategy, its implementation and evidence of its ongoing integrity.</p> <p>As part of the monthly performance data a summary of recent back-ups is detailed and listed for Bromley. A copy of the Contractor’s BCP has also to be provided to Bromley. This is reviewed annually by them.</p>	<p>Outsourced ICT activities are not adequately managed and controlled</p>	<p>An up to date Business Continuity Plan and evidence of IT KPIs should be provided to the auditor as requested. [Priority 2]</p>

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

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

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	The Contractor should consider scanning all staff and pensioners who are still receiving payments onto their system to enable them to quickly access supporting documentation.	3	The costs and resources required to undertake this exercise make it prohibitive. However, steps should be taken to ensure that documentation stored remotely is easily retrievable. This will be emphasised at next service review	Head of Revenues & Benefits Contractor Pension and Payroll Manager	April 2015
2	An up to date Business Continuity Plan and evidence of IT KPIs should be provided to the auditor as requested.	2	BCP now supplied	Head of Revenues and Benefits	Implemented

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

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

Priority 3
 Identification of suggested areas for improvement

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

Assurance Level

Definition

Full Assurance

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

Substantial Assurance

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

Limited Assurance

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

No Assurance

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

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FINAL INTERNAL AUDIT REPORT
EDUCATION CARE AND HEALTH SERVICES

PRE ACADEMY INTERNAL AUDIT OF ST MARY CRAY PRIMARY SCHOOL 2014-15

Issued to: Mrs J Brinkley, Executive Headteacher
Mr A Lowing, Head of School

Cc: Mr C Lees, Chair of Governors
Schools Finance Team (Final report only)

Prepared by: Principal Auditor

Date of Issue: 16th December 2014
Report No: CYP/P62/01/2014

INTRODUCTION

1. This report sets out the results of our Internal Audit review of St Mary Cray Primary School carried out in quarter 3 of 2014/15. The school converted to academy status on the 01 November 2014.
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 October 2013 to October 2014.

AUDIT SCOPE

5. The scope of the audit was to review transactions for the period October 2013 to October 2014 and included payments, leases and contracts, payroll, bank reconciliations and the Commercial Transfer Agreement.

MANAGEMENT SUMMARY

6. While on site on 09/12/14 audit sampled primary accounting documents including: expenditure, contracts and leases, payroll records and bank reconciliations. The samples were selected from the period October 2013 to October 2014. 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 concerns arising.
7. The aged debtor report dated 02/12/14 showed one payment of £12.62 due to the school and the aged creditor report dated 02/12/14 showed no financial liabilities owed by the school.

8. School meal debts at 31/10/14 were £336.16.
9. The school uses London Borough of Bromley providers for payroll services; therefore no actual auditing was required in this area as this is covered by a corporate audit of payroll. October 2014 payroll totals were checked to ensure the amounts were re-paid to The London Borough of Bromley and all was found to be as expected.
10. The school has received confirmation of the percentage that the school has to pay for employers LBB pension contributions from the actuary.
11. 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

12. None

ACKNOWLEDGEMENT

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

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FINAL INTERNAL AUDIT REPORT
CHIEF EXECUTIVES

PROCUREMENT PROCEDURES AUDIT FOR 2013-14

Issued to: Peter Turner, Director of Finance; Dave Starling, Head of Corporate Procurement; Mark Bowen Director of Corporate Services, Leslie Moore, Deputy Director of Finance; Claire Martin, Head of Finance, Environment & Community Services; David Bradshaw, Head of CYP Finance; Lorna Blackwood Assistant Director Commissioning , Paul Symonds Assistant Director Transport and Highways and Doug Patterson, Chief Executive (Final Report Only).

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

Date of Issue: 8th January 2015

Report No.: CX/055/01/2013

REVIEW OF PROCUREMENT - AUDIT FOR 2013-14

INTRODUCTION

1. This report sets out the results of our audit of Procurement. The audit was carried out in 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 Council'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 20th March 2014. The period covered by this report is April 2013 to March 2014.

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. This review examined eighteen suppliers across the three Council departments, of varying cumulative annual spend, to establish whether contracts are in place and whether spend is effectively monitored.
7. A further five, high-value contracts were reviewed to establish whether effective controls are in place to mitigate key risks with regards to the tender and contract award process. The key risks include payments outside of contractual arrangements;

REVIEW OF PROCUREMENT - AUDIT FOR 2013-14

ineffective Gateway Reviews; strategic objectives not being achieved; benefits not being realised; non-compliance with legislation; and the imposition of financial penalties.

8. The audit also reviewed the 2012/13 Cumulative Spend Review audit findings to ensure that all recommendations have been satisfactorily implemented.
9. During the audit the following issues were identified:
 - Full Budgetary Monitoring reports had been viewed although not submitted by the main budget holder for 7 of 18 suppliers examined and a further 1 had been submitted but not viewed;
 - Cumulative spend to a contractor exceeded the contract value specified on the contracts register. Departments will need to evidence value for money in these cases; ECSH were unable to find an agreement for one supplier which had a cumulative spend of £113K.
 - There was a failure to place a Contract Award Notice for one of the 5 major contracts reviewed and a failure to meet the deadline for 2 of the remaining 4 contracts;
 - The tender receipt process is not sufficiently robust;
 - A signed copy of 1 of the 5 contracts could not be located;
 - In 3/5 contracts examined the contract was signed after the commencement date.
 - There was no evidence that ongoing financial health checks are being undertaken for 3 of the five contracts; and
 - The Head of Corporate Procurement does not have access to Part 2 Committee papers which inhibits the flow of key procurement information to the Corporate Procurement Team.

SIGNIFICANT FINDINGS (PRIORITY 1)

10. None

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>Of a review of cumulative spend of 18 suppliers, it was established that Full Budgetary Monitoring (FBM) reports had been viewed although not submitted by the main budget holder for 7 suppliers. This review identified the main budget holder by the service with the greatest percentage of spend. The check took place on 24/03/14 and related to FBM reports for January 2014. (Budget codes 606100, 807110, 819110, 834110 (two suppliers), 819111 and 819201). A further 1 had been submitted but not viewed (budget code 648003).</p>	<p>Where budgets are not monitored, effectively and in a timely manner, there is a risk of overspending against budget or exceeding contractual estimates.</p>	<p>Ensure that budget holders are reminded to regularly monitor budgets and supplier spend by reviewing and submitting the bi-monthly FBM reports.</p> <p>[Priority 2]</p>
2	<p>For a sample of 18 suppliers the cumulative spend for 2013-14 was compared to the annual contract value. The following areas/suppliers were identified to be examined to ensure that the authority is achieving the best value for money:-</p> <ul style="list-style-type: none"> • Supplier A – estimated annual contract spend £291K, actual 2013/14 spend £405K. The spend is all allocated to 606100 Highways. The service accountant confirmed that an additional £85K was spent in 2013/14 for a trial project, now included in the main contract with the supplier. £25K was identified in budget monitoring as performance payments for 2012/13. • Supplier B – 2013/14 spend to 21/03/14 £208K, with no tendered contract (for a Part A service). This is a trial for a service which 	<p>Where actual spend is over the contracted value and where appropriate contracts are not in place, there is a risk that the Authority is not achieving value for money and/or the Authority may be in breach of EU regulations.</p>	<p>Review the specified contracts/suppliers to establish whether value for money is being achieved.</p> <p>[Priority 2]</p>

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>began in September 2012 and has been extended, most recently until 31/08/14. Responsibility for the service transferred to a new provider in January 2014, under a fixed price arrangement, a committee paper states that the further extension will enable the development of a 'robust procurement strategy'. It should be noted that a second committee paper in January 2013 also discussed a competitive tender process for 2013 which was not undertaken. This contract is subject to an internal audit investigation, the results of which will be reported in due course.</p> <ul style="list-style-type: none"> • Supplier C – 2013/14 spend to 21/03/14 £537K. No contract as spend is reportedly on residential care placements, although budget breakdown has £430K under domiciliary care budget codes and £102K under Supported Living. 		
2 Ct'd	<ul style="list-style-type: none"> • Supplier D – 2013/14 spend to 21/03/14 £375K. £113K of this spend is with the Department of Education, Care and Health and whilst the supplier is on the department's contracts register, the department are unable to find an agreement. • Supplier E – estimated annual contract spend £298K, actual 2013/14 spend to 21/03/14 £1.29m. The departmental contracts register reports that this contract expired on 31/03/13 and that a waiver is not currently in place. 		

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Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
3	<p>There was a failure to place a Contract Award Notice for one of the 5 major contracts reviewed and a further 2 were placed after the 48 day deadline:-</p> <ul style="list-style-type: none"> • There was no evidence that an Contract Award Notice was placed for contract A. • The Contract Award Notice for contract B was dispatched on 01/11/10 and included confirmation of the contract award decision date of 04/03/10. This period equates to 242 days. • The Contract Award Notice for contract C had not been issued until identified by the 2011-12 Review of Contract Management Audit. The Contract Award Notice was subsequently dispatched on 14/03/11 and included confirmation of the contract award decision date of 06/10/10. This period equates to 159 days. 	<p>Failure to comply with directives and regulations, in particular The Public Contracts Regulations 2006.</p>	<p>Ensure that Contract Award Notices are placed in line with directives and regulations.</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
4	<p>The tender receipt process was reviewed to establish whether controls were sufficiently robust, with the following identified:</p> <ul style="list-style-type: none"> • The 'Record of Tenders Received' document does not include the requirement for times of receipt or opening. • Printed names and a notation for the signature of an independent officer are also not included on this document. • The tender receipt form used for a contract sourced from a partner Authority. This did not include times of receipt or opening, although did include printed names. One signatory was the LBB contract lead officer and it could not be established whether the second non LBB officer was independent of the process. • The tender receipt records for contract A had the closing date amended from 06/09/12 to 12/09/12, with no signatures or initials on these amendments, or supporting documentation to evidence authorisation for the change. 	<p>Where times and dates are not recorded on tender packets and tender receipt records, there is an increased risk that challenges to award decisions could not be successfully defended.</p>	<p>Review tender receipt processes, to ensure that controls include documenting the dates and times of tender receipt and opening, printed officer names and evidence of authorised extensions.</p> <p>[Priority 2]</p>

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

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Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
5	<p>Of a sample of five major contracts, a signed copy for contract D could not be located.</p> <p>The sample included the addendum A to the existing contract D. This file and deed packet for the whole contract could not be located, although it was confirmed that all initial procedures had been carried out and it had been entered onto the sealed contracts register. The deed packet had been signed out in February 2012 by an officer who has since retired.</p>	<p>Where signed contracts are not retained, there is an increased risk that the contractor cannot be held liable for any irregularities provided in their service.</p>	<p>Ensure that a signed copy of the contract for D is securely retained. [Priority 2]</p>

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Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
6	<p>Of 4 contracts that were available to review for party signatures and signing dates, it was established that 3 were signed after the contract start date.</p> <p>Contract B with supplier F started on 01/07/10 and was signed on 18/08/10. This equates to 48 days.</p> <p>The contract for supplier G started on 27/08/12 and was signed on 09/07/13. This equates to 316 days. It should also be noted that the year had been manually altered from 2012 to 2013 on the contract, but not initialled.</p> <p>Contract A with supplier H started on 29/03/12 and signed on 26/06/12. This equates to 89 days.</p>	<p>Where contracts are not signed prior to commencement date, there is an increased risk that the contractor cannot be held liable for any irregularities provided in their service, or that the service is provided to the contract standard.</p>	<p>Ensure that contracts are signed prior to the commencement of service and that any amendments are initialled. [Priority 2]</p>

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

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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>Of the 5 main contracts reviewed, there was no evidence that 3 contractors have been subject to on-going financial health checks. These contracts were supplier F for contract B; supplier I for contract C; and supplier H for contract A.</p> <p>The remaining two contractors, G and J, both have contracts with the Department of Education, Care and Health Services, overseen by the Department's Commissioning Division. This team uses an IT credit check tool to for Domiciliary Care Framework Agreement providers, care home providers and other suppliers where spend exceeded £100K.</p>	<p>Where the financial status of major contractors is not monitored, there is a risk that services may suddenly cease or performance weakened due to financial difficulties.</p>	<p>Consider regular financial health checks for all of the Authority's major contractors.</p> <p>[Priority 3]</p>

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

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DETAILED FINDINGS

No.	Findings	Risk	Recommendation
8	<p>Part 2 Committee reports are not for publication as they contain exempt information in the form of financial and/or business affairs of a person or body. This is by virtue of Part 1 of Schedule 12A of the Local Government Act. Access to Part 2 papers is therefore restricted.</p> <p>The Head of Corporate Procurement does not have access to Part 2 Committee papers, which often report on procurement activities. This inhibits the flow of key procurement information to the Corporate Procurement Team to use for monitoring purposes.</p>	<p>Where the key officer responsible for the oversight of procurement does not have access to key procurement information, there is a risk that the knowledge gap may affect monitoring and decisions.</p>	<p>Review the Part 2 access rights of the Head of Corporate Procurement.</p> <p>[Priority 3]</p>

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

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

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	Ensure that budget holders are reminded to regularly monitor budgets and supplier spend by reviewing and submitting the bi-monthly FBM reports.	2	Internal Audit comment that bi monthly reports are to be reviewed. Audit Sub Committee in June 2014 had requested that Chief Officers remind their staff that FBM reports are to be reviewed and submitted, a target of 85% was achieved for September 2014.	All budget holders	Immediate
2	Review the specified contracts/suppliers to establish whether value for money is being achieved.	2	<p>-Placements with supplier C were made on a spot contract basis for specialist and relate to long term clients. All placements have individual contracts but we have now put in place an overarching contract as well.</p> <p>-There are two ECHS contracts with supplier D – one for public health and one for clients with LD. The arrangement for clients with LD is block booking for admissions to leisure centres and was previously covered by I-Proc orders. In April 2014 this service transferred to ECHS</p>	<p>ECSH contract team</p> <p>ECSH contract team</p>	Immediate

Priority 1
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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>Commissioning and a contract has been put in place for 2014/15.</p> <p>-Supplier E referred to a contract which ceased on 31.3.14; clients transferred to direct payments</p> <p>-Supplier B was subject to an Internal Audit investigation November 2014.</p> <p>-For Supplier A the additional expenditure was undertaken as a variation to the existing contract with B&J Enterprises</p>	<p>ECSH contract team</p> <p>Head of Highways</p>	

Priority 1
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 Required to address issues which do not represent good practice

Priority 3
 Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
3	Ensure that Contract Award Notices are placed in line with directives and regulations.	2	<p>This recommendation will also need to accommodate the “tightening” of this requirement in the new EU Regulations; aided by access to the reports identified in Rec. 8.</p> <p>In the absence of access to the reports there is no formal requirement either to consult or inform Procurement of the award or agreement obtained. So I’ll be seeking to place some wording around this The rewriting Contract Procedure Rule to reflect the requirements of the new EU Regulations and the Transparency Regulations, will also include a the need to update Procurement in a timely manner.</p>	Head of Corporate Procurement	<p>July 2015</p> <p>This date is subject to the information required by the procurement regulations and the timetable set by Govt.</p>

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 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
			In the short term a note to remind Heads of Service and others that they need to Inform Procurement at the conclusion of any tender process we haven't been formally involved in will be issued.		
4	Review tender receipt processes, to ensure that controls include documenting the dates and times of tender receipt and opening, printed officer names and evidence of authorised extensions.	2	All appropriate officers should have undertaken the CPR training and therefore be aware of these requirements	Head of Corporate Procurement	Ongoing
5	Ensure that a signed copy of contract D is securely retained.	2	The contract has been located and is being stored securely	Director of Corporate Services	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
6	Ensure that contracts are signed prior to the commencement of service and that any amendments are initialled.	2	The recommendation is partially agreed. Whereas the best position is to have a signed contract in place before works or services commence this is not always possible. Securing documents out of the other party is out of our control, and not commencing the service/works on the due date often presents a far higher risk than the one they suggest of not being able to hold a contractor liable. On balance that particular risk is fairly low since a contract does not have to be writing – if there is offer, acceptance and consideration then the contract exists, so the contractor is almost certain to be liable if it starts work on agreed terms whether or not the documentation has been formally signed	Director of Corporate Services	Completed

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

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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	Consider regular financial health checks for all of the Authority's major contractors.	3	Finance do a financial health check at the tender stage for contracts over £50K and review on an ad hoc basis. For any regular checks to be instigated a budget would need to be identified.	Head of Corporate Procurement	Completed
8	Review the Part 2 access rights of the Head of Corporate Procurement.	3	This will be followed up with Legal. The importance of this recommendation has increased given the request from Directors to review monitoring reports on all contracts over £500K.	Head of Corporate Procurement	Completed

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

Assurance Level

Definition

Full Assurance

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

Substantial Assurance

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

Limited Assurance

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

No Assurance

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

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FINAL INTERNAL AUDIT REPORT
EDUCATION CARE AND HEALTH SERVICES

**PRE ACADEMY INTERNAL AUDIT OF
CHISLEHURST [ST NICHOLAS] C of E PRIMARY SCHOOL 2014-15**

Issued to: Mr J Paddington, Headteacher

Cc: Ms V Cliff, Chair of Governors
Schools Finance Team (Final report only)

Prepared by: Principal Auditor

Date of Issue: 16 December 2014
Report No: CYP/P13/01/2014

INTRODUCTION

1. This report sets out the results of our Internal Audit review of Chislehurst [St Nicholas] C of E Primary School carried out in quarter 3 of 2014/15. The school converted to academy status on the 01 November 2014.
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 October 2013 to October 2014.

AUDIT SCOPE

5. The scope of the audit was to review transactions for the period October 2013 to October 2014 and included payments, leases and contracts, payroll, bank reconciliations and the Commercial Transfer Agreement.

MANAGEMENT SUMMARY

6. While on site on 11/12/14 audit sampled primary accounting documents including: expenditure, Contracts and Leases, payroll records and bank reconciliations. The samples were selected from the period October 2013 to October 2014. 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 concerns arising.
7. The Income and Expenditure Report dated 08/12/14 showed there were no monies owed to the school or liabilities owed by the school.

8. School dinner money system SIMS showed there were no school meal debts to date.
9. The school uses 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. October 2014 payroll totals were checked to ensure the amounts were re-paid to The London Borough of Bromley and all was found to be as expected.
10. There was no evidence to confirm that the actuary had notified the school of the percentage that the school was liable to pay for employers LBB pension contributions, however the school are now locating this documentation.
11. 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

12. None

ACKNOWLEDGEMENT

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

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FINAL INTERNAL AUDIT REPORT
ENVIRONMENT AND COMMUNITY SERVICES DEPARTMENT

REVIEW OF LIBRARIES AUDIT FOR 2014-15

Issued to: Tim Woolgar, Library Operations and Commissioning Manager
Juliet Oliver, Shared Services Manager

Cc: Judith Mitlin, Head of Shared Library Service
Colin Brand, Assistant Director, Culture

Prepared by: Principal Auditor

Date of Issue: 09th March 2015

Report No.: ENV/051/01/2014

REVIEW OF LIBRARIES AUDIT FOR 2014-15

INTRODUCTION

1. This report sets out the results of our systems based audit of Libraries Audit for 2014-15. The audit was carried out in quarter 3 as part of the programmed work specified in the 2014-15 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 6th November 2014. The period covered by this report is from January 2013 to November 2014.
4. The budget specifically for Bromley Libraries for 2014/15 is £6,745,720, included within this is an amount of £85,000 payable to Bexley as Bromley's proportion of the Shared Services Agreement.

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:
 - Regular board meetings take place to monitor all shared services activities.

REVIEW OF LIBRARIES AUDIT FOR 2014-15

- Targets as per the shared service agreement are being met.
 - The performance of the Debt Chasing Agency was sufficient to cover costs of referring debt and to ensure stock is being returned.
8. However we would like to draw to Managements attention the following issues:
- Waivers are not being sort for some items of expenditure where providers are the only providers of specialist services.
 - Stock taking reports have not been run.
 - Sufficient controls aren't in place to recover overdue loaned stock
 - Controls are not sufficient to ensure staff do not inappropriately removed stock from the LMS.
 - Controls are not in place to stop customers utilising public access PCs, if they have outstanding fines.

The previous Priority one recommendation which related to controls around the deletion of stock and stock taking controls has been downgraded to a priority 2, based on new controls that exist with the new library Management system.

SIGNIFICANT FINDINGS (PRIORITY 1)

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

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

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

ACKNOWLEDGEMENT

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

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	A sample of 25 debts outstanding were tested to determine if sufficient action is being taken to recover debts. It was identified that in 2 instances staff had renewed loans for customers, despite books being overdue and with fines outstanding.	Controls are not in place to ensure the security of assets.	Staff should be reminded not to automatically renew loans for customers with outstanding fines. [Priority 3]
2	It was acknowledged by the Library Operations and Commissioning Manager that they have not yet begun to chase guardians of children, to recover loaned items and fines, but this will be commencing shortly.	Controls are not in place to ensure the security of assets.	Libraries should consider chasing the parents or guardians of children who have outstanding library loans. [Priority 3]
3	<p>A sample of 25 debts outstanding were tested to determine if sufficient action is being taken to recover debts.</p> <p>Testing of the sample identified that recovery action as per procedures is satisfactorily taking place. With reminder letters being sent and debts being referred to Debt Chasing Agency (DCA) when debts are over 90 days old and £15 in value.</p> <p>However it was identified that the LMS calculates the fine being accrued for missing items, but will not add it to the account until</p>	Controls are not in place to ensure the security of assets.	<p>A standard charge for bill for replacement should be added to those items on the system where there is no value recorded.</p> <p>The LMS should be amended so that the pending fine is added to system, to enable</p>

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>the outstanding item is returned. Consequently some items will not be referred to the DCA (unless sent manually), where the replacement value of the item and charges for chasing are under £15. Additionally if chased customers will not be told of their levels of fines, until they return stock.</p> <p>It was also identified that when the LMS determines the value of missing stock, it does so by finding the value the items was purchased for. This is not available in all circumstances, which results in no value being added to the system as a bill for replacement (unless added manually, libraries are in the process of adding a standard charge for items where the value is £0).</p> <p>For 2 of the sample it was not possible to determine if the correct recovery action has been taken as the details of the debt have been deleted from the system, owing to the debt being over 6 years old. Discussion with the Stock & Reader Development Manager found that (at present the system is automatically set to delete items after 6 years).</p> <p>Having looked at the performance of the Debt Chasing Agency from 1/07/14 to 31/12/14 415 cases were referred to Unique at</p>		<p>customers to be sent to the DCA when their total debt surpasses £15. [Priority 2]</p>

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

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Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	a cost of £3216.25, whilst £4,525.30 of cash has been received and £4885.26 of stock recovered.		
4	A sample of 25 debts outstanding were tested to determine if sufficient action is being taken to recover debts. For 2 of the sample it was not possible to determine if the correct recovery action has been taken as the details of the debt have been deleted from the system, owing to the debt being over 6 years old. Discussion with the Stock & Reader Development Manager found that at present the system is automatically set to delete items after 6 years, without authorisation being required from Management.	Controls are not in place to ensure the security of assets.	The LMS should be amended to stop automatically deleting debt once it has reached 6 years old. Reports should be run on a quarterly basis of debt and stock to be written off and authorised by Libraries Management and the Head of Environment Finance. [Priority 2]
5	Discussed with the Library Operations and Commissioning Manager that it is still the case that users of the library can accrue a fine of up to £10 before they are stopped from loaning further stock. (Though £5 for using PCs). Testing of a sample of 25 outstanding debts found that for the 15 cases where the debt was over £10, the customer had been	Income due is not fully collected and accounted for.	Systems should be put in place to bar customers with fines over £5, from booking and using public access PCs. [Priority 2]

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	barred from borrowing further items. Of the sample 3 debts were between £5 and £10. It was found that these had not been barred from using the Library computers as there was a problem with the two systems not being able to share data.		
6	A cumulative spend report was run for the libraries services and 51 items of expenditure were found of over £10,000. For each of these, it was found that there was either an appropriate contract in place and they had been obtained via the appropriate method, except for two instances where the supplier used was done so because they were the only provider of the service, though a waiver had not been sort for these. (Contractor 1 large print books £36172.87 and Contractor 2 £13312).	Expenditure is not made in compliance with Bromley's Financial Regulations.	Chief Officer approval should be obtained where expenditure is in excess of £5000, where quotes are not obtained. [Priority 2]
7	The new Library Management system is set so that only two members can formally approve the deletion of stock, immediately. Other members of staff can set items to 'withdrawn', and these will be removed after six months, without the need for further approval and all details will be deleted. 4532 items of stock were deleted in December, ie. they were withdrawn in May/June 2014 and have then been deleted in December 2014. Reports can be run each week	Controls are not in place to ensure the security of assets.	Reports should be run and kept by the department of assets that are removed from the system via the 'withdraw' method. This report should include listing the member of staff

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>which will show items that are about to be removed from the system, though at present this is not done.</p> <p>Discussion with the Stock & Reader Development Manager, found that the system is set this way and she does not have the staff or resources to monitor reports to find if staff are removing stock inappropriately.</p>		<p>responsible, catalogue number and reason for withdrawal. [Priority 2*]</p>
8	<p>Reports are being developed to enable stock takes, identify missing stock, stock that is not being loaned out, stock in need of replacement etc. However these have not been introduced yet.</p> <p>Previous reports and processes have not been run, since conversion to the new Library Management System in November 2013.</p>	<p>Controls are not in place to ensure the security of assets.</p>	<p>Reports that identify missing, old, unwanted stock and that which is in transit should be run. [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	Staff should be reminded not to automatically renew loans for customers with outstanding fines.	3	Controls are in place. Staff Manual SM08B "Suspension of Privileges" covers this. Staff will be reminded of this through the Operations Management Team Meeting and Library Supervisors' Meeting. Senior staff do have discretion to renew if extenuating circumstances are proven.	Library Operations and Commissioning Manager	31 March 2015
2	Libraries should consider chasing the parents or guardians of children who have outstanding library loans.	3	Once the backlog of adult debt chasing has been cleared we can look to introduce this for new cases going forward.	Library Operations and Commissioning Manager Stock & Reader Development Manager	31 st July 2015
3	A standard charge for bill for replacement should be added to those items on the system where there is no value recorded.	2	Standard charges have been agreed for 2015-16. These are currently in the process of being implemented onto the LMS.	Stock & Reader Development Manager	30 th June 2015

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

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

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	The LMS should be amended so that the pending fine is added to system, to enable customers to be sent to the DCA when their total debt surpasses £15.		This will require the development of a new export script for the London Libraries Consortium and will incur a cost of at least £1,200. Negotiations are currently being undertaken between LLC, Bexley/Bromley and the IT LMS Contractor as to the feasibility on the current system.	Stock & Reader Development Manager	31 st October 2015
4	The LMS should be amended to stop automatically deleting debt once it has reached 6 years old. Reports should be run on a quarterly basis of debt and stock to be written off and authorised by Libraries Management and the Head of Environment Finance.	2	This is not possible, as it is agreed LLC policy that deletion of debt and overdue stock will be automatically written off and deleted after 6 years. There still needs to be some clarification required for the quarterly write off to comply with financial regulations. Further	Stock & Reader Development Manager	31 st October 2015

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

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

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
			discussion to be organised with Audit.		
5	Systems should be put in place to bar customers with fines over £5, from booking and using public access PCs.	2	This requires the replacement of all PCs across the entire People's Network installation and a new booking system. This project is currently being costed. As there is no revenue budget for this it will be dependent upon a successful capital bid.	Library Operations and Commissioning Manager	31 st October 2015
6	Waivers should be obtained where expenditure is in excess of £5000, where quotes are not obtained.	2	Current exemption document is not suitable for the annual subscriptions purchased by the Library Service directly with publishers. Contacting Corporate Procurement to progress a more simplified system of waivers to be authorised and registered.	Stock & Reader Development Manager	30 th June 2015

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

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

Priority 3
 Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
7	Reports should be run and kept by the department of assets that are removed from the system via the 'withdraw' method.	2*	The agreed 'Withdrawn' reports will be downloaded monthly and kept on a library shared directory. Advice will be required as to how long these reports are required to be kept.	Stock & Reader Development Manager	31 st March 2015
8	Reports that identify missing, old, unwanted stock and that which is in transit should be run.	2	These are three quite separate reports. 1. Missing stock reports – currently under development with LMS provider. 2. Old / unwanted stock reports – these are provided by stock management tool Collection HQ in process of implementation 3. In transit reports – currently under development with LMS provider	Stock & Reader Development Manager	31 st August 2015

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

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

Priority 3
 Identification of suggested areas for improvement

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

Assurance Level

Definition

Full Assurance

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

Substantial Assurance

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

Limited Assurance

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

No Assurance

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

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FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT

REVIEW OF NHS HEALTH CHECK PROGRAMME AUDIT FOR 2014-15

Issued to: Gillian Fiumicelli, Community Vascular Co-ordinator
Nada Lemic, Director of Public Health
Richard Hills, Strategic Manager Commissioning

Prepared by: Principal Auditor

Date of Issue: 11/03/2015

Report No.: ECH/013/01/2014

REVIEW OF NHS HEALTH CHECK PROGRAMME AUDIT FOR 2014-15

INTRODUCTION

1. This report sets out the results of our systems based audit of NHS Health Check Programme Audit for 2014-15. The audit was carried out in quarter 3 as part of the programmed work specified in the 2014-15 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.

AUDIT SCOPE

3. The scope of the audit is detailed in the Terms of Reference issued on the 19/8/2014.

AUDIT OPINION

4. 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

5. NHS Health Check is a national risk assessment and prevention programme that systematically targets the top seven causes of preventable deaths: high blood pressure, smoking, high cholesterol, obesity, poor diet, physical inactivity and alcohol consumption.
6. Public Health England (PHE) took over responsibility for overseeing implementation of this programme in April 2013 with local authorities being given the task of rolling out the programme to 20% of their eligible population (40-74 year olds) each year over the next 5 years.

REVIEW OF NHS HEALTH CHECK PROGRAMME AUDIT FOR 2014-15

7. In Bromley, the NHS Health Checks programme is delivered using a variety of Providers which are GPs, Pharmacies and Community Outreach Provider to the eligible population. The GP Practice Electronic Clinical system is used as the NHS Health Checks register which should hold all the data for the above mentioned providers regardless of where the Check has happened. The results of NHS Health Checks undertaken by Pharmacies and Community Outreach Provider should be sent to the relevant GP Practice for data to be entered into the clients' clinical records, on the GP Practice Electronic Clinical system. This register is used to report to Public Health England and manage the call recall system for the NHS Health Checks.
8. Each quarter, data of the number of completed NHS Health Checks is submitted by all Providers (GPs, Pharmacies and Community Outreach Provider) to Public Health LB Bromley. In addition to the number of NHS Health Checks completed by them, GP's also provide data on number of NHS Health Checks completed by Pharmacies and Outreach provider in respect of patients registered at their Practice. GP reports in respect of NHS Health Checks completed by Pharmacies and Outreach provider are compared to reports directly submitted to Public Health LB Bromley by Pharmacies and Outreach provider to monitor any discrepancies. The monitoring for quarter 1 reports covering the period April to June 2014 was reviewed as part of this audit. Currently there are discrepancies in number of NHS Health Checks reported by Pharmacies when comparing their reported figures with the GP Practice reported figures. In 24 instances the number of NHS Health checks undertaken by Pharmacies as reported by GP's did not match the figures submitted by Pharmacies. Further review of these discrepancies is required as these figures are the basis of calculation for the quarterly payments due to the providers.
9. As part of the audit an example of data reports submitted by Community Pharmacy and Community Outreach Provider was reviewed. It was noted that there is no uniquely identifiable information to verify the individual receiving the Health check and also if he/she has not been claimed for before. The reports included a data field 'Date sent to GP Practice' which should be completed by the Pharmacies and Community Outreach Provider for every check. This field is left blank in both reports.
10. It was noted that the cost of NHS Health check is different for different Providers. The cost per NHS Health Check to the authority is £22 if completed at GP Practice which includes £6 administration cost. The cost per NHS Health Check ranged from £25 to £46 if completed at Pharmacy and £39 if completed by the Community Outreach Provider. An additional administration charge of £6 is due to the GP Practices in respect of every NHS Health Check undertaken by Pharmacies and Community Outreach Provider.

REVIEW OF NHS HEALTH CHECK PROGRAMME AUDIT FOR 2014-15

11. Finance template for Pharmacies was reviewed to ensure that payment is only made for completed checks where information has been sent to GP. Payment for any discrepancies is withheld until it is resolved.

SIGNIFICANT FINDINGS (PRIORITY 1)

12. There is no priority one recommendation in this report.

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>Each quarter data of the number of completed NHS Health Checks is submitted by all Providers (GPs, Pharmacies and Community Outreach Provider) to Public Health. In addition to the number of NHS Health Checks completed by them, GP's also provide data on number of NHS Health Checks completed by Pharmacies and Outreach provider in respect of patients registered at their Practice. GP reports in respect of NHS Health Checks completed by Pharmacies and Outreach provider are compared to reports directly submitted to Public Health LB Bromley by Pharmacies and Outreach provider to monitor any discrepancies.</p> <p>The monitoring for quarter 1 reports was reviewed as part of this audit. Currently there are discrepancies in number of NHS Health Checks reported by Pharmacies when comparing their reported figures with the GP Practice reported figures. In 24 instances the number of NHS Health checks undertaken by Pharmacies as reported by GP's did not match the figures submitted by Pharmacies to LB Bromley. Further review of these discrepancies is required as these figures are the basis of calculation for the quarterly payments due to the providers.</p>	<p>Alternate providers may send in incorrect information</p>	<p>Given the confidentiality restriction on patient identifiable data, it is not possible for audit to investigate the discrepancies. It is recommended that these discrepancies should be monitored by Vascular Co-ordinators to understand the reasons for discrepancies and take appropriate action to improve data quality.</p> <p>[Priority 2]</p>

Project Code: ECH/013/01/2014

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
2	<p>As part of the audit an example of data reports submitted by Community Pharmacy and Community Outreach Provider was reviewed. It was noted that there is no uniquely identifiable information to verify the individual receiving the Health check and also if he/she has not been claimed for before. The reports included a data field 'Date sent to GP Practice' which should be completed by the Pharmacies and Community Outreach Provider for every check. This field is left blank in both reports but has been identified as a database issue which was not set up to extract this data..</p>	<p>Alternate providers may send in incorrect information.</p>	<p>The 'Date sent to GP' data should be mandatory on data submissions as the NHS Health checks cannot be deemed to be complete until the results are sent to the GP Practice.</p> <p>Collection of this information will also help with investigating discrepancies between data submitted by Pharmacies, Community Outreach Provider and GPs.</p> <p>[Priority 2]</p>

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

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

Priority 3
 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
3	<p>Public Health has contracts with three Pharmacy companies to provide NHS Health Checks as listed below.</p> <p>1. Contractor A – covers 9 Pharmacies – cost per check £25 (fee) plus £21.83 (consumables and quality control)(up to 50 checks) £23 plus £21.83 (51 to 100checks) £21 plus £21.83 (101-250 checks)</p> <p>2. Contractor B – covers 5 Pharmacies – Cost per check £25</p> <p>3. Contractor C – covers 5 Pharmacies currently Cost per check £28</p> <p>NHS Health Check costs £39 if completed by the Community Outreach Provider.</p>		<p>The variation in cost per check agreed with Pharmacies should be reviewed to ensure value for money is being achieved.</p> <p>Number of NHS Health checks undertaken per provider should be kept under review to ensure that the overall objective of rolling out the programme to 20% of the eligible population (40-74 year olds) each year is being achieved.</p> <p>[Priority 2]</p>

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	A NHS Health Check if completed at a Pharmacy or by Community Outreach Provider costs would cost more than twice in most instances compared to the cost if the same test is undertaken by a GP.		
4	Finance template for Pharmacies was reviewed to ensure that payment is only made for completed checks where information has been sent to GP. Payment for any discrepancies is withheld until its resolved.	Payment is made for checks that have not been completed.	The contracts with Pharmacies and Community Outreach Provider should clearly state that payment will only be made for completed checks where there is evidence the report has been sent to the GP Practice [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	Given the confidentiality restriction on patient identifiable data, it is not possible for audit to investigate the discrepancies. It is recommended that these discrepancies should be monitored by Vascular Co-ordinator to understand the reasons for discrepancies and take appropriate action to improve data quality.	2	From April 2015 the Pharmacies and Community Outreach Provider will include an Alternative Provider ID number on the reports to the GP Practice and the reports to Public Health. Quarterly monitoring of discrepancies will continue by Public Health and allow feedback to the Providers of missing patient records, and prompt action to rectify any discrepancies. Public Health to scope the use of electronic data transfer from Community Outreach to GP Practice.	Community Vascular Co-ordinator	March 2016
2	The 'Date sent to GP' data should be mandatory on data submissions as the NHS Health checks cannot be deemed to be complete until the	2	Database has been amended and this will be monitored from April 2015	Community Vascular Co-ordinator	March 2016

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>results are sent to the GP Practice.</p> <p>Collection of this information will also help with investigating discrepancies between data submitted by Pharmacies, Community Outreach Provider and GPs.</p>				
3	<p>The variation in cost per check agreed with Pharmacies should be reviewed to ensure value for money is being achieved.</p> <p>Number of NHS Health checks undertaken per provider should be kept under review to ensure that the overall objective of rolling out the programme to 20% of the eligible population (40-74 year</p>	2	<p>Negotiation of price reduction has been agreed with Pharma BBG and will be in place for the new contract from April 2015</p>	<p>Community Vascular Co-ordinator</p>	<p>April 2015</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
	olds) each year is being achieved.				
4	The contracts with Pharmacies and Community Outreach Provider should clearly state that payment will only be made for completed checks where there is evidence that the report has been sent to the GP Practice.	2	Service specification to be amended to include this from April 2015. All managers of the pharmacies and Community Outreach Providers have been informed of this requirement.	Community Vascular Co-ordinator	March 2016

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 AND CARE SERVICES DEPARTMENT

WORSLEY BRIDGE PRIMARY SCHOOL AUDIT FOR 2014-15

Issued to: Mrs Jacky Pike, Head Teacher

Cc: Susan Anderson, Chair of Governors
Schools Finance Team (Final report only)

Prepared by: Principal Auditor

Date of Issue: 16 December 2014

Report No.: CYP/P78/01/2014

REVIEW OF WORSLEY BRIDGE PRIMARY SCHOOL AUDIT FOR 2014-15

INTRODUCTION

1. This report sets out the results of our systems based audit of Worsley Bridge Primary School Audit. The audit was carried out in quarter 3 as part of the programmed work specified in the 2014-15 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 period covered by this report is from September 2013 to October 2014.
4. The internal audit visit took place on 03/11/14.

AUDIT SCOPE

5. The original scope of the audit was to review the risks of financial management information, primary accounting documentation, asset control and governance arrangements and to examine the controls in place to mitigate these risks.

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 primary accounting documentation including payments, leases, petty cash, contracts, voluntary funds, payroll and school meal accounts.

REVIEW OF WORSLEY BRIDGE PRIMARY SCHOOL AUDIT FOR 2014-15

8. The school manages the Bromley Catering Consortium Fund by raising invoices, paying fees, maintaining financial information relating to the account including bank statements. Issues relating to the reconciliation are detailed below. It was noted that that on 24/09/14 there was £27,072.49 in this holding account.

Other issues to raise to management include

- Debtor invoices are not raised on the financial system and the school has two substantial debts owing.
- Cheques are prepared manually
- The serial numbers of assets are not recorded on the asset register
- No regular reconciliation is carried out on the Bromley Catering Consortium Fund
- Cash flow statements are not signed as checked by the Headteacher
- The school's financial procedures and the scheme of financial delegation were not evidenced during the visit

SIGNIFICANT FINDINGS (PRIORITY 1)

7. None

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

8. 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

9. 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 school raises manual debtor invoices on a Word Template. Audit identified:</p> <ul style="list-style-type: none"> • one invoice raised 15/7/14 for £53,933.28 for capital works for expansion to the school premises remained un-paid despite the finance officer chasing the debt. • Another invoice was raised on 23/07/14 for £4,400.00 for Headteacher Support [1/7/14] this balance also remained un-paid despite the finance officer chasing the debt. 	<p>Monies owed to the school may not be collected timely resulting in cash flow problems and loss of interest.</p>	<p>Ensure that debtor invoices are raised on the financial system to monitor the payment of monies owed to the school and outstanding debts are collected promptly [Priority 2] Consideration should be given for charging interest to debtors when debts are not made within agreed payment arrangements [Priority 3]</p>
2	<p>Cheques are prepared manually</p>	<p>Cheques may be raised for the in-correct amounts potentially effecting the bank account</p>	<p>The school should use pre-printed cheques to potentially prevent any errors between the financial system and bank statements in the future [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	The serial numbers of assets are not recorded on the asset register	An accurate register of assets may result in losses through fire or theft not being easily identified.	Ensure the serial numbers of assets are recorded on the asset register [Priority 2]
4	The balance of Bromley Catering Consortium Fund maintained by spreadsheet showed £27,150.00 in the account however the bank statement dated 24/09/14 showed £27,072.49 credit in the account.	Accounts may not be properly controlled and errors may go undetected.	Ensure a complete reconciliation is carried out on the Bromley Catering Consortium Fund. [Priority 2]
5	The school's financial procedures and the scheme of financial delegation has not been evidenced	Financial procedures and delegation may not be adequate	Ensure the school's financial procedures and the scheme of financial delegation are forwarded to audit for review [Priority 2]
6	Cash flow statements are prepared however these are not authorised by the Headteacher	Financial Reporting may not be accurate	It is good practice for cash flow statements to be signed as checked by the Headteacher [Priority 3]

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

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

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	<p>Ensure that debtor invoices are raised on the financial system to monitor the payment of monies owed to the school and outstanding debts are collected promptly</p> <p>Consideration should be given for charging interest to debtors when debts are not made within agreed payment arrangements</p>	<p>2</p> <p>3</p>	<p>Currently due to very small number of invoices issued, a manual system has been used. We believe that the system has been monitored adequately- but do recognise that to use the FMS Accounts receivable system would produce more complete records, and training has been arranged accordingly with the Schools Finance Team. (Dec 2014)</p> <p>The debtors outstanding are within the LBB, however in future the school will make clear on the invoices that late payments charges will apply.</p>	Finance Staff	Training Dec 2014- Implementation – Jan 15
2	The school should use pre-printed cheques to potentially prevent any errors between the financial system and bank statements in the future	3	The school have not previously used pre printed cheques, due to the cost of the personalised stationery. This will be reviewed again. However, due to the	Finance Staff	To be reviewed spring term GB meetings

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

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

Priority 3
 Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
			possibility of Academy conversion in the near future, the costs may outweigh the benefits.		
3	Ensure the serial numbers of assets are recorded on the asset register	2	This is currently being undertaken.	Finance Staff	By end of term
4	Ensure a complete reconciliation is carried out on the Bromley Catering Consortium Fund [BCCF].	2	The £77.51 difference (2 cheques) was due to a timing issue between the printing of the 2 documents. It has since been reconciled and a tighter system has been put in place. We are also investigating software options for the BCCF records.	Finance Staff	With immediate effect
5	Ensure the school's financial procedures and the scheme of financial delegation are forwarded to audit for review	2	Chair of Resources to liaise with Clerk to Governing Body to find relevant documents	Chair of Resources	With immediate effect
6	It is good practice for cashflow statements to be signed as checked by the Headteacher	3	The cashflow is regularly reviewed by the Headteacher, it will be signed / kept on file from now on	Headteacher	With immediate effect

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.

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Limited Assurance

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

No Assurance

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

FINAL INTERNAL AUDIT REPORT
CHIEF EXECUTIVE'S DEPARTMENT

FOLLOW UP REVIEW OF REGISTRARS (TELL US ONCE SCHEME) FOR 2014-15

Issued to: Carol Tyson, Registrations Manager
Joy Connor, Legal Services & Democracy
John Nightingale, Head of Benefits
Benjamin Stephens, Head of Parking
Trish Wennell, Head of Assessment & Care Management
Judith Mitlin, Head of Shared Library Service
Carol Ling, Electoral Services Manager

Cc: Mark Bowen, Director of Corporate Services

Prepared by: Principal Auditor

Date of Issue: December 9th 2014
Report No.: CX/049/02/2014

FOLLOW UP REVIEW OF REGISTRARS AUDIT FOR 2014-15

INTRODUCTION

1. This report sets out the results of our follow up audit of Registrars (Tell Us Once Scheme). The audit was carried out in quarter 3 of the programmed work specified in the 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.

AUDIT SCOPE

3. This follow up review considered the Registrars Audit for 2013-14. The final report was issued on January 10th 2014 and this review considers the progress made on implementing the previously agreed recommendations.

MANAGEMENT SUMMARY

4. From the previous review, all three recommendations have been implemented satisfactorily. (Therefore, there is no Appendix B).

SIGNIFICANT FINDINGS (PRIORITY 1)

5. None.

DETAILED FINDINGS/MANAGEMENT ACTION PLAN

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Appendix A provides information on the recommendations that are being followed-up. Appendix B of this report details recommendations that are being progressed for completion and are re-recommended and any new findings arising during the follow up. The progress made on these recommendations has been acknowledged in the follow up comments but a revised target date should be detailed on the management action plan. Appendix C gives definitions of the priority categories.

ACKNOWLEDGEMENT

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

Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
<p>1.The responsibilities of each designated contact for the Tell Us Once programme should be reviewed. Staff are not aware of their responsibilities with this data. It is not possible to determine whether or not the Tell Us Once Scheme is effective in the absence of accurate data.</p>	<p>Managers within receiving service areas to review roles and responsibilities of designated staff – Registration Manager to request feedback regarding actions taken and timescales. Managers within receiving service areas to review roles and responsibilities of designated staff – Registration Manager to request feedback regarding actions taken and timescales.</p>	<p>April 2014</p>	<p>2</p>	<p>Registration Manager and Managers within the service areas.</p>	<p>Managers within receiving service areas to review roles and responsibilities of designated staff . Registration Manager to request feedback regarding actions taken and timescales. TUO operational guidance distributed to service area managers for distribution to designated staff. Individual managers have reviewed roles and responsibilities with the exception of one section.</p>	<p>Implemented.</p>

Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
<p>2. Clarifications should be sought on the required process for dealing with notifications and staff should be reminded of the responsibility to retain notification data. All notifications data should be acted upon. DWP compliance checks may not be undertaken as and when required.</p>	<p>Clarification has been sought from DWP regarding the use of and retention of notification data, this will be cascaded to managers in the individual service areas.</p>	<p>10/1/14</p>	<p>2</p>	<p>Registration Manager</p>	<p>Managers within receiving service areas to review roles and responsibilities of designated staff .The Registrations Manager to request feedback regarding actions taken and timescales. TUO operational guidance distributed to service area managers for distribution to designated staff</p>	<p>Implemented.</p>
<p>3. Consideration should be made to complaints being made to a separate officer than the Registrations Manager due to the area of conflict.</p>	<p>Current route for complaints to be clarified with the Head of Benefits.</p>	<p>10/1/14</p>	<p>3</p>	<p>Registration Manager</p>	<p>Current route for complaints clarified with the Head of Benefits and the Assistant Director, Legal Services & Democracy. agreed that complaints will be dealt with by the managers of the service areas that they relate to.</p>	<p>Implemented.</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**

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FINAL INTERNAL AUDIT REPORT
ENVIRONMENT AND COMMUNITY SERVICES DEPARTMENT

REVIEW OF STREET CLEANSING AUDIT FOR 2014-15

Issued to: Nigel Davies, Director of Environmental and Community Services
Dan Jones, Assistant Director Street Scene & Green Space
Peter McCready, Head of Area Management
Claire Martin Head of Finance, Environmental and Community Services

Prepared by: Principal Auditor

Date of Issue: 18 December 2014

Report No.: ENV/058/01/2014

REVIEW OF STREET CLEANSING AUDIT FOR 2014-15

INTRODUCTION

1. This report sets out the results of our systems based audit of Street Cleansing Audit. The audit was carried out in response to a management request to provide assurance on aspects of the street cleansing contract .
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 14/08/14. The period covered by this report is from 01/01/14 to 13/08/14.
4. The Street Cleansing Contract budget was £2,904,230 for 2013-14 with a contingency amount of £200,000 for additional works. The budget remains un-changed for 2014-15. Year actual spend as at 17/10/14 was £1,248,942.

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 carrying out street cleansing contract reviews and presenting results of operational performance including the reduced levels of enquires, contract monitoring changes and the positive results of a public satisfaction survey to Environment PDS Committee. Street Cleaning Contract meetings are held regularly as expected to review contractor sweep results, confirm enquires and defaults.

REVIEW OF STREET CLEANSING AUDIT FOR 2014-15

8. Audit reviewed the contract monitoring process by attending site visits with all inspectors working across the borough. Inspections were selected by inspectors from a sample of daily tasks shown on 'Nautoguide' a web-based IT system used for recording inspection findings and results. Defaults were recorded on site when applicable, along with mandatory supporting photographic evidence and associated grading to NI195 standards. Enquires and customer complaints raised were investigated daily as expected.
9. 5 out of 6 inspectors focused on evaluating the previous day's scheduled cleansing works while inspecting, so that grading and defaults can be raised throughout the whole day [as per the contract specification]. Inspectors made reasonable allowances with regards to any recent littering and detritus. However evaluating service performance from a Friday to Monday may cause default dispute issues, because of the lapsed inspection timeframe. One inspector evaluated the actual day's scheduled cleansing work, by reviewing cleanliness conditions in scheduled roads and re-attending after 3pm to give an accurate grade. This method resulted in less defaults and less disputes from the contractor when challenging cleanliness standards.
10. 'Nautoguide' IT system replaced 'Earthlight' which was previously used to record street cleansing inspection results up to 31/08/14. Inspectors were experiencing a number of issues with the new system which are being investigated by management.

While these 'Nautoguide' issues mostly are not having a direct financial impact on service costs, one issue related to contractor defaults does have an impact on penalty fees. Currently the system does not differentiate between the 1st and 2nd default raised therefore all defaults are raised at a standard £50 rate, despite the contract highlighting that a 1st default penalty to the contractor is £50 and a 2nd default penalty £75. A consistent failures report has been created on the Nautoguide management screen which identifies re-occurring defaults where the failures are then passed back into the inspectors work queue for re-inspection. Other issues have the impact that system data is not complete which may affect service contract monitoring results.
12. Management records show that 1273 defaults totalling £63,450 have been raised since the contract began 01/01/12, however £36,750 only has been collected. Un-collected default charges refer mainly to 2014-15 and are detailed below in the findings. The number of defects reported are rising which indicates either better contract monitoring or poorer performance by the contractor.

REVIEW OF STREET CLEANSING AUDIT FOR 2014-15

12. A report was generated from Oracle Financial System to confirm all contractual payment made since 01/01/14, showing the £235,319.33 monthly costs. The contracts manager confirmed additional contract works total £200,000 per year. The actual spend on additional works from 01/01/14 – 17/10/14 totals £108,866. These works are beyond the specification of the contract ie emptying additional overflowing bins / fly tipping / deep cleans. Additional contract works are raised on CONFIRM for payment, however these jobs not monitored as these are carried out on an ad hoc basis as immediately required.
13. Audit raise the following
- a report has not been generated from Nautoguide to confirm roads which have not been inspected so far this year so that management can confirm that all roads are contract monitored and a report to show the number of defects raised by inspectors.
 - inspectors do not evaluate the actual day's scheduled cleansing works and inspectors do not rotate areas within the borough to ensure consistency and transparency
 - a number of 'Nautoguide' IT issues were raised by inspectors.
 - the contractor is not invoiced promptly for the correct amount for defaults raised by inspectors.

SIGNIFICANT FINDINGS (PRIORITY 1)

14. None

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

15. 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

16. 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	A report generated from Nautoguide on 28/10/14 confirmed that 664 items out of 3740, representing 17.7% of the total had not been inspected. Of the 82.3% inspected many have been inspected more than 5 times, some items as many as 150 times.	The Street Cleansing contract may not be properly monitored	Ensure all roads/footpaths are inspected at some point throughout the year to confirm all the borough is monitored. [Priority 2]
2	Audit attended visits with each inspector to verify that cleansing grading were given to NI195 standards. 5 out of 6 inspectors focused on evaluating the previous day's scheduled cleansing works while inspecting, so that grading and defaults can be raised throughout the whole day. Inspectors made reasonable allowances with regards to any recent littering and detritus. However evaluating service performance from a Friday to Monday sometimes caused default dispute issues, because of the lapsed inspection timeframe. One inspector evaluated the actual day's scheduled cleansing work, by reviewing cleanliness conditions in scheduled roads and re-attending after 3pm to provide an accurate NI195 grade. This method resulted in less defaults and less disputes from the contractor when challenging cleanliness standards.	Contract monitoring may not be accurate inspection results or be consistent across the borough	Consideration should be given to focusing on inspecting the actual day's scheduled cleansing works to generate less disputes from the contractor when challenging cleanliness standards. [Priority 3] Management should rotate the areas assigned to inspectors to ensure consistency and transparency with cleanliness grading

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>Some inspectors have been inspecting the same area for a number of years.</p> <p>A report generated from Nautoguide on 28/10/14 confirmed the number of defects raised by inspector. The maximum raised was 267 and the minimum 0.</p>		<p>across the borough [Priority 2]</p>
3	<p>'Nautoguide' IT system replaced 'Earthlight' which was previously used to record street cleansing inspection results up to 31/08/14. Inspectors were experiencing a number of issues with the new system resulting in monitoring issues and potential losses from system faults</p> <ul style="list-style-type: none"> • When new deep cleans are added to the system the routine cleans are not removed. • The system does not differentiate between the 1st and 2nd default raised therefore default charges are raised at a standard £50, despite the contract highlighting that a 1st default penalty to the contractor is £50 and a 2nd default penalty £75 • Street cleansing grades cannot be adjusted on the system if entered in-correctly by inspectors. • 'Nautoguide' schedules do not always match the planned schedule of works as per the contract – found 	<p>Street cleansing contract monitoring outcomes may not be complete or accurate and may result in a potential loss of income to the Authority in default penalty fees.</p>	<p>Ensure the 'Nautoguide' IT system issues raised by inspectors are resolved, including e-mail linkage to the system. [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>during the test phase of implementation.</p> <ul style="list-style-type: none"> Some inspections results are not recorded as the system has not been set to allocate specific roads to the correct inspector. <p>Audit understand that management are currently investigating the above.</p> <p>The e-mail alerts from Nautoguide had been established but require appropriate allocation to the designated contract supervisor.</p>		
4	<p>Management records show that 1273 defaults totalling £63,450 have been raised since the contract began 01/01/12, however only £36,750 has been collected to date. The outstanding amount relates mainly to 2014-15. The £36,750 is in respect of 2012-13 & 2013-14 and has only recently been collected from the contractor. As stated above currently the 'Nautoguide' system does not differentiate between the 1st and 2nd default raised by inspectors therefore there is also a shortfall on collection of penalty funds as 2nd defaults are currently charged at £50 and not £75 as per contract specification. In addition, re-occurring defaults cannot be added to the system resulting in potential loss of income.</p>	<p>Accountability of authority funds may be inaccurate. Potential loss of income in interest rates of monies not banked.</p>	<p>Ensure the contractor is invoiced promptly for the correct amount for defaults raised by inspectors or management consider deducting the default penalty fees from monthly payments made to the contractor. [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
	Management confirmed there has been a delay in invoicing the contractor quarterly for default penalty fees for 2014-15 due to reliance and integrity of the new of the system.		

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 all roads/footpaths are inspected at some point throughout the year to confirm all the borough is monitored.	2	Management accept findings. Large proportion of network had been inspected through random sampling regime at the Audit stage. A monitoring report will be created within Nautoguide to confirm levels of completed inspections and identify list of outstanding inspections.	Systems Manager	January 2015
2	Consideration should be given to focusing on inspecting the actual day's scheduled cleansing works to generate less disputes from the contractor when challenging cleanliness standards.	3	Management accept findings. All officers to receive management instructions and revised guidance notes to administer grading results. Management to review results on monthly basis to monitor trends.	Operational Contract Manager	November 2014
	Management should rotate the areas assigned to inspectors to ensure consistency and	2	Consideration of rotation of areas to be given as part of divisional reorganisation of Streetscene &	Head of Area Management	June 2015

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

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

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	transparency with cleanliness grading across the borough		Greenspace		
3	Ensure the 'Nautoguide' IT system issues raised by inspectors are resolved, including e-mail linkage to the system.	2	Management accept findings. Further software amendments to Nautoguide to ensure potential losses of income are captured through monitoring reports etc.	Systems Manager	March 2015
4	Ensure the contractor is invoiced promptly for the correct amount for defaults raised by inspectors or management consider deducting the default penalty fees from monthly payments made to the contractor.	2	Management accept findings. Process of Quarterly Performance Monitoring of results will align with applications for monthly payment by the contractor. Instruction issued to contractor to provide default details and show the agreed sum payable.	Head of Area Management	December 2014

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

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

Priority 3
 Identification of suggested areas for improvement

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

Assurance Level

Definition

Full Assurance

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

Substantial Assurance

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

Limited Assurance

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

No Assurance

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

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FINAL INTERNAL AUDIT REPORT
EDUCATION CARE AND HEATH SERVICES DEPARTMENT

REVIEW OF CLARE HOUSE PRIMARY SCHOOL AUDIT FOR 2014-15

Issued to: Mr. J. Budden, Head Teacher
Mrs J Tibbalds, Chair of Governors (final report only)
Schools Finance Team, (final report only)

Prepared by: Principal Auditor

Date of Issue: 12/03/2015

Report No.: CYP/P15/01/2014

REVIEW OF CLARE HOUSE PRIMARY AUDIT FOR 2014-15

INTRODUCTION

1. This report sets out the results of our systems based audit of Clare House Primary Audit for 2014-15. The audit was carried out in quarter 4 as part of the programmed work specified in the 2014-15 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 07/01/2015. The period covered by this report is from 07/01/2014 to 07/01/2015.

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. Controls were in place and working well in the areas of financial management information, primary accounting documents, expenditure, income, leases and contracts, petty cash, voluntary funds, payroll records and governance arrangements. Based on our testing of expenditure, payroll, income and school meals there has been a significant improvement in controls operated by the School. We would however like to highlight following areas for improvement:

REVIEW OF CLARE HOUSE PRIMARY AUDIT FOR 2014-15

- The school meals are recorded on SIMS Dinner money module. Reports from the system for period ending July 2014 were reviewed and compared to a report from the start of September 2014. This highlighted a discrepancy of £624.60 in the carry forward and brought forward figure which could not be explained.
 - Declaration of Interest for Governors were not recorded for Governing Body meetings on 15/09/2014 and 20/10/2014.
 - The list of contracts has not been presented to the Governors to ensure they are aware of all ongoing commitments.
 - The school does not have a loans book to record when items are taken offsite and returned.
7. Nine recommendations made as part of 2012-13 audit were followed up of which seven have been implemented. 2/9 recommendations relating to circulation of list of contracts to Governors and reconciliation of School meals have been partially implemented. Further recommendations are being made as part of 2014-15 audit to address these areas.

SIGNIFICANT FINDINGS (PRIORITY 1)

8. There is no priority one finding in this report.

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>The school meals are recorded on SIMS Dinner money module. Reports from the system for period ending July 2014 were reviewed and compared to report from start of September 2014. This highlighted a discrepancy of £624.60 in carry forward and brought figure which could not be explained.</p>	<p>Inaccurate records may lead to income not being collected.</p>	<p>The School should establish the reason for discrepancy and resolve it. It would be recommended that the school carry out regular reconciliation of School Meal Account to ensure that meals income received equates to the meals income banked.</p> <p>[Priority 2]</p>
2	<p>The minutes for the Governing Body meetings for 12 months to January 2015 were reviewed to ensure that the opportunity to declare interests is offered at each meeting and that they are well attended with a full range of issues discussed including financial matters.</p> <p>Declaration of Interest for Governors were not recorded for Governing Body meetings on 15/09/2014 and 20/10/2014.</p>	<p>Governors may have a financial interest in issues discussed.</p>	<p>Declaration of Interest should be an agenda item and should be recorded for every Governing Body meetings.</p> <p>[Priority 2]</p>

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
3	The list of current contracts was reviewed at the School. The Business Manager advised that these contracts are only presented to Governors when they are renewed.	Governors may be unaware of ongoing commitments	<p>The list of contracts should be presented to Governors annually to ensure that they are kept informed of ongoing commitments.</p> <p>[Priority 3]</p>
4	The school does not have a loans book to record when items are taken offsite and returned.	Assets are not kept secure.	<p>A procedure of recording equipment when they are taken out and brought back to school should be put in place.</p> <p>Priority 3]</p>

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

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

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	The School should establish the reason for discrepancy and resolve it. It would be recommended that the school carry out regular reconciliation of School Meal Account to ensure that meals income received equates to the meals income banked.	2*	<p>The control and debt recovery of the school meal procedures have improved significantly since the previous Audit. An escalation procedure and termly reconciliation have been put in place. It is the aim of the school to have a nil balance for all Leavers (Y6 & transferred pupils) before the end of academic year. However, there are cases where it was not possible (e.g. parents in bankruptcy situation).</p> <p>There is no discrepancy on the b/f however SIMS "standard" Report was not clear and it was not explained properly to the Auditor that Leavers balance were not carry forward into the new academic year Report. Pupil balance as of 23/07/2014 = - 595.08. (-£619.20 balance of the Leavers). Please note some pupils are in credit</p>	School Business Manager and Admin Officer	2 nd quarter of 2015 to develop a robust report with SIMS IT

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
			balance as refund are done at the beginning of new term). Pupil balance b/f as of 01/09/2014 Brought forward balance £22.02 (£619.20 minus £595.08 = £24.12) One pupil left mid term in debit = - £2.10) We are working with SIMS IT on the possibility of producing a more robust SIMS report to show the on-going balances clearly.		
2	Declaration of Interest should be an agenda item and should be recorded for every Governing Body meetings.	2	The Governing Body Agenda includes the Declaration of Pecuniary Interest however, there has been an oversight on the Minutes checked.	Chair of Governors and Head Teacher	Actioned

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

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

Priority 3
 Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
3	The list of contracts should be presented to Governors annually to ensure they are kept informed of ongoing commitments.	3*	An annual review of SLAs are conducted at the end of each year. The Report was discussed and signed by the Head Teacher. Any recommendations for termination or new contracts are discussed during the Finance Committee meeting. The recommendation to take the list of SLAs annually has been added to the Spring Term Finance agenda.	School Business Manager	Actioned
4	A procedure of recording equipment when they are taken out and brought back to School should be put in place.	3	A reminder has been sent to all Staff about their responsibility in logging out and in of any equipment (including camera and video recorder for journey/trips). A reminder will be sent every term. The equipment loan book is kept in the Office.	School Business Manager and Admin Officer	Actioned

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
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Management comment:

Clare House Primary School Summary

“The School and the Governing Body take very seriously all matters relating to financial control and financial management and are fully committed to achieving continuous improvement in this area. Accordingly we welcome the opportunity to receive feedback in the form of the Internal Audit process. The fact that you have raised substantially fewer audit findings this time has reinforced our belief that the financial management and control at Clare House have improved immeasurably in the last two to three years. You will also have noted that the continuous focus on budgetary and cost control has enabled the school to shorten its projected deficit reduction period by one year.

In respect of the four points raised, we note that three have already been addressed through straightforward administrative processes. The other finding – relating to the reconciliation of the School Meal Account – has been investigated and the apparent ‘discrepancy’ has found to be partly attributable to the design of the standard SIMS report, rather than to a weakness in internal control.

Clearly, there is no room for complacency and we are aware that the school is approaching a period of substantial change, throughout which we will need to maintain our grip on the management of the school’s finances. However, given the nature and number of audit points raised, we consider that the school does in fact have a sound system of control, and therefore believe that the overall assessment should be closer to “full” rather than “substantial” assurance.

Project Code: CYP/P15/01/2014

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

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

Priority 3
Identification of suggested areas for improvement

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

Assurance Level

Definition

Full Assurance

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

Substantial Assurance

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

Limited Assurance

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

No Assurance

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

FINAL INTERNAL AUDIT REPORT
CHIEF EXECUTIVE'S DEPARTMENT

REVIEW OF LEAVERS PROCEDURES AUDIT FOR 2014-15

Issued to: Charles Obazuaye, Director of HR
Sue Sydney Assistant Director (HR)
Stuart Elsey, Head of ICT
Paul Chilton, Transport Operations Manager
Andrew Champion, Facilities & Support Services Manager
Claudine Douglas-Brown, Exchequer Manager
Dave Starling, Head of Procurement
John Nightingale, Head of Revenue and Benefits
Peter Turner, Finance Director [Final Report]

Prepared by: Principal Auditor

Date of Issue: 14 November 2014
Report No.: CX/058/01/2014

REVIEW OF LEAVERS PROCEDURES AUDIT FOR 2014-15

INTRODUCTION

1. This report sets out the results of our systems based audit of Leavers Procedures Audit. The audit was carried out in quarter 2 as part of the programmed work specified in the 2014-15 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 19/08/14. The period covered by this report is from January to August 2014.

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, primarily due to Workforce Removal forms not being submitted prior to staff leaving the authority in some instances and equipment and access to buildings and information not being secured. Definitions of the audit opinions can be found in Appendix C.

MANAGEMENT SUMMARY

6. Audit selected a sample of 20 leavers from a report generated from ResourceLink showing 166 leavers from January 2014 to August 2014 and 5 leavers from a BeeLine report showing agency staff leavers during the same period.

REVIEW OF LEAVERS PROCEDURES AUDIT FOR 2014-15

7. Audit testing included confirmation that Workforce Removal forms were submitted prior to staff leaving the authority, systems were disabled as soon as staff leave, all assets were returned, employment termination dates were supported by documentation, salaries were paid to staff up to the date of leaving and not beyond and any lease cars were returned on the last day of employment and any outstanding termination and rental fees were collected as per leasing terms and conditions.
8. 5 out of the 25 leavers sampled had a mobile phone. 3 leavers had either an I-pad or laptop shown on the corporate asset register. 4 leavers had a lease car. None of the leavers sampled had a session ticket loan or a cycle to work loan.
9. 1 leaver had a purchase card which was not returned to the purchase card system administrator or deactivated, however it was evident that no monies had been spent on the card since the employee left the authority and this issue has been alerted to management for attention.
10. 1 leaver sampled had a mobile phone which the manager confirmed had been returned however the phone manufacturer did not match the detail shown on the asset register. This discrepancy was raised with the procurement officer who is currently reviewing all mobile phone users. Management was unable to locate the other mobile phone which had been assigned to an agency worker.
11. 12 out of the 25 leavers sampled had not been removed from the Internal Telephone Directory as expected.
12. Controls were in place and working well in the areas of disabling system access when Workforce Removal forms are correctly submitted by managers. ResourceLink employment termination dates supported by documentation from managers and leavers. Leavers receiving the correct salaries up to the date of leaving the authority, including any additional pay elements i.e. annual leave. Lease cars were returned as per leasing terms and conditions and any outstanding termination and rental fees collected.
13. The leavers report was matched to the asset register. Audit identified that 7 leavers had various assets assigned to them, however audit was unable to locate one mobile phone [as stated above] and one I-pad.
14. The aged debtor report showed that salary overpayments between January and August 2014 totalled £12,390, however this is an on-going issue which has been raised previously in the Payroll Audit Report 2013-14.

REVIEW OF LEAVERS PROCEDURES AUDIT FOR 2014-15

15. Audit identified the following issues

- Workforce Member Removal forms are not always completed by managers when staff leave the authority. ID cards, Safetokens, Purchase Cards and Assets are not consistently returned by leavers, and staff and leavers are not always removed from the Internal Telephone Directory.
- The Workforce Removal form is not complete to include the mobile phone services to be terminated or that managers should ensure all ID cards are returned to Facilities and Support Services, purchase cards are returned to the purchase card system administrator and Safeword tokens are to be returned to IT

SIGNIFICANT FINDINGS (PRIORITY 1)

16. None

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

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

ACKNOWLEDGEMENT

18. 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>From a sample of 25 members of staff including 5 agency staff who left the authority between January and August 2014, 12 Workforce Member Removal forms had not been completed by managers when expected, therefore 11 system accounts remained active, however none of these systems had been accessed. Furthermore, 6 Removal forms were submitted after the member of staff left the authority and these accounts are now disabled.</p> <p>9 out of 25 leavers had ID cards which were still active, despite one member of staff leaving on 02/03/14. However none of these ID cards were being used.</p> <p>1 leaver had a purchase card assigned to them which was still active however the purchase card system administrator is resolving this issue with the manager. No expenditure had been incurred post leaving date.</p> <p>1 leaver sampled had a mobile phone which the manager confirmed had been returned however the phone manufacturer did not match the detail shown on the asset register. Management was unable to locate the other mobile phone which had been assigned to an agency worker who had left the authority.</p> <p>12 out of the 25 leavers sampled had not been removed from the Internal Telephone Directory</p>	<p>The authority is at risk of fraud, losses and unauthorised access where leavers are not ceased off and equipment not secured.</p>	<p>Ensure managers are reminded to complete Workforce Member Removal forms when staff leave the authority and that that ID cards, Safetokens and Purchase Cards and Assets are returned as per procedures [Priority 2]</p> <p>Given the findings Human Resources should gather leavers reports from ResourceLink and BeeLine [showing Permanent and Agency staff leavers] and distributed to key staff to confirm system access is denied and assets are recovered [Priority 2]</p>

Project Code: CX/058/01/2014

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	The leavers report was matched to the asset register. Audit identified that 7 leavers had various assets assigned to them, however audit was unable to locate one mobile phone [as stated above] and one I-pad.		
2	The Workforce Removal form does not include the mobile phone services which are to be terminated or that managers should ensure ID cards are returned to Facilities and Support Services, Safeword tokens are to be returned to IT and I-pads and laptops are to be held securely by managers when staff leave the authority	Mobile phone services may be paid for in error Excessive Safeword token charges may occur unnecessarily Assets may not be held securely ID cards may be used inappropriately	Ensure the Workforce Removal form is updated to include the mobile phone services to be terminated or that managers should ensure all ID cards are returned to Facilities and Support Services, Safeword tokens are returned to IT and i-pads and laptops are to be held securely by managers when staff leave the authority [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	<p>Ensure managers are reminded to complete Workforce Member Removal forms when staff leave the authority and ID cards, Safetokens and Purchase Cards and Assets are returned as per procedures</p> <p>Given the findings Human Resources should gather leavers reports from ResourceLink and BeeLine [showing Permanent and Agency staff leavers] and distributed to key staff to confirm system access is denied and assets are recovered</p>	<p>2</p> <p>2</p>	<p>Agreed</p> <p>ResourceLink [RL] functionality is being developed to enable the system administrators who issue the equipment etc to record this on RL via a secure area of the system. RL will then automatically generate e-mails to these staff when someone leaves</p> <p>HR will explore with Adecco the feasibility of a monthly leavers' report from Beeline that does not confuse the end of an assignment with the end of a worker's engagement with the Council</p>	<p>Assistant Director (HR)</p> <p>HR Information Systems Manager</p> <p>HR Business Services Manager</p>	<p>Complete</p> <p>Currently building this in test with aim to go live by 1 January 2015</p> <p>By 30 November 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
2	Ensure the Workforce Removal form is updated to include the mobile phone services to be terminated or that managers should ensure all ID cards are returned to Facilities and Support Services, Safeword tokens are returned to IT and I-pads and laptops are to be held securely by managers when staff leave the authority	2	The owner of the workforce admin process would need to raise a request to amend the process, but IT systems will engage with them and request	Head of IT	Immediate

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

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

Priority 3
 Identification of suggested areas for improvement

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

Assurance Level

Definition

Full Assurance

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

Substantial Assurance

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

Limited Assurance

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

No Assurance

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

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FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT

REVIEW OF ADULT EDUCATION COLLEGE AUDIT FOR 2014-15

Issued to: Amanda Austin, Head of Support Service BAEC
Carole Arnfield, Head of Service
David Bradshaw, Head of ECHS Finance
Jane Bailey, Assistant Director, Education, Interim

Cc: Assistant Director, Strategic Development & Performance

Prepared by: Principal Auditor

Date of Issue: December 2nd 2014

Report No.: ECH/052/01/2014

REVIEW OF ADULT EDUCATION COLLEGE AUDIT FOR 2014-15

INTRODUCTION

1. This report sets out the results of our systems based audit of Adult Education College Audit for 2014-15. The audit was carried out in quarter 3 as part of the programmed work specified in the 2014 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on 9/10/14. The period covered by this report is from April 1st 2014 to October 31st 2014.
4. The Adult Education Centre has net budget of £486,800 which is a reduction of £27,930 from 2013-14.

AUDIT SCOPE

5. The scope of the audit is detailed in the Terms of Reference. The following areas were reviewed as part of the annual Internal Audit :-
 - Income
 - Expenditure
 - Budget Monitoring
 - Asset Register
 - DBS checks (previously CRB).
6. The recommendation made within the 2013-14 report was also followed up and this was found to have been implemented satisfactorily.

REVIEW OF ADULT EDUCATION COLLEGE AUDIT FOR 2014-15

AUDIT OPINION

7. 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

8. Income

Tuition Fee Income -Sample testing was undertaken across courses that were selected at random from the college course brochure. A sample of 25 learners were selected across these 16 courses from those students that had enrolled successfully.

The majority of the courses tested had been self- funded, but a few had been free as the learner was receiving income support or job seekers allowance. All income was traced back and reconciled to bank statements. Evidence of benefits was also seen and verified.

Included within the 2013/14 report, commented on the level of outstanding debts and whether the old balances should be considered for write off (as almost six years old in some cases). Within the current review, further reports were requested detailing balances at the end of 2013-14 and the current balance at the time of the review in November 2014. It was found that at the end of the year in 2013/14 the balance of debts had decreased from £52,170.29 to approximately £13,278 (at the time of the audit). Therefore, showing a reduction in outstanding debts throughout the year. Given the action taken to address the debt we are not proposing to raise a recommendation.

Lettings income – A sample of lettings were reviewed and confirmation made that invoices had been paid. All invoices were found to have been paid. One letting had not yet been invoiced as the letting had only been very recent in November 2014.

Grant income and budget monitoring– For 2014/15, it should be noted that there are considerable shortfalls due on grant funding for the current financial year 2014-15 that is expected to be approximately £178K and also £166K in relation to

REVIEW OF ADULT EDUCATION COLLEGE AUDIT FOR 2014-15

tuition fees, that was confirmed by budget monitoring. The College is currently addressing this and therefore was not part of the audit process.

9. **Expenditure**

A sample of 25 expenditure transactions were selected for review. All invoices had been paid and amounts verified.

10. **Asset Register**

A sample of 5 items were selected from the asset register to confirm the item was on site, the location and serial number. All items were located as expected.

11. **DBS Checks**

The previous report in 2013-14 made one recommendation in relation to DBS (previously called CRB) checks. It was found that this been implemented satisfactorily. For this year, testing on five members of staff identified that DBS checks were on a rolling programme and regularly monitored.

12. Within the 2013/14 audit, it was mentioned that the Portfolio Holder for Education had resolved that market testing of the existing adult education service be undertaken. Following an initial piece of work, which considered a range of direct and associated issues linked to the market testing of the Adult Education Service, it had become apparent that further detailed work was required before a preferred model of delivery could be presented for Members consideration. A report on the outcomes of the options appraisal exercise was due to be considered by the Education PDS Committee. Following this, the Gateway Review would then be presented to the Council's Executive for decision. Since then a report was considered by the Executive on 16/7/14 and provided details of an indicative timeline for Competitive Dialogue.

SIGNIFICANT FINDINGS (PRIORITY 1)

13. None.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

14. There are no findings made within this report and hence there is no Appendix A or B.

ACKNOWLEDGEMENT

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

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 DEPARTMENT

**REVIEW OF THE SECTION 75, 76 AND 256 AGREEMENTS BETWEEN LB BROMLEY AND
BROMLEY CCG AUDIT 2014-15**

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

Prepared by: Auditor

Date of Issue: 06 March 2015

Report No.: ECH/050/02/2014

REVIEW OF SECTION 75, 76 AND 256 AUDIT FOR 2014-15

INTRODUCTION

1. This report sets out the results of our systems based audit of the Section 75, 76 and 256 agreements between LB Bromley and Bromley CCG Audit for 2014-15. The audit was carried out in quarter 3 as part of the programmed work specified in the 2014-15 Internal Audit Plan agreed by the Director of Finance 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.

AUDIT SCOPE

3. The original scope of the audit was outlined in the Terms of Reference issued on 01/09/2014.

AUDIT OPINION

4. 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

5. The objective of the audit was to provide assurance on the Section 75, Section 76 and Section 236 agreements between LB Bromley and Bromley CCG, including a review of payments.
6. **Section 75** - allows the pooling of funds where payments may be made towards expenditure incurred in the exercise of any NHS or 'health-related' local authority functions. Section 75 also allows for one partner to take the lead in commissioning services on behalf of the other (lead commissioning) and for partners to combine resources, staff and management structures to help integrate service provision, commonly known as 'Health Act flexibilities'. Here staff can be seconded/transferred and managed by another organisation's personnel. (Section 113 of the Local Government Act allows staff to be available to 'non-

REVIEW OF SECTION 75, 76 AND 256 AUDIT FOR 2014-15

employing' partner organisations). The Act also makes provision for the functions (statutory powers or duties) to be delivered on a daily basis by another partner, subject to the agreed terms of delegation. This legislation only applies to local authority and health partners.

7. **Section 76/256** – there are also additional 'lighter touch' legislative provisions in the NHS Act 2006 to enable joint health and social care funding can be quickly aligned when there is a good reason to do so. Section 76 allows local authorities to make payments (service, revenue or capital contributions) to NHS bodies to support specific additional NHS services, where this ensures a more efficient use of resources. Section 256 allows CCGs to make the same such payments to local authorities to support or enhance specific council services.
8. The audit reviewed the effectiveness of controls in the following areas: Partnership agreement, partnership monitoring, payments, budgetary control and performance monitoring. Testing was based on a sample of seven agreements selected from the contract register. The testing showed that there were various discrepancies in the systems which are detailed below:

Partnership Agreement

- The Overarching Section 75 partnership agreement for the delegation of functions and alignment and pooling of funds in respect of services between Bromley CCG and LBB is still in the draft stages. An anticipated date to agree a final document is January 2015.

Partnership Monitoring

- From the agreements obtained, it does not detail effective Partnership Monitoring between Bromley CCG and LBB.

Performance Monitoring

- From the seven agreements selected, it was established that no annual return statements has been produced or obtained.

REVIEW OF SECTION 75, 76 AND 256 AUDIT FOR 2014-15

SIGNIFICANT FINDINGS (PRIORITY 1)

9. None

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

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

ACKNOWLEDGEMENT

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

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>Partnership Agreement</p> <p>The Overarching Section 75 partnership agreement for the delegation of functions and alignment and pooling of funds in respect of services between Bromley CCG and LBB is still in the draft stages. An anticipated date to agree a final document is January 2015.</p>	<p>There is a risk that where commissioning arrangements are not legally agreed it may result in potential financial losses or disputes.</p>	<p>Ensure that Section 75 agreement is signed by LBB and CCG once finalised.</p> <p>[Priority 2]</p>
2	<p>Partnership Monitoring</p> <p>The individual agreements did not detail the monitoring between Bromley CCG and LBB. It is acknowledged that the draft overarching Section 75 agreement has implemented the monitoring requirements however the existing agreements does not specify the need for partnership monitoring.</p>	<p>Where regular performance monitoring is not carried out there is a risk that insufficient information has been provided to verify that each party has upheld their side to the agreement.</p>	<p>Ensure that there are effective arrangements between Bromley CCG and LBB to include Partnership Monitoring.</p> <p>[Priority 2]</p>

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

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

Priority 3
 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
3	<p>Performance Monitoring</p> <p>From the seven agreements selected, it was established that no annual return statements are produced or obtained.</p>	<p>Where annual statements are not produced or obtained, there is a risk of a breach of agreement.</p>	<p>Ensure that Annual return/ Vouchers are produced or obtained.</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

Sample	Agreement
1	Section 256 CCG Integrated Care
2	Section 256 Community Equipment (Medequip)
3	Section 256 Property Rental CLDT at Yeoman
4	Intermediate Care
5	Joint Community Contracts (Including Day Centres)
6	Section 76 CARTS
7	Section 76 Intermediate Care Co-ordinator

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 Section 75 agreement is signed by LBB and CCG once finalised.	2	<p>There is now a final draft summary Section 75 with the Directors for final sign off for 2014/15.</p> <p>Work will soon start on next year's agreement which will need to address the inclusion of the Better Care Fund</p>	Commissioning	Mar 2015 for formal sign off for 2014/15
2	Ensure that there are effective arrangements between Bromley CCG and LBB to include Partnership Monitoring.	2	<p>One of the reasons for the summary 75 agreement is to make efficiencies and share contract monitoring and provider performance responsibilities. The proposed annual report required will start from 2015/16 and start to formalise sharing performance information on an annual basis as well as further developing partnership arrangements. However, we do not propose that both partners become responsible for monitoring each other's shared contract on a regular basis which</p>	Commissioning and Care Services	Ongoing

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
			would to some extent undermine one of the key benefits of these joint arrangements. Rather each lead commissioner for each arrangement is responsible for highlighting issues and monitoring performance on both partners' behalf.		

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
3	Ensure that Annual return/ Vouchers are produced or obtained.	2	Under the new summary Section 75 we will not be producing vouchers but instead there will be an annual report as set out in the governance agreement. The report will go to the Joint Integrated Commissioning Executive. The report will highlight performance and key issues that underpin the separate integrated services included within the section 75. The layout of the report will be developed and should include plans for the forth coming year. The main value of the report will be to better inform decision making by JICE on the following years funding agreements based on what's working well and where further opportunities are available. Any new agreements will be taken through both organisations formal decision making routes. Each year	Commissioning and care services	Ongoing

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
			the final Section 75 will be signed and sealed by the Portfolio Holder and Chair of HWB.		

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.

FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT

REVIEW OF TRANSITION TEAM AUDIT FOR 2014-15

Issued to: Peter Davis, Joint Team Manager, CLDT
Stephen John, Assistant Director, Adult Social Care, Education
Ruth Wood, Strategic Commissioner
Lorna Blackwood, Assistant Director, Commissioning
Claudine Douglas-Brown, Exchequer Manager

Cc: Anne Watts, Assistant Director, Strategic Development & Performance
David Bradshaw, Head of EC&H Finance
Terry Parkin, Executive Director, ECHS

Prepared by: Principal Auditor.
Date of Issue: March 9th 2015
Report No.: ECH/035/01/2014

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
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INTRODUCTION

1. This report sets out the results of our systems based audit of Transition Team Audit for 2014-15. The audit was carried out in quarter 2 as part of the programmed work specified in the 2014/15 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 23/7/14. The period covered by this report is from April 1st 2014 to September 30th 2014.
4. The Transition Team supports young people and adults with learning disabilities from the age of 16 to 25. The team works with young people as they prepare to leave school by helping them to plan their futures. Therefore, clients may also receive additional SEN support for colleges and further education which is dealt with by another team.
5. The budget for the Transition Team is incorporated as part of the Learning Disabilities Care Management budget. The total net budget for Learning Disabilities Care Management is £3,241,020.
6. A sample of 27 transition cases were selected for review.

Project Code: ECH/035/01/2014

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
7.	It was confirmed by the Strategic Commissioner that the brokers will input the service agreements onto Carefirst for the Transition Team across the following services for planned services:- <ul style="list-style-type: none"> • Shared lives respite • Residential • Supported Living 		
8.	The Transition Team currently still have responsibility to input service agreements on Carefirst in respect of :- <ul style="list-style-type: none"> • Non – planned services • Day Care Services • Direct Payments 		

AUDIT SCOPE

9. The scope of the audit is detailed in the Terms of Reference. Transition cases were reviewed in relation to the social care and the split funded educational placements for SEN/Further education.

AUDIT OPINION

10. 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.

Project Code: ECH/035/01/2014

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

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

Priority 3
 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
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MANAGEMENT SUMMARY

11. We would like to bring the following to the attention of Management :-
- Possible overpayments were identified within a supported living placement
 - Duplicate payment periods existed within service agreements
 - Service agreements were found not to have been authorised in a timely manner
 - Issues arose with sampled direct payments currently in payment in respect of monitoring information and excessive balances.
 - Direct payments were found to be in under or over payment
 - Historical panel papers could only be located for some clients and for one client a panel paper could not be provided.
 - One case was found not to have transferred to adult services.
12. The samples were also reviewed in respect of the social care and the split funded educational placements for SEN/Further education as applicable. No issues arose.

SIGNIFICANT FINDINGS (PRIORITY 1)

13. Priority 1 findings are also listed here. One priority one finding has been identified:-
14. Direct payments being in under or over payment

Project Code: ECH/035/01/2014

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

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

Priority 3
 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
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Out of the 27 clients selected for review, 24 related to direct payments cases in part , as other services were also provided additionally. In some cases overpayments were identified (Samples 9,26 and 27 as well as underpayments (Samples 5,10 and 24).

15. Overpayments

- For Sample 9, this direct payment was set up as a temporary measure until a new placement was found. The service agreement commenced on 21/4/14 and was ended on 19/10/14. at a weekly rate of £577.22 Alternative placement has been found and this commenced on 1/9/14. It is unclear why this direct payment continued until 19/10/2014. If found to be incorrect an overpayment between 1/9/14-19/10/14 (7 weeks @ £577.22)= £4040.54.
- For Sample 26, the direct payment service commenced on 5/5/14. It was intended to pay £80.50 per week (term time only = 38 weeks equating to £3059. Also £37.15 during the holiday time (14 weeks totalling £520.10) Total direct payment would be £3579.10/52 weeks = average weekly charge of £68.82. It was found that we continue to pay £80.50+37.15 = £117.65 per week. This has resulted in an overpayment of £48.83 x 38 weeks to the end of January 2015 = £1855.54. Additionally, the rate of £11.50 also needs to be uplifted. This had previously been notified to management outside of this review.
- Sample 27, the direct payment service commenced on 5/5/14. The direct payment was intended to be £57.50 x38 weeks (term time only) = £2185 and £138 x14 weeks= £1932 (holiday time). (Again there is a query regarding the £11.50 rate). Total direct payment = £4117/52 weeks = £79.17 per week. The current weekly rate is £94.65 and so the overpayment of £15.48 per week 38 weeks to the end of January 2015 = £588.24. This had previously been notified to management outside of this review.

16. Total potential overpayments identified in relation to direct payments direct totalled £6484.32

Project Code: ECH/035/01/2014

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
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17. Underpayments

- For Sample 5, the service commenced and was ended on 28/7/14, and should have set up a one off payment of £589 (5 weeks x £117.80) but instead a payment of £117.80 was made leaving an underpayment of £471.20.
- Sample10, it should be confirmed whether the £11.50 rate of £11.78 rate should be used as there may be an underpayment of 38 weeks x £57.38.
- Sample 24, has two service agreements commencing 5/5/14. One is an increase of hours to the current provision, but they are paid at different rates. One at £11.50 and one at £11.78. Potential underpayment is £4.48 per week x 38 weeks to the end of January 2015 = £170.28

18. Total underpayment £698.85. It should be noted the personal care rate of £11.78 per hour does not seem to have been uplifted in line with the 2014/15 Contributions Policy.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

19. 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.

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

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 Required to address issues which do not represent good practice

Priority 3
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DETAILED FINDINGS

No.	Findings	Risk	Recommendation
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ACKNOWLEDGEMENT

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

Priority 1
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DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>Supported living placement For Sample 23, one service agreement for supported living support was for the period 19/8/13-27/4/14 £1,470.20 for term time and non- term time care. A second service agreement for supported living support for the period 19/8/13-8/9/13 for 2 to 1 care at a weekly cost of £1,789.40 per week (2 to 1 care – 14 weeks holiday). A third service agreement for supported living support for the same period 19/8/13-8/9/13 (1 to 1 care 38 weeks term time) was found to exist at a weekly cost of £1,352.60. Confirmation needs to be made whether these service agreements are valid as it appears at first sight that there may be duplication within the service agreements.</p>	<p>Overpayments are not identified and clawed back.</p>	<p>It should be confirmed whether these service agreements are valid as it appears that duplication exists within the service agreements. These monies should be recovered from the provider if applicable.</p> <p>[Priority 2]</p>

Priority 1
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Priority 2
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Priority 3
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DETAILED FINDINGS

No.	Findings	Risk	Recommendation
2	<p><u>Duplicated payment period</u> A duplicated payment period was found in relation to Sample 9. One service agreement commenced on 21/10/13 and ended on 19/10/14 at a weekly cost of £70.95 to provide 3 days support during the 14 week holiday period via a direct payment A second service agreement commenced on 18/8/14 to 16/8/15 for £70.95 again to provide 3 days support during the 14 week holiday period via a direct payment. It seems that there is a duplicated payment period between 18/8/14 and 19/10/14 at £70.95= £567.60.</p>	<p>Overpayments are not identified and clawed back.</p>	<p>The service lines should be reviewed and it should be determined whether there is duplication within the payment periods. Monies should be recouped in relation to this possible duplicated service agreement as applicable</p> <p>[Priority 2]</p>
3	<p><u>Service agreements not authorised in a timely manner</u> It was found that at the time of the audit, that for 2 out of the 27 cases tested, had various service agreements unauthorised. This can be summarised as follows. Sample 4 - Direct Payments commencing 1/8/14 at a weekly cost of £27.69 was not authorised until 10/10/14. Sample 5 – service agreement commenced on 8/9/14 but was not authorised until 17/12/14. This was set up by the Central Placements Team.</p>	<p>Inability to effectively undertake budget monitoring.</p>	<p>Service agreements should be set up within CareFirst (with all supporting documentation already in place) and authorised within a timely manner, enabling payment for associated services to be made in respect of the individual client.</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>Service agreements that have been set up in error should be corrected on the system and seek advice from the Carefirst support team as required.</p> <p>[Priority 2]</p>
4	<p><u>Direct payment accounts</u> It was found that in the following cases sampled queries arose in respect of seven of the direct payments currently in payment. It is part of the agreement that the direct payments account balance should not exceed more than 8 weeks equivalent of direct payment support unless there is a valid reason for doing so. Sample 10 - Balance in excess of £7K (weekly rate £286.33 x 8 =£2290.64). Sample 13 - Balance in excess of £3K (weekly rate is £20.67x 8 =£165.36). Sample 17- Balance in excess of £4K (weekly rate is £57.67x 8 =£461.36).An amount of £988 has also been recouped previously.</p>	<p>Direct payments may not be utilised as intended.</p>	

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DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>Sample 20- Balance in excess of £2K (weekly rate is £98.56x 8 =£788.48). An amount of £4252 has also been recouped previously).</p> <p>Sample 22- Balance in excess of £4K (weekly rate is £57.67x 8 =£461.36).</p> <p><u>Other issues found on current direct payments samples:-</u></p> <p>Sample 16 – There was a lack of monitoring information recorded as 1/4/12-31/12/12. Also a request was made to see one particular bank statement to ensure a balance did not remain on the direct payment account that was due back to the Authority of which confirmation could not be found. This account has since been transferred to one of our contractors to manage the direct payments.</p> <p>Sample 21 – Was found to have an outstanding issue regarding monitoring information and cash withdrawals that could not be reconciled to receipts as per email dated 12/2/14 which is held on Carestore The account has since transferred to a contractor and confirmation was to be provided if there was a balance due back to the Authority prior to transfer to our contractor to manage the direct payments. This confirmation could not be located.</p>		<p>Monitoring information should be reviewed and balances in excess of eight weeks recovered in a timely manner. Monitoring information should be submitted as required.</p> <p>[Priority 2]</p>

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

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

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
5	<p><u>Direct payments in over or underpayment</u> Out of the 27 cases, 24 related to direct payments cases in part. Other services were also received by these clients. In three cases overpayments were identified (Samples 9,26 and 27) and underpayments in three cases (Samples 5,10 and 24). <u>Overpayments</u> It is recognised that this is a complex cases and has multiple service lines. These cases has been discussed with management at various points during the audit. Sample 9, this direct payment was set up as a temporary measure until a new placement was found. The service agreement commenced on 21/4/14 and was ended on 19/10/14 at a weekly rate of £577.22. An alternative placement was found and this commenced on 1/9/14. It is unclear why this direct payment continued until 19/10/2014. If found to be incorrect an overpayment between 1/9/14-19/10/14 (7 weeks @ £577.22) = £4040.54. For Sample 26, the direct payment service commenced on 5/5/14. It was intended to pay £80.50 per week (term time only = 38 weeks equating to £3059. Also £37.15 during the holiday time (14 weeks totalling £520.10) Total direct payment would be £3579.10/ 52 weeks = average weekly charge of £68.82. It was found that we continue to pay £80.50+37.15 = £117.65 per</p>	<p>Loss of monies if direct payment is not clawed back.</p>	

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DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>week. This has resulted in an overpayment of £48.83 x 38 weeks to end of January 2015= £1855.54. Additionally, the rate of £11.50 also needs to be uplifted. This had previously notified to the Management on 19/3/2014 outside of the audit.</p> <p>Sample 27, the direct payment service commenced on 5/5/14. The direct payment was intended to be £57.50x38 weeks (term time only) = £2185 and £138 x14 weeks= £1932 (holiday time). (Again there is a query regarding the £11.50 rate). Total direct payment = £4117/52 weeks = £79.17 per week. The current weekly rate is £94.65 and so the overpayment of £15.48 per week x38 weeks to end of January 2015 = £588.24. This had previously notified to the Management on 19/3/2014 outside of the audit</p> <p>Total overpayments identified £6484.32.</p> <p><u>Underpayments</u></p> <p>It was also found that there had been underpayments in relation to direct payments.</p> <p>For Sample 5, the service commenced and was ended on 28/7/14, and should have set up a one off payment of £589 (5 weeks x £117.80) but instead a payment of £117.80 was made leaving an underpayment of £471.20.</p> <p>Sample 10, the service agreement commencing 5/5/14 £11.50</p>		

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DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>rate is used instead of the £11.78 rate for a 38 week period to the end of January 2015 causing an underpayment of £57.41. Sample 24, has two service agreements commencing 5/5/14. One is an increase of hours to the current provision, but they are paid at different rates. One at £11.50 and one at £11.78. Potential underpayment is £4.48 per week x 38 weeks= £170.28</p> <p>Total underpayment £698.85. It should be noted the personal care rate of £11.78 does not seem to have been uplifted in line with the 2014/15 Contributions Policy as expected and the effect is that the incorrect rate is in payment thus creating underpayments. It is the responsibility of the service to uplift rates at the next review as discussed at the Self Direct Support meetings.</p>		<p>Cases highlighted should be reviewed and service agreements and rates updated accordingly. Any overpayments should be recovered.</p> <p>[Priority 1]</p>
6	<p><u>Panel Documentation</u></p> <p>It was found that in relation to Sample 20 no panel paper could be located. Additionally, for Samples 2, 7 and 22 only historical panel papers could be located.</p> <p>For 3 of the cases it was found that actual payments made could not be reconciled to panel decisions.(Sample 5,10,14).</p>	<p>Service agreements may not be appropriately authorised.</p>	<p>Panel papers should be readily available to confirm that service agreements are correct.</p> <p>[Priority 2]</p>

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

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Required to address issues which do not represent good practice

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DETAILED FINDINGS

No.	Findings	Risk	Recommendation
7	<p><u>Transfer of case to Adult Services</u> It was found that care was in place for a Transition client who was actually aged 27, Sample 2. It is unclear why this client had not transferred to adult services. Transition cases according to guidance 'Transition: Future Planning 16-23' states that ' The Transition Team will provide these services until the age of 23 and then transfer them to the Bromley Adult Learning Disabilities Team, also known as the Assessment and Support Team.</p>	<p>Greater costs impacting on the CLDT budget.</p>	<p>Cases should transfer from the Transition Team, to adult services as appropriate.</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>Overpayment for supported living placement</u></p> <p>The service lines should be reviewed and it should be determined whether there is duplication within the payment periods. Monies should be recouped in relation to this possible duplicated service agreement as applicable</p>	2	<p>The service lines have been reviewed and discussed with the allocated worker. It has been determined that there is no duplication and the supplementary service lines are paid by invoice to reflect variations in care across term and vacation times. Copies of sample invoices have been forwarded to internal audit to verify that these service lines are paid by invoice not stream.</p> <p><u>Internal Audit Comment</u> Testing will be undertaken to verify management comments during the follow up process.</p>	Joint Team Manager/Deputy Team Manager.	Completed.
2	<p><u>Duplicated payment period</u></p> <p>The service lines should be reviewed and it should be determined whether there is duplication within the payment</p>	2	<p>The first service agreement was set up for a service at a Day Centre starting the 19/08/13 and end dated for the 17/08/13. This was for support at the day centre 3 days a week. Two months into this package additional support (making the package 2/1) was</p>	Joint Team Manager/Deputy Team Manager.	Completed.

Priority 1
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Required to address issues which do not represent good practice

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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	<p>periods. Monies should be recouped in relation to this possible duplicated service agreement as applicable</p>		<p>required due to a breakdown in the clients mental health. Please see panel paper showing the need for additional support (in Carestore for Oct 13). An additional service agreement was put in place starting the 21/10/13 and ending on the 19/10/14. As the first service agreement ended on the 17/08/14 another service agreement was put in place as a continuation and started on the 18/08/14 and is currently end dated for the 16/08/15. The client started an alternative college and settled down so well that their challenging behaviour started to reduce. It was therefore not necessary for the additional 1/1 support package ending on the 19/10/14 to continue. There has therefore been no overpayment regarding this service user.</p>		

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Priority 3
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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
			<u>Internal Audit Comment</u> <i>Testing will be undertaken to verify management comments during the follow up process.</i>		
3	<u>Service agreements not being authorised in a timely manner</u> Service agreements should be set up within CareFirst (with all supporting documentation already in place) and authorised within a timely manner, enabling payment for associated services to be made in respect of the individual client. Service agreements that have been set up in error should be corrected on the system and seek advice from the Carefirst support team as required.	2	<u>Internal Audit Comment</u> <i>No comments provided in respect of these two cases.</i>		

Priority 1
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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
<p>4</p> <p>Project Code: ECH/035/01/2014</p> <p>Priority 1 Required to address major weaknesses and should be implemented as soon as possible</p>	<p><u>Direct payment accounts</u></p> <p>Monitoring information should be reviewed and balances in excess of eight weeks recovered in a timely manner. Monitoring information should be submitted as required.</p>	<p>2</p> <p>Priority 2 Required to address issues which do not represent good practice</p>	<p>Clients are permitted to have balances greater than 8 weeks if there is a valid reason.</p> <p>Sample 10 - The client still had 5 invoices to pay totalling £4,793.50</p> <p>Sample 13 –The client was not contacted in error regarding the balance in the account. The client has now been contacted and the AP Manager has put in place additional checks to monitor this more closely.</p> <p>Sample 17 –The Care Manager advised £3,143.00 could remain and £988.00 was returned. Re the next surplus the Care Manager agreed it could be used to for Young Epilepsy sessions.</p> <p>Sample 20 –Tax and holiday pay was still due to be paid</p> <p>Sample 22 –The excess of £4k was due to be used for holidays and had reduced to £284.73 by the end of Sep 14.</p>	<p>Liberata</p> <p>Priority 3 Identification of suggested areas for improvement</p>	<p>Completed</p>

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
5	<p><u>Direct payments in over or underpayment</u></p> <p>Cases highlighted should be reviewed and service agreements and rates updated accordingly. Any overpayments should be recovered.</p>	1	<p>Sample 10, The old rate is shown. The service line will be amended. Underpayment has occurred Sample 24 We recognise that this is an error and that the full DP should be paid at a consistent rate. Remedial steps to be taken to ensure all both service lines reflect the higher rate. Underpayment has occurred. Sample 26 Further scrutiny reveals that an error was made in not converting the term time payment (38 week service) into a weekly average across a 52 week period. This resulted in the overpayment. Care Management to amend service lines. Sample 27 Same as sample 26. Care Managers to be reminded of need to amend DP rates at the point of annual review.</p> <p><u>Internal Audit Comment</u> <i>No response was provided for Sample 9 within the management comments. Testing will be undertaken to confirm implementation during the follow up process.</i></p>	Joint Team Manager/Deputy Team Manager.	End of March 15

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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
6	<p>Panel Paper Documentation Panel papers should be readily available to confirm that service agreements are correct.</p>	2	<p>The Transition team has a process in place for the transfer of cases using the Carefirst H form. Good practice requires a transition case to be stable prior to transfer. In the event of disagreement between the manager of the Transition Team and the manager of the adults team, a decision is made by the joint team manager.</p> <p><i>Internal Audit Comment</i> No individual comments for samples. Testing will be undertaken to confirm implementation during the follow up process.</p>	Joint Team Manager/Deputy Team Manager.	Completed

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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
7	<p><u>Transfer of cases to Adult Services</u></p> <p>Cases should transfer from the Transition Team, to adult services as appropriate.</p>	2	<p>The Transition team has a process in place for the transfer of cases using the Carefirst H form. Good practice requires a transition case to be stable prior to transfer. In the event of disagreement between the manager of the Transition Team and the manager of the adults team, a decision is made by the joint team manager.</p> <p><u>Internal Audit Comment</u> Testing will be undertaken to verify implementation during the follow up process.</p>	Joint Team Manager/Deputy Team Manager.	Completed

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

Assurance Level

Definition

Full Assurance

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

Substantial Assurance

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

Limited Assurance

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

No Assurance

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

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